



**Daiwa House®**  
Group

Daiwa House Group

# Sustainability Report 2023

OUR FUTURE LANDSCAPE –  
CELEBRATING THE JOYS OF LIFE.



# Sustainability Report 2023 Editorial Policy

## Purpose of Publication

To realize management sustainability, the Daiwa House Group has published this Sustainability Report 2023 (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

This report is comprised of “Overall Stance on Purpose,” “Implementation Report” and “Third-Party Assessment / Data Section.”

### Toward realizing Our Hopes for the Future P003–012

To promote sustainable management, we are presenting our thoughts toward realizing a new Purpose, Our Hopes for the Future, in our Message from the President, as well as the relevance of Our Hopes for the Future to our medium to long-term planning, and the relationship between Group operations and ESG.

### Implementation Report P013–124

Each area 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,” and in terms of our framework and initiatives made to promote the building of sustainable management foundation.

### Third-Party Assessment / Data Section P125–186

We list third-party assessments and detailed performance data related to ESG. In addition, we also report on the achievements and self-assessment of our Environmental Action Plan.

## Basic Information

### 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), shareholders and the government.

### Reporting Organizations

The report is centered on Daiwa House Industry and Daiwa House Group companies (432 consolidated subsidiaries, 54 equity method affiliates and 1 non-equity-method affiliate as of March 31, 2023).

### Report Period

The report mainly focuses on the 2022 fiscal year (April 1, 2022 to March 31, 2023) but activities before and after this fiscal period are included when necessary.

### Issued

September 2023 (Issued once a year, next issue scheduled for September 2024)

\* Next Japanese version is scheduled in July 2024

### 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.



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Information on the sustainability information 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 P187.)

# Daiwa House Group's Hopes for the Future

**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.**

From our founding, Daiwa House Group has remained true to our founder's vision to "Play our Role in Bettering Society" and ensure that the "Hopes for the Future Enable both Individual and Company Growth".

Today, what we mean by Our Hopes for the Future, a world where we are our truest selves, respecting, and inspiring each other. Living together in harmony with our planet—in harmony with People and Nature.

Daiwa House Group commits to co-create value for individuals, communities and people's lifestyles. Together with you, connecting hearts to enable our future landscape, nurturing communities that live together in vivid and vibrant harmony with People and Nature.

We are **Daiwa House Group**.





## ■ Message from the President

# For a world full of more smiles on more faces

I would like to express my heartfelt gratitude to our valued stakeholders for their encouragement and understanding in our running of the Daiwa House Group.

Fiscal 2022 was an important year, marking the first steps in fulfilling Daiwa House Industry's Our Hopes for the Future, which defines our Purpose as "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." We formulated Our Hopes for the Future as a guide for the route we should travel on our journey toward our 100th anniversary in 2055. Those Hopes for the Future trace their origins to the aspirations of our founder— aspirations that every employee still holds dear. The drafting process involved countless discussions to hammer out what we need to change to be attuned to the times, and what we need to hold onto, taking on board the values, hopes, and desires of all stakeholders and, in particular, members of younger cohorts like students. Underlying this approach was our desire to stay close to stakeholders. As we work to fulfil Our Hopes for the Future, we will continue to tackle all challenges that lie ahead.

Keiichi Yoshii  
President, CEO

KEIICHI YOSHII





## ■ Message from the President

### Putting smiles on customers: The first step in fulfilling our Group Purpose

We in the Daiwa House Group meet some 30 million customers each year. Getting close to them and making them smile is the first step in achieving Our Hopes for the Future. This entails every employee being able to put themselves in the customers' shoes and make them smile. Since the year before last, I have regularly visited offices around the country and held Q&A sessions with employees. I was especially impressed when one said, "I may be making some customers long to see us more" when I asked whether they are truly attending closely to all 30 million of our customers. If we can get every employee to adopt a similar attitude, take ownership, and engage with customers, we will be able to realize Our Hopes for the Future. Thus I will continue to visit our offices across Japan, engaging in close dialogue with our employees.

### Doing all we can for our Earth

Meanwhile, we have started taking steps in line with our six materialities (priority issues). A crucial issue is bringing about a circular economy and carbon neutrality. We take pride in spearheading action on environmental issues and are engaged in wind and hydro power generation in addition to solar despite our being an enterprise whose business focus is in areas other than power generation.

We are keenly focus on achieving carbon neutrality in particular for the sake of tomorrow's children. In recent years, abnormal weather due to climate change is becoming an everyday occurrence, and the cause is clear. We must

not shirk from doing everything in our power to address this serious situation. We have endorsed the Japanese government's Carbon Neutral Declaration and set 2030 milestones on the way to carbon neutrality by fiscal 2050. We are working diligently toward this end.

### The more buildings we build, the closer we get to a carbon-neutral society

Our Seventh Medium-Term Management Plan, in motion since fiscal 2022, prioritizes realizing carbon neutrality by making all buildings carbon-free. We aim for all new buildings we deliver to be, in principle at least, net-Zero Energy Houses (ZEHs) or net-Zero Energy Buildings (ZEBs) equipped with solar systems. In fiscal 2022, we launched, TORISIA, a net-Zero Energy House—Mansion (ZEH-M) rental housing product, and decided to make ZEH-M specifications standard for PREMIST-brand condominiums we build from fiscal 2024 onward. Our initiatives are proceeding smoothly in all businesses, and I can sense that employees' environmental awareness is steadily growing. In fiscal 2022, all power purchased by Daiwa House Industry (the Group's parent entity) in Japan, including that used in factories and on construction sites, was derived from in-house renewable energy sources. We aim to reach 100% renewable energy purchases across the entire Group, including overseas locations, in fiscal 2023 and are on track to reach our 2025 RE100 target of 100% renewable energy, including power from in-house facilities. We will be transitioning the Hibikinada Thermal Power Station, which joined our group in January 2023, to a solely biomass-fired plant, and integrating it into our expanded renewable energy generation business. Moving



TORISIA: ZEH-M-specification rental housing

ahead, we intend to add depth to these initiatives until we have made our corporate group self-sufficient in renewable energy, a hitherto virtually unprecedented feat. And we have reviewed our real estate investment criteria to make them more conducive to contributing to the environment. With a view to future interest rate rises, we raised the IRR benchmark—our hurdle rate for deciding whether to invest. However, we also want to strengthen our approach from a sustainability as well as margin perspective; so we also implemented measures to ease investment criteria using internal carbon pricing. We trust this will play a major role in creating environmentally friendly buildings. These initiatives mean that the more buildings we build, the more quickly we will all get to carbon neutrality.

## ■ Message from the President

### A place where everyone can build on their strengths and play an active role

As seen in the Daiwa House Corporate Creed, “developing people through business,” cultivating human resources has always been our highest priority. Our diversity, equity, and inclusion (DE&I) approach revolves around providing opportunities and environments where all our people can develop and build on their strengths and play an active role. As our business portfolio has diversified in recent years, we have shifted responsibility for recruitment to individual business units. In the first place, this allows our people to choose a field they are most likely to shine in. Their horizons widen as they grow and they find new aspirations, and if they need to change business fields to make them happen, we have an internal “free agent” program that they can take advantage of to find a new workplace. We want to support employees looking for self-directed growth in this way and in fiscal 2022, introduced a Multi-Experiential Career Support Program that provides “cross-border experiences,” centered on secondary jobs. In addition to self-arranged opportunities, we also put out open-call opportunities for secondary jobs arranged by the Company. For example, engineers and other skilled employees can—as professionals in building and construction—take up a secondary assignment to teach students and, through the experience, learn things they could not inside the Company. We also have an in-house secondary job program to which employees can allocate one or two hours of their time a week. Motivated by their desire to do something, employees make the time to pursue this second interest by being more productive at their main jobs.

One important element in our HR development is looking at people’s strengths. I believe that education begins with knowing what will put a huge smile on a person’s face—smiles only arise when people tapped into their strengths. We develop personnel with unique strengths by helping them find and extend their innate ones. To this end, we increase opportunities to learn inside and outside the Company and focus on personnel rotation. This provides an environment where our people can gain a wide range of experiences, further enabling them to bring strengths to bear that tie into new businesses and sustainable growth for Daiwa House. And as personnel apply their unique abilities, we further expand the opportunities and places where they can maximize their potential.

 [P081 Launch of the Multi-Experiential Career Support Program](#)

### Aiming for a world where we live in harmony, embracing the Joys of Life, through business

We plan to expand overseas by rolling out a business model with a higher weighting of factory production, our specialty. This entails providing our Industrialization of Construction skills to Group companies outside Japan. Our expertise in this area reduces construction times and delivers quality products at low prices. I have no doubt that this will prove useful in the US, which is suffering a labor shortage, as well as in countries with rapid population growth. I hope that taking this business model global and making a success of it will result in a dramatic change in the shape of our overseas development. Further, when disasters such as earthquakes occur in Japan, Daiwa Lease and other Group companies stand ready to provide a smooth response

that runs the gamut from designing emergency temporary housing through post-delivery management. Our Group companies in Europe are involved in sales and rental of modular structures, one kind of industrialized building. When temporary housing is required in Europe, Daiwa House Group companies can use our expertise to play a role in rebuilding localities in affected countries.

We will also press on with our long-standing efforts to develop a circular value chain. Starting with the creation process, it carries on through customer service, management operations, and renovation, and by nurturing and maintaining vital relationships of trust over the long-term, we create rich lives hand-in-hand with our customers. At the core of these activities is our Livness brand, which handles our Group’s revitalization business. We established the brand to engage in brokerage, renovation, and purchase/resale, which it carried out in detached houses and rental housing, and going forward it will roll out initiatives for large buildings and commercial facilities as well. We will maintain



Members of Cultivation Business Development Section and Daiwa House Bloom who work together at Cocolan House

## ■ Message from the President

our focus here as the business addresses societal issues such as shrinking population and aging infrastructure.

Finally, I would like to touch upon digital transformation (DX), an entrenched feature of the modern world. We at Daiwa House have far-reaching initiatives in what we see as an industrywide challenge and plan to give back the fruits of our efforts to society. However, we can never take our eyes off the purpose of DX; the use of digital technologies must not be allowed to weaken heart-to-heart connections between people. We intend to use DX to transform the time our employees have traditionally spent on work and processing tasks to time spent thinking of how we can

make our customers, business partners, and community members smile. We are constantly mindful of using digital transformation to bring people closer together.

As we travel the road toward achieving Our Hopes for the Future (Purpose) by 2055, changes in society and the times may obscure our specific initiatives upon occasion. At such times, we will return to our roots—the idea of putting smiles on the faces of our customers and society as a whole, as we strive to bring about a world where we live in harmony, embracing the Joys of Life.

### On into the future with our founder's spirit!

Since the founding of the Daiwa House Group, we have constantly pioneered new horizons, bearing in mind our founder's spirit that we are in business, not to make a profit, but to be of service to society, and we have thus provided many buildings and services to address societal issues. Our aspiration has remained steadfast in the face of changing operating environments and people's individual values.

First, we get close to our customers and make them smile, then think hard about what we can do to make the world a better place on our journey toward realizing Our Hopes for the Future.

Our founder declared that we will continue growing even during tough times. Our strength, and in our very DNA, is to always advance steadily without pause, through any adversity. Spurred on by this strength, we are making Our Hopes for the Future a reality, and, through businesses that help make the world a better place, we will continue to grow and build the future hand-in-hand with our customers, stakeholders, and society at large.

I would like to conclude by thanking you in advance for your ongoing encouragement and support.

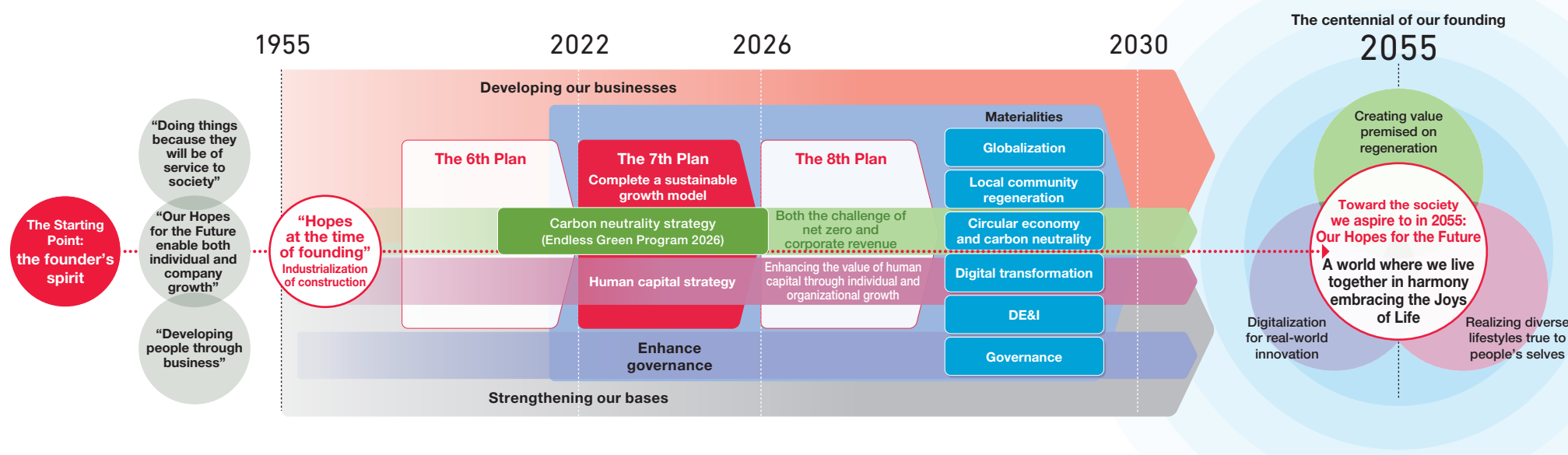




## Materialities and Specification Processes

### Roadmap to the Centennial Anniversary of Our Founding—Road to 2055

With our founder's spirit as a starting point, we have achieved sustainable growth by always looking to what lies ahead and believing in Our Hopes for the Future. We will work to implement the 7th Medium-Term Management Plan with an awareness of materiality over the medium- to long-term, and aim to realize Our Hopes for the Future by expanding the areas where the three actions overlap.



#### KPIs for FY2026 Developing our businesses (Financial information)

Net sales	¥5.5trillion	ROE	13% or higher
Operating income*1	¥500billion	Dividend payout ratio	35% or higher and dividend per share of ¥130 or more
Net income attributable to owners of the parent	¥340billion	Debt-equity ratio	Around 0.6times

#### KPIs for FY2026 Strengthening our bases (Non-financial information)

Carbon neutrality strategy	Zero CO <sub>2</sub> emissions in community development Scope 3 Category 11	Reduce GHG emissions by 54%*2 by making all buildings ZEH/ZEB and installing solar power generation equipment on them	Human capital strategy	Securing diverse human capital*3
	Zero CO <sub>2</sub> emissions in business activities Scopes 1 and 2	Reduce GHG emissions by 55%*2 by promoting energy efficiency, renewable energy and electrification		
	Zero CO <sub>2</sub> emissions in supply chains Scope 3 Category 1	90% or higher in principal suppliers' setting rates of GHG reduction targets in SBT level		
				<ul style="list-style-type: none"><li>Ratio of females in management ..... 8%</li><li>Ratio of new female career hires ..... 30%</li><li>Ratio of males taking childcare leave ..... 80%</li></ul>

\*1 Exclusive of amortization of actuarial differences of retirement benefits \*2 vs FY2015 \*3 Target for April 1, 2027

## Materialities and Specification Processes

### Materialities and the 7th Medium-Term Management Plan

Taking materialities into account, under the 7th Medium-Term Management Plan, we uphold three management policies: Evolve revenue model, Optimize management efficiency, and Strengthen management base. These policies are the foundation upon which we tackle eight focal themes toward maximizing corporate value with a view to growth beyond the 8th Plan period.

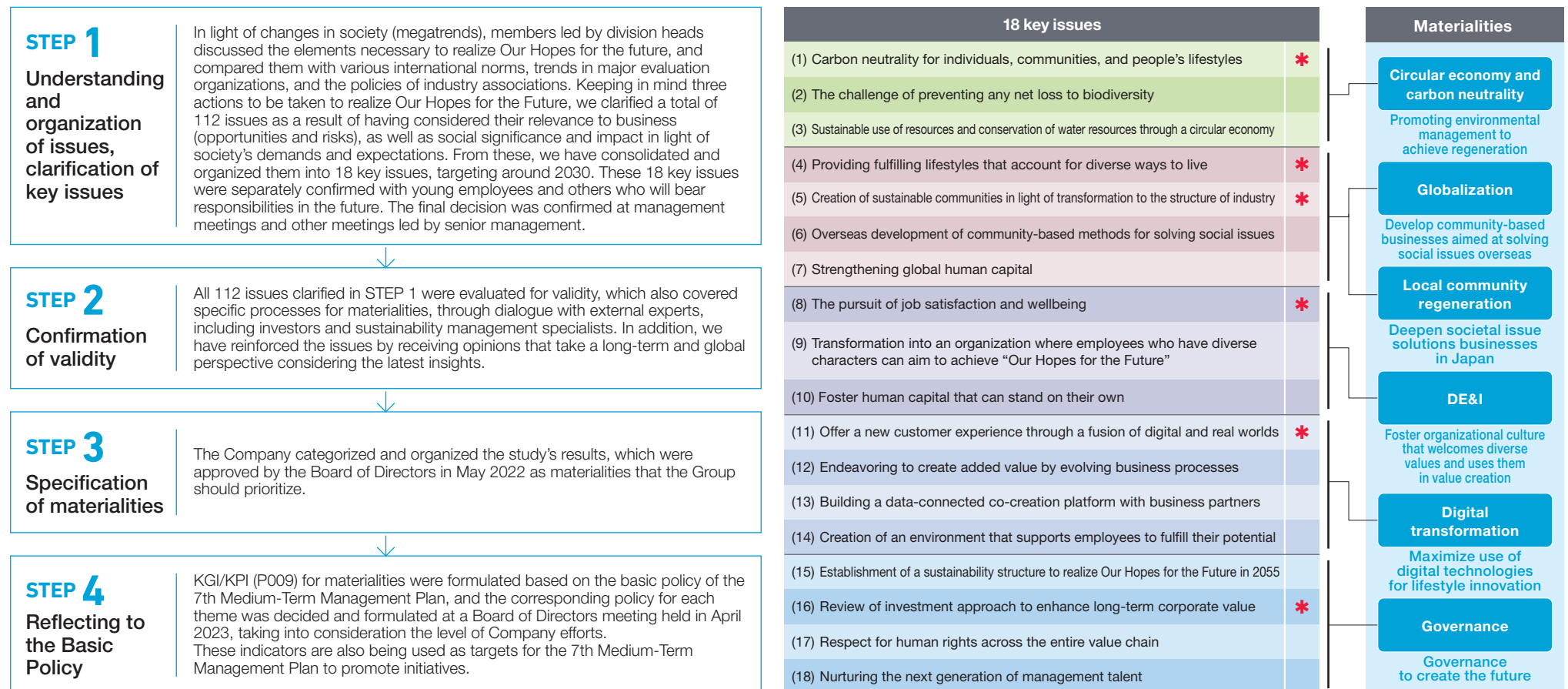
Materialities	The 7th Medium-Term Management Plan: Eight focal themes	Principal KGI and KPI (FY2026 targets)	
		Investment (input)	Result (output or outcome)
Globalization	1 Accelerate growth of community-based overseas business	Real estate development investments ¥2.2 trillion (five-year plan)	<b>Delivering quality housing with stability</b> <ul style="list-style-type: none"> <li>● US: Supply of houses 10,000 units/enhance factory conversion rate</li> <li>● China: Supply of condominiums 4,000 units/units under management 20 thousand-unit level</li> </ul>
Local community regeneration	2 Expand a circular value chain from the perspective of local communities/customers		<b>Response to social issues, expand business opportunities</b> <ul style="list-style-type: none"> <li>● Promotion of Livness Town Project (Increase number of dialogues and participants, reduce rate of unoccupied homes, maintain population)</li> <li>● Expand sales for Livness business (renovation, brokering, purchase and resale)</li> <li>● Increase number of building purchases</li> </ul>
Circular economy and carbon neutrality	3 Realize carbon neutrality by making all buildings carbon-free	Carbon neutrality strategy	<b>Contribution to carbon neutrality (FY2030 targets)</b> <ul style="list-style-type: none"> <li>● Reduction rate of GHG emissions across the entire value chain (vs FY2015) Down 40%</li> <li>● Renewable energy adoption</li> </ul>
Digital transformation	4 Strengthen cost competitiveness and build a system for stable supply	Strengthening the customer base	<b>Evolve supply chain</b> <ul style="list-style-type: none"> <li>● Group cost pool amount ¥1 trillion</li> <li>● Cost reduction rate (10% reduction against soared costs ¥100 billion)</li> </ul>
	5 Digital transformation	Strengthening the technology base	
DE&I	6 Increase the value of our human capital	Human capital strategy	<b>Creating a workplace environment that employees find easy to work in</b> <ul style="list-style-type: none"> <li>● Increased engagement</li> </ul>
Governance	7 Achieve growth of profits coexisting with capital efficiency through portfolio optimization	Curbing investment into businesses of concern Sale of cross-shareholdings ¥100 billion Review of investment hurdle rates	<b>Securing and utilizing human capital</b> <ul style="list-style-type: none"> <li>● Diversity indicators</li> <li>● Retention rate of young employees</li> <li>● Senior-related indicators</li> </ul>
	8 Enhance governance		<b>Maintain and enhance capital efficiency</b> <ul style="list-style-type: none"> <li>● ROE of 13% or higher</li> <li>● Stable shareholder returns (payout ratio of 35% or more, realize minimum dividend amount of ¥130)</li> </ul>
		<b>Optimize funds procurement</b> <ul style="list-style-type: none"> <li>● Financial benchmark D/E ratio of around 0.6</li> </ul>	
		<b>Realize a highly effective Board of Directors and Audit &amp; Supervisory Board</b> <ul style="list-style-type: none"> <li>● Performance-based remuneration</li> </ul>	
		<div>Evolve revenue model</div> <div>Optimize management efficiency</div> <div>Strengthen management base</div> <div>Complete a sustainable growth model</div>	

## ■ Materialities and Specification Processes

### Processes for Specifying Materialities

In order to bolster the value creation process cycle, when we formulated Our Hopes for the Future, we identified materialities, or priority issues, in consideration of their degree of importance to our business (opportunities and risks) and their social significance and impact based on the needs and expectations of society, while also taking into account the opinions offered by experts.

We continued to consider KGI/KPI for materialities in fiscal 2022 in light of the level of action to be taken under the 7th Medium-Term Management Plan.



\* Issues included in the key themes of the 7th Medium-Term Management Plan are marked with an asterisk (\*)



## Feature | Aiming for “net zero” greenhouse gas emissions by 2050

## Carbon neutrality strategy

The Group formulated its carbon neutrality strategy within the 7th Medium-Term Management Plan (FY2022-FY2026).

Aiming to strike a balance between environmental stewardship and earnings, we are tackling the challenge of realizing carbon neutrality.

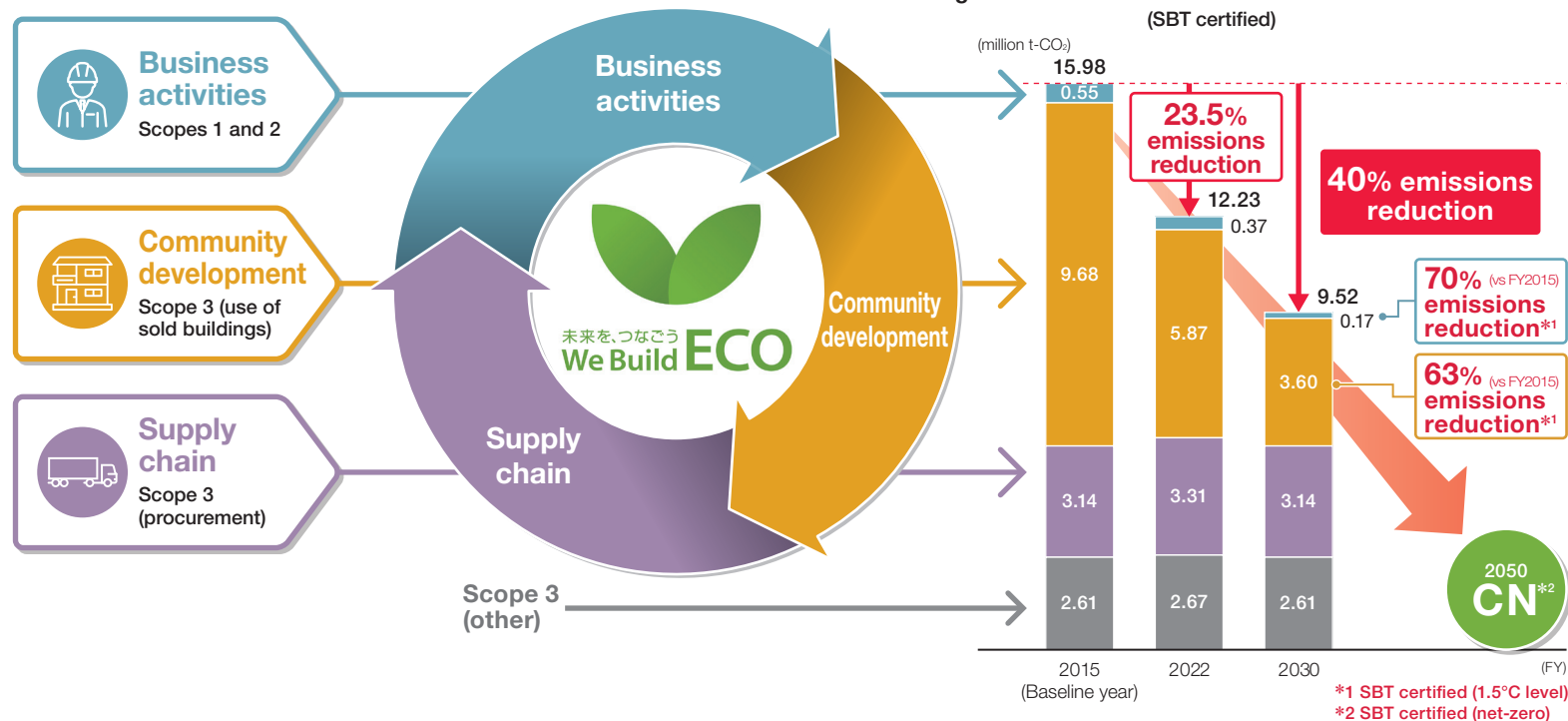


## Efforts across the entire value chain

The Group aims to be carbon neutral in 2050, and has set a goal of reducing greenhouse gas emissions across its entire value chain by 40% by 2030 (vs FY2015). To achieve this goal, we have set our sights on realizing carbon neutrality in all three phases of the value chain: business activities, community development, and the supply chain.

In fiscal 2022, with regard to community development, we promoted sales of environment-friendly buildings, and within our business activities, we advanced the use of renewable energy for purchased electricity. Through these efforts, we reduced greenhouse gas emissions across the value chain by 23.5% (vs FY2015).

We will continue to accelerate our decarbonization efforts to achieve “net zero” greenhouse gas emissions by 2050.



## Do everything we can by 2030.

## The more building we build, the more we decarbonize our society and achieve carbon neutrality.

Introducing targets and initiatives in the three phases of the value chain.



### Decarbonization in our business activities

We aim to cut greenhouse gas emissions by 70% by 2030 (vs FY2015) by promoting energy conservation, electrification, and renewable energy.

**70%**  
reduction

#### Energy conservation

Energy efficiency  
**Up 2.0 times**  
compared to FY2015  
(Achieve EP100)



P037

#### Electrification

Introduction rate of  
clean energy cars  
**100%\***  
\* Only Company-owned cars



P038

#### Renewable energy

Renewable energy  
utilization rate  
**100%**  
(Achieve RE100)



P037



### Decarbonization in community development

We aim for 63% reduction in greenhouse gas emissions (vs FY2015) by 2030 by using ZEH/ZEB + installation of solar panels at all buildings.

**63%**  
reduction

\* We introduced internal carbon pricing to real estate investment decision standards from April 2023, accelerating ZEH/ZEB development.

#### Housing field

ZEH(-M) rate and solar  
installation rate

**100% principle**



P034

#### Business field

ZEB rate and solar  
installation rate

**100% principle**



P035



### Decarbonization in the supply chain

By conducting decarbonization dialogues and other measures, by 2025 we aim to have 90% or more of our principal suppliers share in the greenhouse gas emissions targets of the Paris Agreement, and to achieve the targets by 2030.

**90%**  
or more

#### Supplier engagement



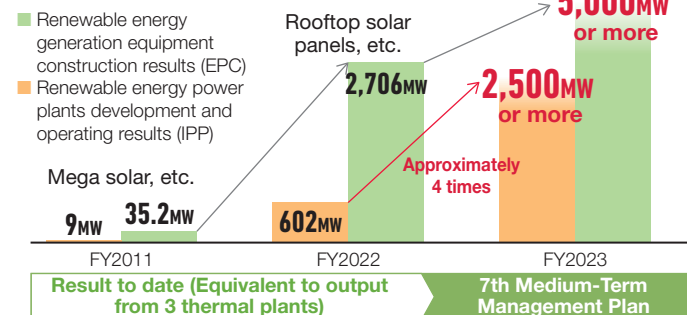
P039



## Contributing to the spread of renewable energy

The Group aims to build renewable energy power generation facilities that will generate more than 5,000 MW of electricity by 2030 through the generation of energy from solar power and other sources, and to develop and operate renewable energy power plants that provide 2,500 MW or more of electricity. We will strengthen our EPC business, which performs design and construction of power plants for renewable energy, as well as the IPP business, our power generation business, contributing to the further spread of renewable energy in Japan.

### Installed capacity of renewable energy (EPC/IPP)



### Company-owned renewable-energy power stations



Wind

Solar power



Hydroelectric



## Implementation Report

## Environment

## Main results in fiscal 2022

- Greenhouse gas emissions from use of products (total)

vs FY2015

**39.3%**  
reduction

- Eco-friendly surface area of green spaces (cumulative)

vs FY2021

**+ 257,000m<sup>2</sup>**

- Water consumption (per unit of sales)

vs FY2012

**42.7%**  
reduction

- Eco Test certification

**26,135**

## CHAPTER

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## ■ Implementation Report : Environment

### Focusing on climate change and other issues like biodiversity to deliver a new approach across our industry

#### Hiroshi Kono

Senior Executive Officer  
Deputy Head of Technology Headquarters  
Head of Safety (Housing),  
Head of Environment



#### Commitment from the Executive Officer in Charge

#### Mitigating and adapting to climate change as we work to reconcile profitability and environmental sustainability

At Daiwa House Group, our Challenge ZERO 2055 long-term vision for the environment is our ultimate goal and, within that vision, we have made mitigating and adapting to climate change one of our key management challenges. We aim to achieve carbon neutrality in 2050 and have set a milestone of reducing

greenhouse gas (GHG) emissions throughout our value chain by 40% (vs fiscal 2015 levels) by 2030. We are putting into practice our Endless Green Program 2026, a detailed plan of what we need to do now to ensure we achieve these long-term targets. Our Seventh Medium-Term Management Plan also includes these 2030 targets as we progress to carbon neutrality.

In fiscal 2022, we reduced GHG emissions throughout our value chain by 23.5% (vs fiscal 2015 levels) and are progressing at a faster pace than our targets.

This includes a 39.3% reduction (vs fiscal 2015 levels) of emissions from sold buildings as they went into use, above our

target of 35%. We attribute this achievement to our stepped up efforts to make net-zero products. In fiscal 2022, 86% of our houses were net zero (ZEH\*1), a jump of 33 points over the ZEH level in fiscal 2021, as we equipped more custom-built houses with solar panels and worked to standardize houses in development projects as ZEH. In rental housing, we launched TORISIA, a net-Zero Energy House Mansion (ZEH-M) condominium product, in October 2022. We have also worked to get rental housing owners on board with our ZEH-M initiatives, raising the ZEH-M share of our rental housing offerings to 14% in fiscal 2022 (up 11 points vs fiscal 2021). In condominiums, 68% of our builds were ZEH-M as well (up 33 points vs fiscal 2021), and in February 2023 we announced that we will be making ZEH-M specifications standard for all Premist series condominiums to be constructed from fiscal 2024 forward. In addition, we are accelerating our shift to net-Zero Energy Buildings (ZEBs\*1) at logistics and other large commercial building projects, where the portion of ZEBs rose to 65.7% in fiscal 2022 (up 27.7 points vs fiscal 2021). These results show how all our business divisions are engaging proactively in these initiatives, on a thorough understanding of our policy that profitability and environmental sustainability are indeed compatible.

In terms of emissions from our business operations, we have made a significant step forward by switching to 100% renewable energy for power purchased to run our parent operations in Japan. Through this, we have achieved a substantial reduction in scope 2\*2 emissions. Emissions from our business operations are down 33.5% (vs fiscal 2015 levels), beating our reduction target of 25%. We now plan to focus on generating more renewable energy in-house to get us even closer to carbon neutrality. In January 2023, we acquired the rights to manage Hibikinada Thermal Power Station Co., Ltd. and made it a Group company. The Hibikinada Power Station was co-fired with coal and biomass, but we will shut operations down and convert it to fire biomass only. This has meant that the target date for achieving our RE100 initiative (100% renewable energy for electricity used in our business activities)

## Implementation Report : Environment

across the Group, including in-house power generation, will be pushed back from fiscal 2023 to fiscal 2025; however, for power purchased, we still aim to achieve 100% renewable energy across the Group, including overseas sites, during fiscal 2023.

We are also switching company cars to clean energy vehicles with the goal of having a 100% clean-energy fleet by fiscal 2030. We have many employees who are allowed to use their personal cars for work purposes, including construction workers and sales representatives, so we have set up a New Eco Allowance Scheme to help them buy clean energy vehicles. Across the Group as well, we are actively working to help Daiwa Living and Daiwa Lease switch their fleets to electric vehicles.

We have continued to work with our main suppliers to reduce GHG emissions across the supply chain. During fiscal 2022, 65.9% of our suppliers had SBT\*3-level targets for

GHG reductions in place, a 1.9-fold improvement over fiscal 2021. We attribute these positive results to increased dialogue with suppliers and the development of win-win relationships. Working in partnership with all our suppliers, we aim to achieve our target of 90% of suppliers with SBT-level GHG reduction targets by fiscal 2026. We will also start to engage in discussions over new issues related to digital transformation (DX) and green transformation (GX).

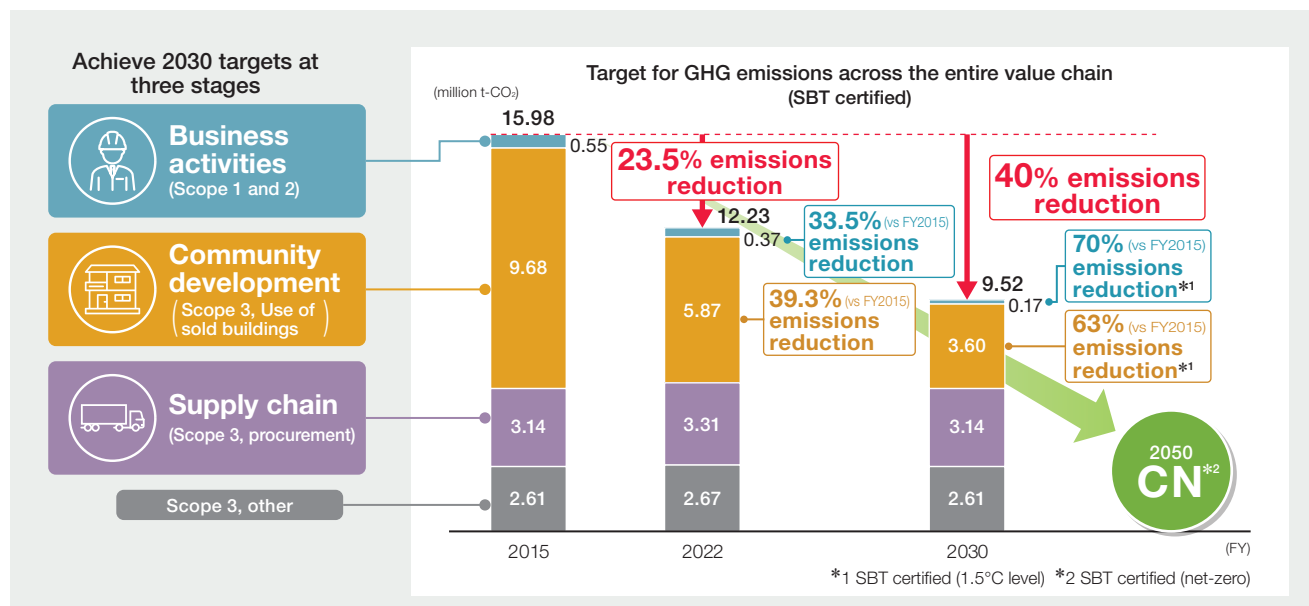
Another new initiative is our decision to introduce ICP\*4 into real estate investment decisions. Before rolling out this program in April 2023, we participated in a model eco-friendly project to confirm the effectiveness of the approach. We aim to develop a program to promote greater uptake of eco-friendly buildings, while keeping a close eye on their environmental performance, potential as investment projects, and other benchmarks.

### Aiming to become nature-positive, we are working to create more green spaces and eliminate forest destruction

Along with climate change, another major Daiwa House theme is addressing biodiversity. In our business operations, we are working to expand the surface area of eco-friendly green spaces. In fiscal 2022, we reached a surface area of 257,000m<sup>2</sup> beating our target of 200,000m<sup>2</sup>. Under the slogan Let's Keep Green, we defined a policy to encourage ideas for eco-friendly greening through exterior planting at properties that includes at least 50% indigenous species. We then ran e-learning programs to promote awareness of this policy. One result: we have seen greening programs start at all branch offices.

For major properties like condominiums and logistics facilities, we have worked with the Association for Business Innovation in harmony with Nature and Community (ABINC) to have our land use certified as in accordance with biodiversity conservation. One example is the Premist Fujigaoka condominium project (Aichi Prefecture), the largest ZEH-M development in the Tokai region (360 units), where we have implemented a plan to plant indigenous species and created habitats for birds and butterflies. The new plantings were difficult to maintain in the beginning and did not immediately thrive, but have since started to improve, changing not only the property environment but also the awareness of occupants. We aim to design and build environmentally friendly spaces, taking into account the differences between regional and urban properties, and focus efforts on managing and maintaining planted spaces through good channels of communication with management companies in the Daiwa House Group. At this stage, only a few properties have obtained ABINC certification, but we see enormous value in taking on this challenge, as it will make those involved more informed on environmental matters and our employees more environmentally conscious. We will actively work to pursue such projects in the future. We have also made substantial progress towards our goal of having all employees obtain the Eco Test certification. As of end-fiscal

### Transition plan for achieving carbon neutrality



## ■ Implementation Report : Environment

2022, 26,135 employees were certified, a 30% increase over the previous fiscal year. We are delighted that the majority of Group employees have now obtained their certification.

Another critical issue is to avoid procuring timber from areas at risk of deforestation. We have asked our suppliers of C-ranked timber, which is at the highest risk, to submit plans for improvement and are working on rigorously checking official documentation and switching to suppliers that source timber from low-risk areas. We are engaged in direct dialogue with the various companies that supply timber-related products, encouraging them to formulate zero deforestation policies.

### Actively engaging with new challenges and visualizing data to allow sustainable urban development

A new area for the future is the development of lignin technologies and greater use of timber, not only in housing but also in public works. This is relevant to our efforts to combat climate change and also important from the perspective of addressing local issues through carbon fixation and local production for local consumption. We have already established a full-time department and have started developing proposals on using lignin in public works. Our goal is to focus on empirical data and to develop proposals that make best use of steel and wood materials for different purposes.

Environmental initiatives involving DX will also be an important theme as we move ahead. As a first step, we will optimize building designs that minimize GHG emissions through the development of a digital platform based around BIM\*<sup>5</sup>, which allows integrated management of construction data, and the visualization of GHG emissions from production processes of the materials used. To achieve this, in April 2023 we added to the Group a company that has developed a proprietary construction material database. We will now expand this database and use it to visualize GHG emissions from all construction inputs. The initial focus will be on principal

components before we expand the program to include other construction materials.

Being able to visualize the GHG emissions from all construction materials will allow us to optimize building designs. We will also be able to gather data for urban development. Moving ahead, visualization of energy use and other data for entire towns will likely play a role in the development of sustainable communities. We intend to also apply this data in future Ko“Re”kara City Projects, which seek to be communities using 100% renewable energy, and other similar projects. Our approach is to run our initiatives as an open project and make any positive results available to all, bringing together our industry and contributing more to the global environment.

### Ensuring fruition of DX and GX initiatives, adding depth and breadth to environmental engagement

Reducing GHG emissions across the supply chain is the next challenge on the road to carbon neutrality. We expect to be able to advance this by progressively visualizing GHG emissions as discussed above. We will generate solid results by connecting with our partners and suppliers and demonstrating to them the benefits of sharing data; to this end, we need to maintain positive relationships with them built on a full appreciation of the endeavor. I think that environmental and DX programs may help us improve things like working conditions and other issues in the construction industry that I have been striving to better since my time as a site foreman. I have seen even greater results from initiatives that marry the environment with DX, and these programs are truly worth pursuing.

One more theme other than climate change where we need to make more progress relates to initiatives arising from our policy that corporate profitability can coexist with environmental sustainability. Moving into the future, we will incorporate themes like biodiversity into our business strategy to accelerate implementation of initiatives to address these themes.



\*1 ZEH and ZEB are abbreviations for Net Zero Energy House and Net Zero Energy Building, respectively. These are houses or buildings with energy-saving and -generation features that allow net zero annual primary energy consumption while maintaining a comfortable indoor environment.

\*2 Indirect GHG gas emissions from the use of electricity, heat, or steam from sources other than our company

\*3 Abbreviation for Science-Based Targets. Target for GHG reduction that is consistent with the levels required under the Paris Agreement.

\*4 Abbreviation for Internal Carbon Pricing. A system for setting the company's own carbon price. The cost per 1t CO<sub>2</sub> emissions is converted into cost based on the company standards to quantify the climate change risk.

\*5 Abbreviation for Building Information Modeling, 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.

## 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 people's 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 greenhouse gas 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  
Operation of office buildings



#### Products and services

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



### Seven Challenge ZERO

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

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

**4** Challenge ZERO Deforestation

**6** Challenge ZERO Waste and Reuse

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

**5** Challenge ZERO Harm to Biodiversity

**7** 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.

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



Procurement



Business activities



Products and services

#### Milestone for 2030

1

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



- By 2030, we aim to reduce greenhouse gas (GHG) 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.

2

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



- By 2030, we aim to reduce GHG 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 2025\*.
- \* By fiscal 2023 for purchased electricity, excluding self-generated power

3

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

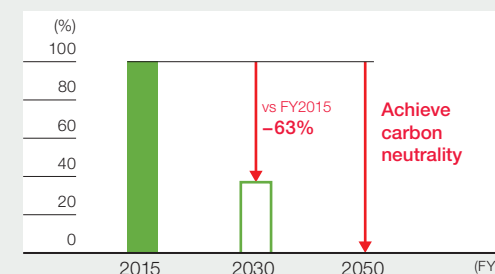


- By 2025, we share with 90% of our principal suppliers the GHG reduction targets in line with the Paris Agreement and cooperate with them in the initiatives for energy efficiency and renewable energy in order for the principal suppliers to achieve the targets by 2030.

#### Goal for 2050

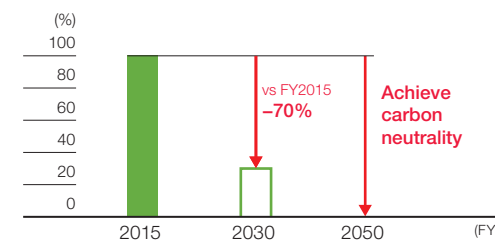
Through turning newly constructed buildings into net zero energy buildings and by improving energy efficiency and energy-generation installation at existing buildings, as well as through supplying renewable energy, we aim to achieve carbon neutrality by 2050.

#### Reduction target for GHG emissions from houses and buildings in use



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.

#### GHG emission reduction targets in business activities



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 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.

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.

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 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 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 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.



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.

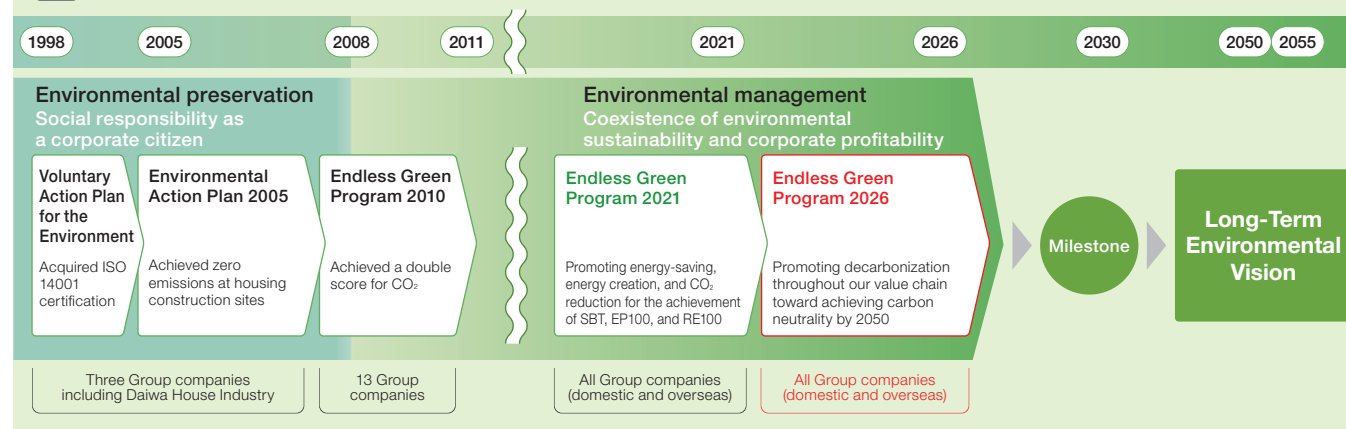
We aim for sustainable utilization of water through reducing water consumption, total recycling of resources, and conservation of aquatic environments throughout supply chains across the Group by 2055.

## Environmental Action Plan (Endless Green Program)

### History of the Environmental Action Plan

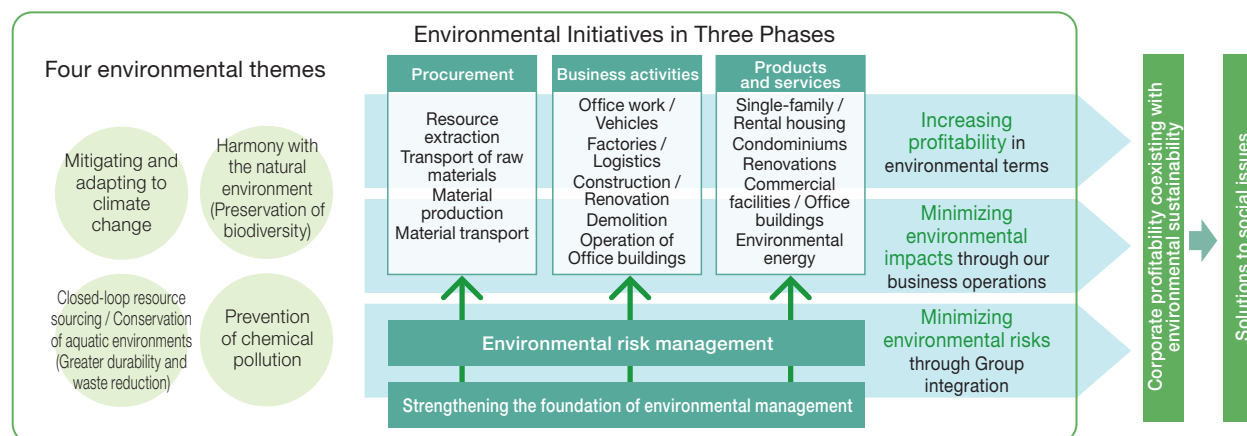
Calculating backward from the long-term environmental vision, Daiwa House Group have set 2030 as a milestone for achieving the vision. We formulate concrete targets and plans as the Endless Green Program (EGP) nearly every three- five years in accord with the period of a medium- term management plan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

 [Environmental Action Plan](#)



### Overall Environmental Action Plan


In the EGP, we identify “four environmental themes,” 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.



### Link between materialities, the 7th Medium-Term Management Plan and Environmental Action Plan

In order to realize Our Hopes for the Future, the Group has identified issues to be addressed (materialities) in fiscal 2022, one of which is Circular economy and carbon neutrality. In light of the materialities, we laid out “Realize carbon neutrality by making all buildings carbon-free” as one of the focal themes of our 7th Medium-Term Management Plan (fiscal 2022 to 2026).

An environmental action plan EGP2026 formulated alongside our 7th Medium-Term Management Plan sets four themes as environmental priority themes, including “Mitigating and adapting to climate change” and “Closed-loop resource sourcing,” for which KPIs were defined to promote initiatives.

 P008 [Materialities and Specification Processes](#)

### 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 FY2025, 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)

## Environmental Action Plan (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.

Seven “Challenge ZERO”s		Key metrics	FY2021 results	FY2026 targets	Milestones for 2030 (long-term environmental vision)	Pages for details
Mitigating and adapting to climate change	1Challenge ZERO for CO <sub>2</sub> in community development	GHG emissions reduction rate derived from use of products (vs FY2015)	−29.4%	−54%	−63%	P034, 136
		ZEH rate	53%	90%	100%, in principle	
		ZEH-M rate for rental housing / condominiums	3% / 35%	50% / 100%	100%, in principle / 100%, in principle	
		ZEB rate	38%	80%	100%, in principle	
	2Challenge ZERO for CO <sub>2</sub> in business activities	GHG emissions reduction rate derived from business operations (vs FY2015)	−20.8%	−55%	−70%	P036, 136
		Energy efficiency (vs FY2015)	Up 1.47 times	Up 1.9 times	Up 2.0 times	
		Renewable energy utilization rate	18.2%	100%	100%	
		Introduction rate of clean energy cars    Company vehicles / Privately owned vehicles	0.3%	30% / 10%	100% / 30%	
	3Challenge ZERO for CO <sub>2</sub> in the supply chain	Setting rate of principal suppliers’ SBT standard GHG reduction targets	34%	90%	Achievement of GHG reduction targets by principal suppliers	P039, 136
		The number of contracts for renewable energy and energy-efficiency solutions (The number of cases of support)	—	50 (5-year total)		
Harmony with the natural environment	4Challenge ZERO Deforestation	Ratio of C-ranked timber	2.7%	0%	0%	P047, 136
		Setting rate of zero deforestation policy (primary suppliers)	—	90%	100%	
		Setting rate of zero deforestation policy (secondary suppliers and beyond)	—	50%	100%	
	5Challenge ZERO Harm to Biodiversity	Eco-friendly surface area of green spaces (cumulative) (vs FY2021)	—	+ 1,000,000m <sup>2</sup>	+ 2,000,000m <sup>2</sup>	P049, 136
		Rate of formulation and implementation of protection and management plans of significant sites within premises of the company’s facilities	—	100%	100%	
		Rate of replacement of plastic goods for distribution (offices, etc.)	Daiwa House Industry: 81% All Group: 92%	100%	100%	
Closed-loop resource sourcing and conservation of aquatic environments	6Challenge ZERO Waste and Reuse	Number of assets subject to effective use	3,989	4,500	— *	P054, 137
		Number of buildings subject to durability extension	3,246	9,150	— *	
		Recycling rate of waste plastics material (production)	10.9%	30%	— *	
		Reduction rate of amenities that are plastic-containing products specified in law (vs FY2021) / recycling rate (hotels)	— / —	−50% / 50%	— * / 100%	
		Achievement of zero waste emissions targets by principal suppliers	34.5%	90%	Achievement of zero waste emissions targets by principal suppliers	
	7Challenge ZERO Water-Associated Risks	Water-saving device adoption rate (housing and hotels)	89.8%	98%	100%	P057, 137
		Water consumption reduction rate (vs FY2012, per unit of sales)	−46.8%	−40%	−45%	
		Implementation rate of water risk surveys by principal suppliers	—	100%	Completing response to water risks	
	Environmental Management	Sales of environmental contribution businesses	—	1,600 billion yen	P023, 137	
		Number of those who acquired the Eco Test certification	19,033	38,000		
Implementation status of measures for adopting to climate change		—	Completing implementation			

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

\* To be formulated in 2026



P059 Prevention of chemical pollution

P136 Results and self-assessment of the Environmental Action Plan (Endless Green Program 2026)



## 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.

P137 Environmental Data Environmental management

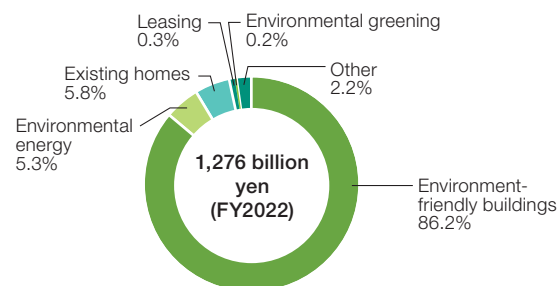
■ Definition of environmental contribution business  
(For Endless Green Program 2026)

Business		Definition	
Environment-friendly buildings	Single-family housing	Buildings that meet BELS five-star rating (BEL standard value by intended use)	
	Rental housing	Application	BEI value
		Housing	0.8 or less
	Condominium	Hotels, hospitals, department stores, restaurants, assembly halls, etc.	0.7 or less
	Commercial and office buildings	Offices, schools, factories, etc.	0.6 or less
Environmental energy business		Electricity retailing, sales of power fueled by renewable energy, PPA business, contract work to install renewable energy facilities / energy-efficient equipment, energy-efficiency solutions, non-fossil fuel energy certificates brokerage	
Existing homes business	Home renovation	Solar power generation systems, storage batteries, energy-efficiency renovation	
	Purchase and resale	Resale of existing houses with renovation	
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 LED lighting systems, energy-efficient air conditioners and blackout curtains, etc.	

### Main approach

Starting with the Environmental energy business, each company and division worked toward our fiscal 2022 target for environmental contribution business sales of 1,200 billion yen, 25% of Group sales. As a result, sales reached 1,276 billion yen (26.0% of sales) and achieved the target.

### ■ Sales of environmental contribution businesses



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

In fiscal 2022, we promoted ZEH homes by expanding sales of xevo Σ (sigma), our mainstay product, and other ZEH-compatible housing products. We also added a higher insulation specification to our heavy steel-frame product Skye to make it ZEH-compliant, thereby enhanced the lineup of ZEH products. 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 jumped to 86% (53% in fiscal 2021)\*.



Heavy steel-frame product Skye

\* Result for fiscal 2021 is based on order, while that for fiscal 2022 is based on construction start.

P034 Single-family housing: Further increasing the number of ZEHs

### 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 fiscal 2022 came to 65.7% (38.0% in fiscal 2021).

We held ZEB seminars to highlight their appeal to customers in cooperation with the Energy Conservation Center, Japan. Consultations are also provided at a training facility of the Group. A total of eight seminars were held in fiscal 2022,

which were attended by 514 persons.

P035 Commercial and Office buildings: Hold ZEB seminars, put ZEB into practice and improve technological capabilities

### Environmental energy: Promoting renewable energy

The Daiwa House Group operates 385 renewable energy power plants generating 602MW\*1 (as of end- March 2023).

In fiscal 2022, we started operating 31 new plants with capacity of 41 MW, including large-scale solar power plants in Kanagawa and Saitama prefectures.

We also promoted projects in an onsite PPA model\*2, whereby solar power generation facilities are set up on the roofs of buildings owned by clients to supply them directly with renewable energy. The business model helps reduce both initial cost and GHG emissions of clients.



DREAM Solar Yokohama Totsuka (Kanagawa Prefecture)  
(Logistics center: DPL Yokohama Totsuka)

\*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: Improving city parks quality

Daiwa Lease Co., Ltd., a Group company, is engaged in the environmental greening business. Its coverage has broadened recent years to offer indoor greening for buildings, as well as exterior greening, in addition to that on rooftops and walls, thereby offering comprehensive greening of facilities.

The company also offers service through public-private partnerships at city parks, as represented by the operation and management of Ogimachi Park in Osaka Prefecture and Tennogawa Park in Aichi Prefecture, both commenced in April 2023.

Injecting the power of a private sector, we will develop the parks into bustling ones that are friendly to users.



Ogimachi Park (Osaka 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 Environmental Action Plan 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. "With the environment" is also set forth as one of the basic policies of the Daiwa House Group Principles of Corporate Ethics and Code of Conduct. Based on a detailed action plan, business worksites and principal Group companies make environmental activities subject to the business performance assessment to improve effectiveness of 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 is 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 principal 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.

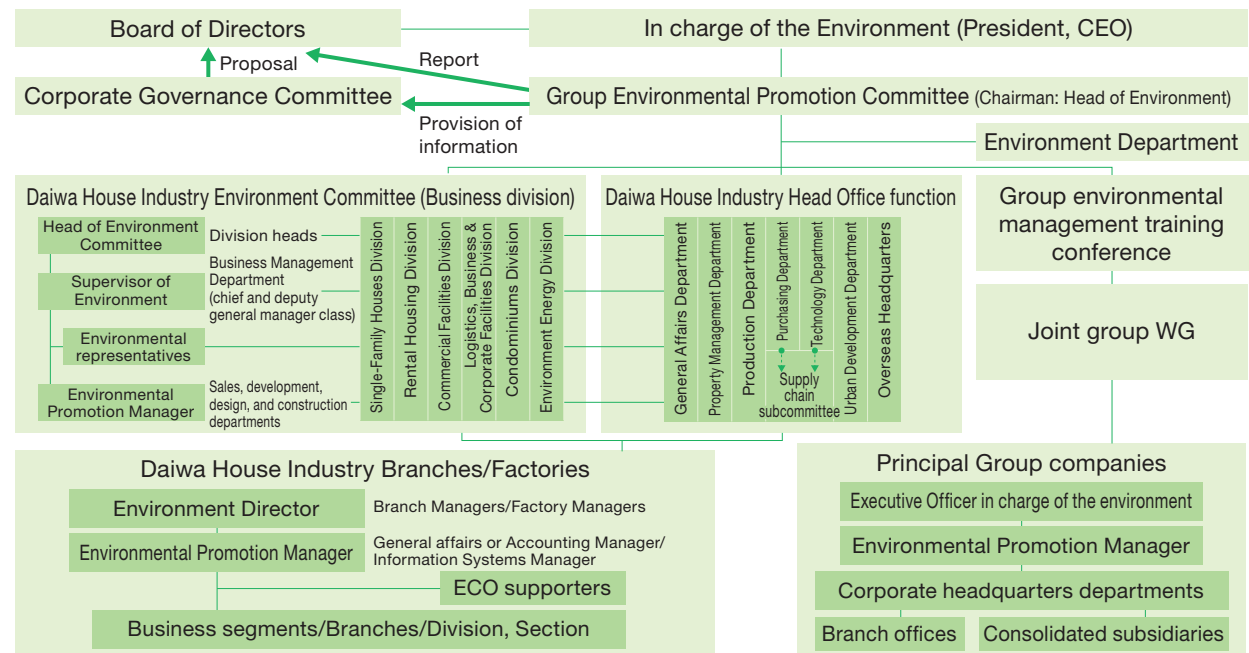
One of the important matters concerning our environmental

management, which is subject to report to the Board of Directors, is the Endless Green Program, the environmental action plan containing climate change issues formulated alongside the Medium-Term Management Plan. The Executive Officer in charge of the Environment reports on progress to the Board of Directors once a year and conducts a timely review of strategy, targets, and plans.

In fiscal 2022, the Board of Directors resolved the final draft of Endless Green Program 2026, and reviewed the company-wide results of Endless Green Program 2021. Based on the review, the Board gave instructions to accelerate promotion of ZEH and ZEB, and each of business divisions enhanced their measures accordingly.

 P115 Corporate governance system

#### ■ Environmental management system



#### ■ Roles of conference bodies (in handling climate change and biodiversity)

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

## 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 24 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.

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

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

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.

We also incorporate environmental evaluation into management of individual employee goals, thereby building an environmental management structure participated by all employees at all levels.



➤ [Notice Concerning the Adoption of a Service-based Restricted Stock Compensation System and a Performance-linked Restricted Stock Compensation System](#)

### Structure of Directors remuneration (excluding External Directors)

Fixed remuneration		Stock compensation About 20%	
Basic remuneration About 45%	bonus About 35%	Restricted stock compensation with post-issuance type transfer restrictions	Performance-based remuneration of transfer-restricted stocks
(KPI: Consolidated ordinary income)		(KPI: environmental index)	

### Environmental index as KPI for Performance-linked Restricted Stock Compensation

Calculation formula

$$\text{Performance goal achievement coefficient} = \left[ \text{CO}_2 \text{ emissions reductions (business activities)*1} + \text{CO}_2 \text{ emissions reductions (building use)*2} \right] \times \text{CDP Climate Change score*3}$$

\*1 CO<sub>2</sub> emissions at Group offices, Factories, construction sites, and business facilities. (Scope 1 and 2)

\*2 CO<sub>2</sub> emissions resulting from Group sales and the use of developed residential housing and buildings. (Scope 3 category 11)

\*3 An 8-tier evaluation of climate change response and strategy conducted by the International NPO CDP, which surveys over 14,000 companies worldwide and shares evaluation results with institutional investors.

① Achievement of CO<sub>2</sub> emission reduction targets in business activities

② Achievement of CO<sub>2</sub> emission reduction targets in building use

Achievement of CO <sub>2</sub> emission reduction targets	Performance goal achievement coefficient
100% or more	0.5
80% to less than 100%	0.4
60% to less than 80%	0.3
40% to less than 60%	0.2
20% to less than 40%	0.1
Less than 20%	0

③ CDP Climate Change score

CDP Climate Change score	Performance goal achievement coefficient
A	1.20
A-	1.10
B	1.00
B-	0.95
C	0.90
C-	0.85
D	0.80
D-	0.75

Performance goal achievement coefficient was 1.2 for FY2022.

Degree of achievement of ①: -33.5% (result for FY2022) / -25% (target for FY2022) = 134%

Degree of achievement of ②: -39.3% (result for FY2022) / -35% (target for FY2022) = 112%

③ CDP 2022 Climate Change score: A

Performance goal achievement coefficient for FY2022: (0.5 + 0.5) × 1.2 = 1.2

### Results of business performance assessment for environmental activities

Principal Group companies

Daiwa House Industry worksites



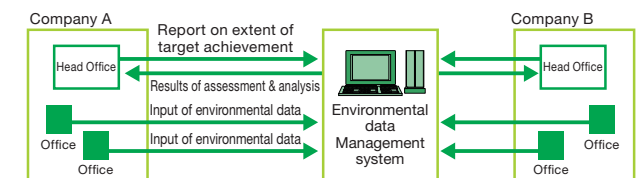
Unit: companies/worksites  
 ■ Rank S  
 ■ Rank A  
 ■ Rank B  
 ■ Rank C  
 ■ Rank D

### 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 efficiency of the environmental performance data collection process. Newly acquired data is subject to comparison with past data accumulated in the system before feeding into the system so as to prevent errors and improve the accuracy of data. The system automatically tallies data by target management item and visualizes performance goal achievement for more effective environmental activities.

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



Daiwa House Industry (Environment Department)

- Tabulation of company-wide results and target management
- Information disclosure (online and in Sustainability Report)
- Inclusion in business performance assessment
- Responses to questionnaire surveys

### 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 the Group and we share developments such as new laws and amendments with our principal group companies. This helps boost operational efficiency and deepen 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.



## Reinforcing the foundation of environmental management | Environmental management


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

The Company (Production Department), Daiwa Lease (the entire company) and Fujita (all its domestic bases) have acquired ISO 14001 certification, an international standard for environmental management systems, and conduct internal environment audits as required by ISO 14001. For uncertified Group companies, we conduct environmental audits as necessary to verify their compliance with environmental laws and regulations and progress of improvement in their environmental performance.

 P138 [Environmental Data ISO 14001 certification](#)

### Compliance with environmental laws and regulations in fiscal 2022

In fiscal 2022 there were no penalties or damages incurred for breach of contract regarding the environment and no serious accidents or complaints.

 P124 [Sanction measures due to a violation of law and litigation \(including ESG-related issues\)](#)


P138 [Environmental Data Compliance with environmental laws and regulations](#)

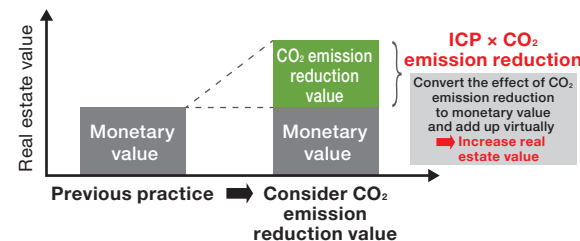
### Introduce ICP to real estate investment decision criteria

The Group employs criteria using internal carbon pricing (hereinafter, "ICP") primarily for investment in its energy-efficient facilities. In April 2023, we introduced ICP to the investment decision criteria for real estate for investment. The scheme, the first such mechanism in Japan, is to convert the environmental value of a real estate planned for investment to monetary value based on its CO<sub>2</sub> emissions reduction, and add that amount to be reflected in internal rate of return (hereinafter, "IRR").

As long-term interest rates are rising globally and the same is expected in Japan, the Company tightened its IRR criteria used for real estate investment decision, in February 2023, by raising it to 10% from 8.5%, as a way to minimize risk of loss from real estate development. It was against this backdrop that we introduced ICP to the investment decision criteria for real estate for investment so as to alleviate the stricter IRR requirement. The scheme is also designed to reduce post-completion CO<sub>2</sub> emissions from the real estate for investment we develop and build, thereby accelerating decarbonization of buildings and community development.

The internal carbon price we use in ICP is set to ¥20,000/t-CO<sub>2</sub>, which is a cumulative average of projected future values factoring in the long-term use of real estate, based on a carbon price indicated in the Internal Carbon Pricing Utilization Guidelines published by the Ministry of the Environment.


 [Japan's first real estate investment decision criteria using internal carbon pricing \(Japanese text only\)](#)



### 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, utilize renewable energy, and take other initiatives.

 P141 [Environmental Data Real estate portfolio](#)



BELS-certified commercial facility iias Kasugai (Aichi Prefecture)

## 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 activities.



➤ [Daiwa House Group Principles of Corporate Ethics and Code of Conduct](#)

### 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 and environmental burden mitigation in business operations via training (including e-learning) at the division level to promote environmentally friendly buildings.



P139 [Environmental Data Environmental education provided \(FY2022\)](#)

### Training seminar for executives

The Company holds sessions for top management themed on various agendas of great social importance. In fiscal 2022, an outside expert was invited as a lecturer to conduct an environmental management seminar on circular economy. Attendees learnt the necessity of incorporating risks and opportunities related to environmental issues into business strategies and the significance of environmental management led by top management in order for the Company to continue growth over a long term.

The seminar was attended by 52 persons, comprising Directors, Executive Officers and Auditors. We will continue providing an annual seminar on environmental issues targeted at top management.



P123 [Conducting study sessions by management](#)



Environmental management seminar

### 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 to raise their environmental literacy. In fiscal 2022, as a result of providing online a comprehension test on environmental terminology as an enhanced assistance for test preparation, we had 26,135 certification holders as of end-March, 2023 (increased by 7,102 from fiscal 2021).

By announcing internally the number of the holders by department biannually and encouraging them further to take the test, we aim to have 38,000 Eco Test certification holders across the Group by the end of fiscal 2026.



P139 [Environmental Data Number of those who acquired the Eco Test certification](#)

### Contest for outstanding environmental activities

Our Challenge! We Build ECO Contest to recognize exemplary environmental activities at worksites attracted 341 entries in fiscal 2022. The contest comprises two categories of seven Challenge ZERO category in line with the Environmental Action Plan, Endless Green Program 2026, and eco-communication category. The most outstanding entry receives the President'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 each Group company to try to improve environmental activities.

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

## 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 the 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, which were revised in April 2023 into *Supply Chain Sustainability Guidelines*, cover all primary suppliers and set out comprehensive social and environmental standards, encompassing human rights, occupational safety, and environmental protection.

We ask these suppliers to set specific targets regarding climate change and closed-loop resource sourcing in particular, and survey water risks faced by them on a continual basis. In terms of chemical substance management and timber procurement, we monitor them continually with detailed guidelines and assessment criteria.

### ■ Supply Chain Sustainability 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.

(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	Challenge to achieving carbon neutrality	Promoting energy efficiency and utilizing renewable energy, we work to reduce greenhouse gas (GHG) emissions in line with the Paris Agreement and try to achieve carbon neutrality throughout our supply chain.
5-3	Challenge to achieving circular (closed-loop) economy	While reducing wastes and achieving zero emissions, we limit the use of exhaustible resources and encourage the active use of recycled materials for the effective use of resources, and try to achieve circular (closed-loop) economy.
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	We aim for zero deforestation through sustainable timber procurement, strive for operations and site management with biodiversity taken into account, and enhance the amount and quality of green spaces with consideration to local ecosystems. Aiming to bring to zero the impact associated with marine plastic waste problems, we strive to reduce single-use plastics.
5-6	Addressing water risks	In consideration of the aquatic environments of each country and region, we work to conserve them and aim for sustainable utilization of water by reducing water consumption and total recycling, and thoroughly managing wastewater. We also take flood control measures to ensure business continuity.

(3) Guidelines for Products	
① Chemical Substance Management Guidelines [Basics]	
② Biodiversity Guideline [Timber Procurement]	



➤ Supply Chain Sustainability 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 *Supply Chain Sustainability Guidelines*. We collaborate on environmental activities through three supply chain organizations: the Trillion Club supplies our materials; the Setsuma Club supplies our facility equipment; and the Confederation of Partner Companies comprises manufacturing and partner subcontractors.



P107 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 the Group issued *the CSR Procurement Guidelines* for suppliers and briefed them in a planned manner to heighten their awareness of the guidelines. Through briefings, we asked the suppliers for letters agreeing to the guidelines after confirming their understanding of our procurement policy. Following the revision of the guidelines in April 2023 into *Supply Chain Sustainability Guidelines*, we again collected letters of consent to deepen suppliers' awareness of our environmental policies.

Suppliers can self-assess their policies and initiatives on our website. The self-assessment items are also slated for revision to align with the revised guidelines, and are to include compliance with environmental laws and regulations and challenges to achieving carbon neutrality and circular (closed-loop) economy, among others, in its environmental section.

Development and review of Supply Chain Sustainability Guidelines

Providing explanations to those in charge of procurement at our company and at suppliers' companies


Obtaining letters of consent from suppliers

Incorporating into the supplier basic contract and purchase orders

Conducting self-assessment

Conducting monitoring (key suppliers)

Support for research and environmental promotion (decarbonization WG, decarbonization dialogue, procurement of timber survey, etc.)

 P105 Promote and improve the efficiency of CSR procurement across the Group

P106 Encouraging business partners in CSR procurement

### Monitoring of supply chain

Based on the six requirements set forth in the Corporate Activity Guidelines, we monitor suppliers through our supply chain organizations to promote environmental stewardship and discover supply chain risks at an early stage.


#### (1) Complying with environmental laws and regulations and responding to the demands of society

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.

 P106 The Supply Chain Sustainability Guidelines

#### (2) Challenge to achieving carbon neutrality

The Daiwa House Group surveys primary and some secondary key suppliers yearly on GHG emission reduction targets and results. In light of the findings, we provide support to those in low levels through decarbonization working groups and decarbonization dialogues. In fiscal 2022, we had dialogues with a total of 14 suppliers to encourage their improvement in initiatives.


 P039 Enhance dialogue through decarbonization working groups and decarbonization dialogues

#### (3) Challenge to achieving circular (closed-loop) economy

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.

#### (4) Managing 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.

 P061 Implementation of the Chemical Substance Management Guidelines


#### (5) Protecting biodiversity (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.

 P047 Conducting procurement of timber surveys at our suppliers

#### (6) Addressing 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.

 P052 Closed-loop resource sourcing and conservation of aquatic environments

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

### Supplier training and support

The Trillion Club comprising our material suppliers 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 made up of facility equipment suppliers co-hosts product technology exhibitions featuring members' new environmental technologies and seminars to publicize ecofriendly technologies.

The Confederation of Partner Companies comprising manufacturing and partner subcontractors 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 fourth year running

Daiwa House Industry has been certification for the fourth 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 18,500 corporations from around the globe judged to have taken particularly effective measures in the field of supply chain engagement. The Leaderboard for fiscal 2022 included 653 companies (131 from Japan).



P128 Double recognition on CDP Climate Change A List and on CDP Water Security A List. Received CDP's highest Supplier Engagement Rating for the fourth 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.

### 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 2022, 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 Summary of Financial Results for the Fiscal Year Ended March 31. We held small ESG meetings online with institutional investors in December; and individually met 8 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 assessment method and assessment items. 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.

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

[P097 Dialogue with Shareholders and Institutional Investors](#)

[P126 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 publish the digital magazine SUSTAINABLE JOURNEY, aimed at the general public, with suggestions for eco-friendly lifestyles on our website.

The communication in fiscal 2022 focused on the carbon neutral strategy, which is one of focal themes of the Group's 7th Medium-Term Management Plan. We enhanced our website "Tackling the Challenge of Decarbonization: Our Strategy for Carbon Neutrality" and published a relevant video, and the Executive Officer in charge delivered a speech at Nikkei SDGs Forum as a way to upgrade our communication.

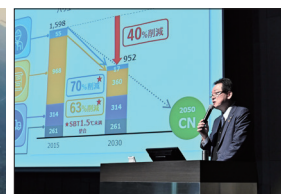
 [➤ Environmental Efforts](#)

[➤ Tackling the Challenge of Decarbonization: Our Strategy for Carbon Neutrality](#)

[➤ SUSTAINABLE JOURNEY \(Japanese text only\)](#)



Website "Tackling the Challenge of Decarbonization: Our Strategy for Carbon Neutrality"



Speech at Nikkei SDGs Forum

### Highlight our environmental efforts using the enclosures around construction site

The Group constructs buildings for various applications, including single-family houses, rental housing, commercial facilities, office buildings and public facilities, and in the course of business, creates town landscapes. Taking advantage of this, we implemented Art Project: Our Future Landscape (Tentative) that uses enclosures around construction sites as walls to put up art works in towns.

In fiscal 2022, we posted pictures painted by young artists at three construction sites in Japan (Nishinomiya City, Hyogo Prefecture, Kawasaki City, Kanagawa Prefecture and Sendai City, Miyagi Prefecture). The works themed on Global environment, Celebrating the joys of life, and Future landscape were all created specifically for the project.

Detailed information of the project is provided at our special website and via social media sites of the artists.

 [➤ Art Project: Our Future Landscape \(Tentative\) \(Japanese text only\)](#)



Art works posted at a construction site

### Hold environmental educational workshops for future generations

The Company started offering environmental educational programs in 2005 targeting children who will lead the next generation. Our Eco Workshops for Children provided for elementary school students have had a total of 7,306 participants as of March 31, 2023.

In fiscal 2022, we held a workshop as part of an event named Juniors' Kotokurie DAY at THE MIRAI KACHI KYOSO Center, our Group's training facility, in which 18 pairs of parents and children participated. The children built house models with a theme of an eco-friendly house that is cool and comfortable in summer, and presented their points of invention.

We continue creating opportunities for children to think about the environment under the theme of housing and living.

 [➤ Environmental education \(Hagu Eco\) \(Japanese text only\)](#)



## Reinforcing the foundation of environmental management | Eco communication

### Efforts to reduce environmental impact at a lodging training facility (Daiwa Lifenext)

L stay & grow Minami-sunamachi (Tokyo), a lodging training facility operated by a Group company Daiwa Lifenext, takes various measures for reducing environmental impact.

The facility purchases and uses electricity from renewable sources and achieves net zero in GHG emissions attributable to electricity consumption at the facility. The effort helped us reduce the emissions by 528.7 t-CO<sub>2</sub> in fiscal 2022. The building also reduces electricity used for lighting with LED systems. Amenities such as toothbrush and hair brush are made of plant-derived biomass materials and packaged in paper, and are offered at a self-service counter to help reduce plastic wastes.

Not just reducing environmental impact, we post announcement about these efforts in the facility and our website to heighten environmental awareness of the users and staff of the facility.



Amenities made of  
biomass materials



Amenity counter



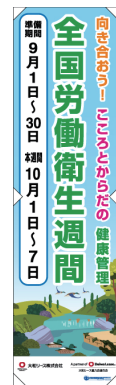
Announcement  
explaining about our  
efforts to users and  
staff

### Tsunagaru-wa tote bag made from hanging banners (Daiwa Lease)

Daiwa Lease, a Group company, is engaged in manufacturing tote bags made from hanging banners used at construction sites during the safety week. In our hope to "Co-creating a Brighter Future" in harmony with the environment to realize a sustainable society, the bag is named Tsunagaru-wa Bag, which literally means "bag that connects 'wa,' or the circles," and circles can relate to a loop of resource circulation and a circle of people, and can also suggest the Japanese spirit of harmony.

The hanging banners are made of vinyl and are generally discarded after use. Transforming them into tote bags, we intend to reduce plastic wastes. The manufacturing processes of cleaning, cutting and sewing the banners are outsourced to work facilities for the disabled to help promote their employment. The bags are distributed to our customers as novelty goods.

The initiative was exhibited at the Sixth Kyoto University Beyond SDGs Symposium: Bring Sustainability Closer to Home - Science Agora in Tokyo held in November 2022 to be communicated to many people.



Hanging banner



Tsunagaru-wa tote bag (Trademark  
registered in February 2023)

### Preserve rare orchid species in cooperation with stakeholders (Fujita)

Group company Fujita had undertaken construction of a research facility in Kanagawa Prefecture for AGC Inc. Within that worksite, three types of rare orchid (Golden orchid, Silver orchid and Kuge Pond orchid)\* were found in fiscal 2021. In cooperation with AGC, we worked to preserve the orchids, and under the direction of external experts, transplanted them to habitats suitable for them located outside the construction site. Together with affiliates engaged in building management and gardening contractors, we also established a system for preserving the orchids as part of the planting service for the building.

In fiscal 2022, the number of species other than orchids was investigated by experts, along with the survey of orchid counts. We also started a study on the preservation of biodiversity for the entire green space.

In cooperation with the client, we continue the greenery management according to an established monitoring plan.

\* Golden orchid, Silver orchid and Kuge Pond orchid: Perennial plants belonging to Cephalanthera, the orchid family, which are designated as threatened species.



Transplanting the orchid

# Mitigating and adapting to climate change

## Contributions to SDGs

7.2  
7.3

11b

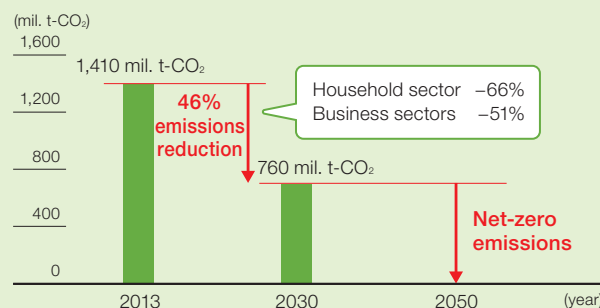
13.1  
13.3

## Policy and Concept

### Social issues

Recent years have seen frequent meteorological disasters thought to be caused by climate change in areas around the world and Japan. In light of 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 nonbinding 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 GHG reduction targets



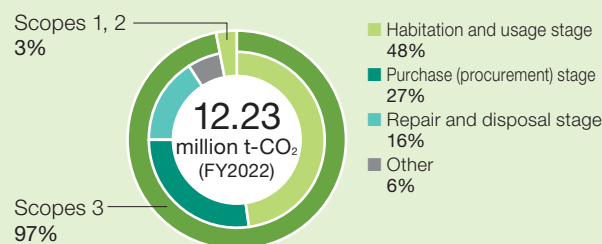
### Our Group's effect on society and the environment

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 48%. 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 gases 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



P155 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 revisions in 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.

P041 Response to the Task Force on Climate-related Financial Disclosures (TCFD)

\* Refer to Net Zero Energy Houses and Net Zero Energy Buildings that are designed to achieve net zero in annual primary energy consumption while offering comfortable indoor environment, by improving the energy-saving performance with insulation and energy-efficient equipment, and creating energy through solar power generation or similar means.

## 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
2055	<b>Achieve carbon neutrality in housing, construction, and community development</b>	<b>Achieve carbon neutrality in all facilities and all business processes</b>	<b>Achieve carbon neutrality in the supply chain</b>
2030	GHG emissions derived from use of products (total) in comparison to FY2015 <b>−63%</b>   Turning all new buildings into ZEH/ZEB as a rule	GHG emissions (total) in comparison to FY2015 <b>−70%</b>   Energy efficiency in comparison to FY2015 <b>2 times</b> (Achieve "EP100")   —	Achievement of GHG reduction targets by principal suppliers
2026	GHG emissions derived from use of products (total) in comparison to FY2015 <b>−54%</b>   ZEH rate <b>90%</b>   ZEH-M rate for rental housing / condominiums <b>50% / 100%</b>   ZEB rate <b>80%</b>	GHG emissions (total) in comparison to FY2015 <b>−55%</b>   Energy efficiency in comparison to FY2015 <b>1.9 times</b>   (FY2025) Renewable energy utilization rate <b>100%</b> (Achieve "RE100")	(FY2025) Setting rate of principal suppliers' SBT standard GHG reduction targets <b>90%</b>

### Self-assessment of the Main Targets and Results of Endless Green Program 2026

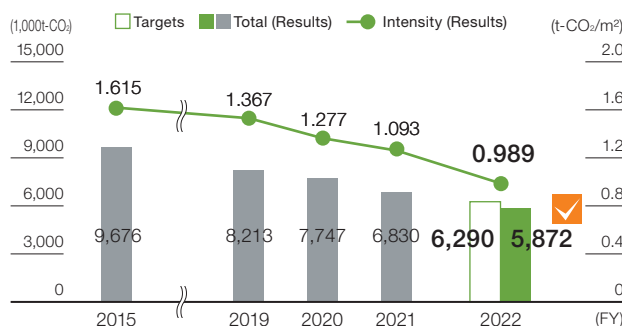
🟢 : Target for fiscal 2022 achieved 🟡 : Target for fiscal 2022 not achieved (achieved 90% or more) 🔴 : Target for fiscal 2022 not achieved (achieved less than 90%)

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

In fiscal 2022 we developed tools to support marketing and design and provided training sessions, lifting the ZEH ratio of the Group to 86% and the ZEB ratio to 65.7%, both significantly up from fiscal 2021. We achieved our target for GHG emissions with a reduction of 39.3% compared with the fiscal 2015 level.

Through promoting ZEH-M sales for rental housing, expanding sales of ZEB and encouraging installation of solar power generation systems, we will improve the rates of ZEH and ZEB, striving to provide houses and facilities that are both comfortable and energy efficient.

#### GHG emissions from use of products\*

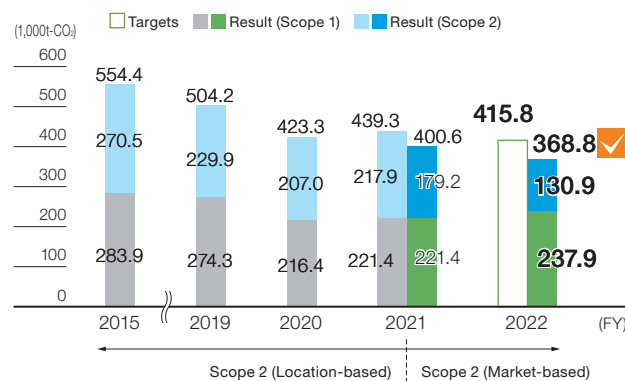


\* Refers to Group GHG emissions in the Scope 3/Category 11 (use of products sold).

#### Dramatically reduced Scope 2 GHG emissions and achieved our target with switch to renewable energy and purchase of non-fossil certificates

We switched electricity rate plans to renewable energy ones in fiscal 2022 and purchased non-fossil certificates as an electricity buyer, thereby made the electricity purchased by the Company in Japan 100% renewable energy on a non-consolidated basis. This helped us dramatically reduce GHG emissions from electricity usage and achieve the target. We continue promoting electrification of fuels and reducing energy consumption while switching to renewable energy-derived electricity.

#### GHG emissions due to business operations



\* The calculation method of Scope 2 emissions was changed from location-based method to market-based approach in fiscal 2022. The result for fiscal 2021 was recalculated and presented together with the previous location-based figure.

#### 65.9% of principal suppliers set SBT-level GHG reduction targets, achieving our goal

In fiscal 2022, we maintained our decarbonization working groups and decarbonization dialogues, and through such dialogues with suppliers, stepped up efforts to encourage them to set SBT-level targets. The share of those with such targets rose to 65.9%, achieving our self-imposed target for this metric. We will continue dialogues with suppliers to encourage them to set more ambitious reduction targets and intensify support for them to achieve the targets.

#### Setting rate of principal suppliers' SBT-level GHG emissions reduction targets (%)



\* We have used to date 2°C level (annual reduction in GHG emissions of 1.23% or more), which we plan to raise to WB2°C level (reduction of 2.5% or more) from fiscal 2023 onward. (WB2°C, or well-below 2°C, is a GHG reduction target to keep global temperature increase to well-below 2°C compared to pre-industrial temperatures.)



## ■ Mitigating and adapting to climate change

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

#### Basic Policy



#### Products and services

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

To reduce GHG emissions from houses and buildings used by customers over long periods, we promote 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 also work to obtain the Green Building certification recognized by third party institutions as a performance index of our efforts to develop environmentally conscious buildings. We further step 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 Environment Department.

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. We developed tools to convey to customers the advantages of environmentally conscious buildings along with their investment recovery in an easy-to-understand way, as well as design assisting tools for internal use, 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 is 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 in single-family housing toward its aim of achieving a ZEH rate of 80% in fiscal 2022.

Our proposals made in fiscal 2022 focused on our mainstay ZEH-compliant products, namely, steel-frame product xevo Σ (sigma), Lifegenic and wooden-frame product xevo GranWood. We also added higher thermal insulation specifications (high-grade insulation, extra insulation, etc.), which are compliant to exterior insulation standard required for ZEH, to our heavy steel-frame product Skye in October 2022, thereby highlighted benefits to customers. In pitching ZEH proposals, we utilized state grants for the government's ZEH support project and Future housing support project for children. As some standards under the national Long-term Excellent House Recognition System were tightened to be compliant to ZEH level in October 2022, we also stepped up our efforts in ZEH proposals utilizing that system. As a result, the ZEH rate in fiscal 2022 came to 86%\*, achieving the target of 80% for the fiscal year.

We will accelerate ZEH offering toward achieving the goal of “turning 100% newly constructed houses into ZEH in principle” by 2030.

\* Excluding Hokkaido prefecture.



Steel-frame product xevo Σ (sigma)



Heavy steel-frame product Skye

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

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

In the area of rental housing, we launched TORISIA, a ZEH-M compliant rental housing product in October 2022. The whole building is highly insulated with our proprietary external heat insulating and ventilation exterior walls and other means, and is made into ZEH-M Oriented with energy-efficient equipment installed. Also, the product can slash utility costs and CO<sub>2</sub> emissions with solar power generation systems. To bolster capabilities to market the new ZEH-M product to land owners, we provided our sales and design staff with internal trainings and improved their knowledge on ZEH-M.

As to condominiums, we continue ZEH-M initiatives since fiscal 2018, with the goal of adopting 100% ZEH-M specifications to newly-constructed Premist condominiums by fiscal 2026. Now that development and sales systems covering the nation are made ready, we decided to bring forward the target year and to build all new Premist condominiums under ZEH-M specifications, for those with construction starts in and after fiscal 2024.

In fiscal 2022, the ZEH-M rates of rental housing and condominiums were 14.2% and 67.5%, respectively. To improve further the results, we will accelerate ZEH-M initiatives in rental housing and condominiums.



TORISIA, a ZEH-M compliant rental housing product



Premist Kyoto Shijo Horikawa, a ZEH-M compliant condominium (Kyoto Prefecture)

## ■ Mitigating and adapting to climate change

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

#### Commercial and Office buildings: Hold ZEB seminars, put ZEB into practice and improve technological capabilities

To increase the number of ZEBs, we hold ZEB seminars and consultations on a continual basis. In fiscal 2022, three online seminars were held for 417 participants, and five face-to-face seminars for 97 persons.

The head office building for Kyowa Gas that we completed in February 2023 was developed as a ZEB. This was enabled by enhanced energy efficiency through controlling CO<sub>2</sub> in the air ventilated by total heat exchangers, and with the Company's proprietary window shade-type daylighting equipment De:Light Blind, along with the installation of solar systems.

As a way to improve our technological capabilities, we provided an upskilling program on energy-efficient design conducive to enhancing our ZEB proposals. Technologies and design methods required for designing ZEB by intended use were compiled into a case study document, which has been published internally. In addition, we started to use a tool for simple estimation of energy-saving performance at the planning phase and adopted a more accurate and detailed energy calculation method to establish a support system within the Company.

As a result of these initiatives, in fiscal 2022 we started construction of 359 ZEB specification buildings (ZEB, Nearly ZEB, ZEB Ready, and ZEB Oriented), which brought the ZEB rate to 65.7%.

 P143 Environmental Data Number of ZEB buildings



Kyowa Gas's head office  
built in ZEB (Okinawa  
Prefecture)

#### Community development: Changes in environmental awareness and behavior of residents living in Japan's first 100% renewables-powered town

Funabashi Grand Oasis in Funabashi City, Chiba Prefecture completed on March 31, 2021 consists of single-family housing (26 units), 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. To ascertain changes in the attitudes and behaviors of the residents in this town, we surveyed the 94 units in the residential block in November 2021. Below are the trends indicated by the questionnaire survey.

First, some 60% of the respondents said that they started an eco-friendly life since moving into the town. This indicates that the concept and scheme of the town have generated their interest in environmental issues and raised their awareness. The survey also revealed that those who started to consider the environment after moving into the town uses about 5% less electricity than those who had already considered the environment before moving into the town.

We confirmed through the survey that the town of 100% renewable electricity contributes to promoting the residents' sustainability-conscious lifestyle. Sharing widely the insight gained through this case, we will accelerate the community development with 100% renewable energy.



 Community Development with 100% Renewable Energy



Funabashi Grand  
Oasis, in Funabashi  
City (Chiba  
Prefecture)

#### Renovations to improve energy efficiency or install energy-generation facilities at existing houses

The Group is promoting energy-efficiency retrofits and energy-generation installation projects at existing houses.

In fiscal 2022, the Company cooperated with relevant Group companies to promote such renovations targeting existing single-family houses and rental housing, and decided on items of focus, including insulation upgrade, switch to energy-saving equipment, and installation of solar power generation systems.

We will set the ZEH-renovation equivalent\* as a new assessment index to visualize the effect of these renovations, aiming to expand further the initiative.

\* An index to show an annual reduction in primary energy consumption achieved by insulation upgrade and energy-efficiency retrofits on houses, and is presented in an assumed number of existing model houses renovated into ZEH that is equivalent in the annual reduction in primary energy consumption achieved.

#### Promoting acquisition of Green Building Certifications

We promote acquisition of Green Building Certifications for buildings we develop ourselves.

In fiscal 2022, the acquisition of BELS and CASBEE\* 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 84.7%.

\* BELS: Building-Housing Energy-efficiency Labeling System  
CASBEE: Comprehensive Assessment System for Built Environment Efficiency System



P141 Environmental Data Rate of Green Building Certification obtained

## ■ Mitigating and adapting to climate change

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

#### Basic Policy



Business activities

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

The Daiwa House Group helps to bring about a decarbonized 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 non-fossil fuel energy certificates, separately from electricity

#### Introduce vehicles fueled by clean energy

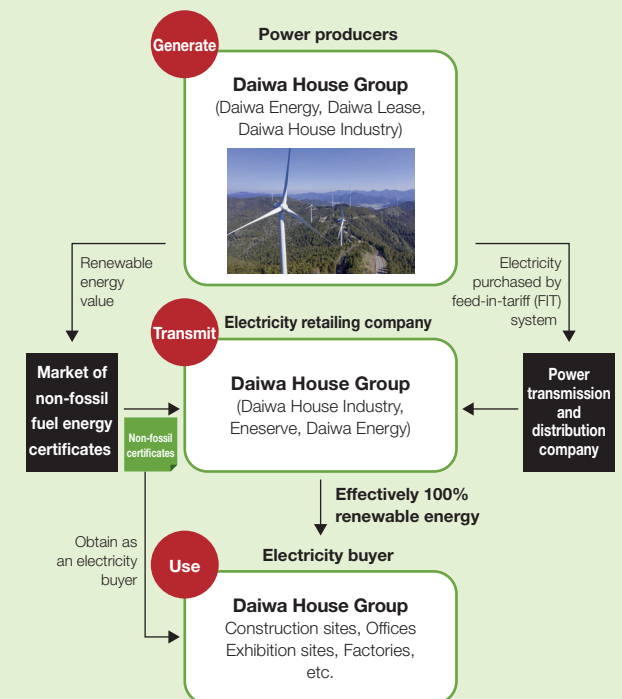
To reduce GHG emissions from our business activities, the Daiwa House Group has set the target of making 100% company vehicles into ones fueled by clean energy\* by 2030. The target introduction rate of clean energy cars is 50%, inclusive of privately owned vehicles used for work.

In order to achieve the targets, we are switching to clean energy cars with priority given to offices with company vehicles, whose lease terms are expiring. Charging stations will be also established at all our offices by fiscal 2026. The cars introduced are available for shared use with the Group companies located within our office buildings so as to introduce clean energy cars on a groupwide basis.

\* Vehicles fueled by clean energy refer to either of the following: electric vehicles not powered by gasoline (EV), plug-in hybrid vehicles (PHV), and fuel cell vehicles (FCV)

#### 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.





## ■ Mitigating and adapting to climate change

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

#### Management

##### 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 energy conservation investments, we take internal carbon pricing into account.

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

As part of efforts to reduce GHG 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.

##### Systematic introduction of vehicles fueled by clean energy

For 13 Group companies that own 30 or more company vehicles, the Group has set targets for the number of clean cars introduced for each type of vehicles (company-owned vehicles and privately owned vehicles used for work). The targets are subject to quarterly review for systematic introduction.

#### Main approach

##### Initiatives for carbon neutrality at our newly-constructed facility

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

Kokorozashi, a training and accommodation facility of our Group company Fujita, achieved lower electricity consumption with excellent exterior insulation performance, highly efficient equipment and solar power generation systems (75.9 kW) installed on the entire roof. The facility is also packed with various technologies for improved comfort and health, including a face recognition temperature check system, multipurpose air shower devices and panel air conditioners.

It is also the Japan's first dormitory house simultaneously certified as a LEED Gold and WELL Gold, obtaining also a ZEH-M Ready certification. We use the facility as a showroom to publicize our technologies, which contributes eventually to reducing environmental burden at customer sites.



➤ [Fujita's training and accommodation facility Kokorozashi \(Japanese text only\)](#)



Fujita's training and accommodation facility Kokorozashi (Kanagawa Prefecture)



Certified as ZEH-M Ready in BELS certification

##### 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.



P153 [Environmental Data ZEB conversion projects at the 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 is to aim at attaining 100% renewable energy for all the electricity used in our Group by fiscal 2025, and we are working on initiatives to fulfill this aim. In fiscal 2022, we switched electricity rate plans to renewable energy ones for facilities we operate and purchased non-fossil fuel energy certificates as an electricity buyer. Our aim in fiscal 2023 is to attain 100% renewable energy for all the electricity purchased by the Group (Daiwa House Industry in Japan achieved it already on a non-consolidated basis in fiscal 2022).

## ■ Mitigating and adapting to climate change

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

#### 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\*<sup>1</sup> Project. Under the concept of Wind, Sun and Water, we are developing wind, solar, and hydroelectric power generation systems.

In fiscal 2022, 47 plants with capacity of 47 MW started operations, including DREAM Solar Yokohama Totsuka (Kanagawa Prefecture: 2.8 MW) and DREAM Solar Hiratsuka (Kanagawa Prefecture: 2.8 MW), for a total of 480 renewable energy plants\*<sup>2</sup> in operation. As of end-fiscal 2022, the Group's renewable energy power generation facilities where we are the generator had capacity of 612 MW\*<sup>2</sup> and with annual output of 829 GWh, which is 1.57 times as large as the Group's power consumption (528 GWh).

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

\*<sup>2</sup> Includes in-house consumption

 P152 Environmental Data Renewable energy-based power generation and renewable energy rate



DREAM Solar Yokohama Totsuka (Kanagawa Prefecture)  
(Logistics center: DPL Yokohama Totsuka)

#### Acquired Hibikinada Thermal Power Station to convert it to a biomass-fired power station

The Company acquired the right to manage Hibikinada Thermal Power Station in January 2023. Engaged in power generation through co-firing of 70% coal and 30% biomass (wood pellet) since its operation start in 2019, the power station has made contribution to stable electricity supply in the region. Against the backdrop of global decarbonization trend, however, the Company, which long had a business relationship with Hibikinada Thermal Power Station, made it into a subsidiary with an aim to convert it to a biomass-fired power station that uses only biomass fuel.



➤ Acquired the right to manage Hibikinada Thermal Power Station to convert it to a biomass-fired power station to generate renewable energy (Japanese text only)

#### Introduce clean energy cars as company vehicles and establish charging stations at offices

To reduce GHG emissions from its business activities, the Company is introducing vehicles fueled by clean energy and establishing charging station at its offices.

Clean energy cars are in use at four business worksites of Osaka Head Office, Kobe branch, Kyushu branch and Himeji branch as of the end of fiscal 2022, of which three business worksites have charging stations installed. From fiscal 2023 to fiscal 2026, we will establish charging stations at all our business sites of the Company.

Efforts made by Group companies include Daiwa Living's plan for fully switching its company vehicles to EVs by fiscal 2026 and Daiwa Lease's changeover to EVs at two of its business worksites.



➤ Fully switch company vehicles to EVs and install EV charging stations at business sites (Daiwa Living) (Japanese text only)

➤ Introduce EVs as company vehicles (Daiwa Lease) (Japanese text only)



Charging station installed at Kobe branch of Daiwa House Industry

#### Encourage employees using their own vehicles for work to switch to clean energy cars

The Company has set up and operates New Eco Allowance, a system for encouraging employees who use their own vehicles for work\* to shift to clean energy cars.

We had provided monthly allowance of ¥25,000 for employees to maintain their own vehicles put to business use. The new eco allowance system raised that amount to ¥40,000 for electric or fuel cell vehicles, and to ¥35,000 for plug-in hybrid vehicles. A grant of either ¥300,000 or ¥400,000, depending on certain conditions, is also provided when they purchase electric or fuel cell vehicles.

\* Those with Type 1 permission for using their privately owned vehicles (excluding seconded employees)



➤ Introduce New Eco Allowance, a system for encouraging the purchase of clean energy cars (Japanese text only)

## ■ Mitigating and adapting to climate change

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

#### Basic Policy



Procurement

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

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

#### Supply Chain Sustainability Guidelines

(Excerpt from “Challenge to achieving carbon neutrality”)

#### 5-2 Challenge to achieving carbon neutrality

Promoting energy efficiency and utilizing renewable energy, we work to reduce greenhouse gas (GHG) emissions in line with the Paris Agreement and try to achieve carbon neutrality throughout our supply chain.


[Supply Chain Sustainability Guidelines](#)

[P023 Environmental Management](#)

#### Propose energy-generation and energy-efficiency solutions

The Group is active in proposing its energy-generation and energy-efficiency solutions. Our aim is to help our principal suppliers attain their targets for GHG emissions reduction, through which we achieve carbon neutrality in the supply chain.

#### Management

#### Via supplier organizations, asking principal suppliers to set GHG emissions reduction targets

As approximately 20% of the GHG emissions attributed to the Group's value chain comes from procurement, we believe it is essential to reduce these emissions at our suppliers' materials manufacturing stage. We have designated our supplier organizations, the Trillion Club and Setsuwa Club, as well as 214 companies among the suppliers to the Group companies Daiwa Lease and Fujita, as principal suppliers, and ask them to set SBT-level targets for GHG emissions reduction. We have also launched decarbonization working groups and decarbonization dialogues to help them set and raise GHG emissions reduction targets to reduce emissions at the procurement stage.


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

#### Activities of a working group for supporting energy-generation and energy-efficiency solutions

As we assist principal suppliers in achieving their own GHG emissions reduction targets, we encourage the Group's energy-generation and energy-efficiency solutions to be adopted widely. For this purpose, we launched a renewable energy working group comprising the Company and its Group companies Daiwa Energy and Eneserve. The working group is taking actions by setting a target number of contracts with principal suppliers on projects involving energy-generation and energy-efficiency solutions.

#### Main approach

#### Enhance dialogue through decarbonization working groups and decarbonization dialogues

We survey the Group's 214 principal suppliers for greater detail on GHG emissions reduction targets and results to understand their efforts. The questionnaire survey conducted in fiscal 2022 shows that 65.9% of suppliers have set their SBT-level GHG emissions reduction targets, marking a substantial increase from 34.0% in fiscal 2021.

We hold decarbonization working groups with suppliers with unambitious targets. In fiscal 2022, we had dialogues with eight suppliers and asked them to raise their targets. With those having in place SBT-level targets, specifically six suppliers in fiscal 2022, we shared our carbon-neutral strategy and held decarbonization dialogues aimed at transforming their awareness and behaviors. Exchanging opinions to help them achieve the targets, we share a direction to be taken by them in pursuit of decarbonization and accelerate the attainment of carbon neutral supply chain.

#### ■ Setting rate of suppliers' GHG emissions reduction targets (fiscal 2022)

	Number of principal suppliers	Setting rate of GHG emissions reduction targets	
		Targets	Results
Daiwa House Industry	169 companies	SBT-level targets* 40%	SBT-level targets* 65.9%
Daiwa Lease	20 companies		
Fujita	25 companies		

(as of end- March, 2023)

\* We have used to date 2°C level (annual reduction in GHG emissions of 1.23% or more), which we plan to raise to WB2°C level (reduction of 2.5% or more) from fiscal 2023 onward. (WB2°C, or well-below 2°C, is a GHG reduction target to keep global temperature increase to well-below 2°C compared to pre-industrial temperatures.)


[P028 Increasing suppliers' awareness of our environmental policy](#)
[P139 Environmental Data Status of dialog with suppliers \(FY2022\)](#)
[P155 Environmental Data Reducing GHG emissions in the value chain](#)



## ■ Mitigating and adapting to climate change

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

#### Propose energy-generation and energy-efficiency solutions through dialogues with suppliers

Through dialogues the Group is having with its principal suppliers, such as decarbonization working groups and decarbonization dialogues, we share issues that need to be addressed for achieving carbon neutrality of suppliers. We also propose that they adopt the Group's energy-generation and energy-efficiency solutions.


In fiscal 2022, nine contracts were concluded on projects mainly in PPA model, whereby the Company sets up solar power generation systems on the roofs of buildings owned by third parties. These are to contribute to reduction of GHG emissions at suppliers' business sites.

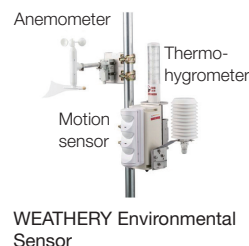
#### T o p i c s Adapting to climate change

##### 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 heatstroke. 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 2022, we installed a peak of 711 units in August.

In addition to these efforts, in fiscal 2022 we offered grants to business partners to purchase products to prevent heatstroke, and set up comfortable resting areas with shading net as measures to prevent heat at 63 construction sites nationwide. We will continue working to prevent heatstroke on construction sites.

 **P109 Risk assessments of construction site health and safety**



A resting area with shading net

##### Propose BCP with our construction products as meteorological disaster preparedness

The Company's construction products are proposed as a way to construct buildings into ZEB, and also as an element of business continuity plans (BCP) equipped for meteorological disasters. One such example is the office building of a bank in Ishikawa Prefecture, to which not only did we install emergency power generators and storage batteries, but also proposed warehouse planning with business continuity taken into account and water stop plates against flooding, in order to ensure that the building can continue operations in times of disasters.




The bank to which we proposed BCP

##### Measures taken by condominiums against meteorological disasters (Cosmos Initia)

To ensure that flood proofing measures are implemented on condominiums, Cosmos Initia, a Group company, formulated and uses on an ongoing basis a set of design criteria, which is applicable to those to be constructed in areas designated as being at risk of flooding on hazard maps.

Case study (Fiscal 2015 through 2022)

- Installed tidal flood defense sheets at a condominium built in an area at risk of inundation
- Raised ground at the entrance of a townhouse condominium located in a flood-prone area
- In an area that was flooded in the past, built a condominium on an embankment

 **P041 Response to the Task Force on Climate-related Financial Disclosures (TCFD)**



A condominium equipped with tidal flood defense sheets



## 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, meteorological 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, leading 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 2022, we held small ESG meetings for institutional investors in December, which we launched in fiscal 2018, and also engaged in individual dialogues with 8 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

#### Governance

For governance, please refer to the Environmental management section.

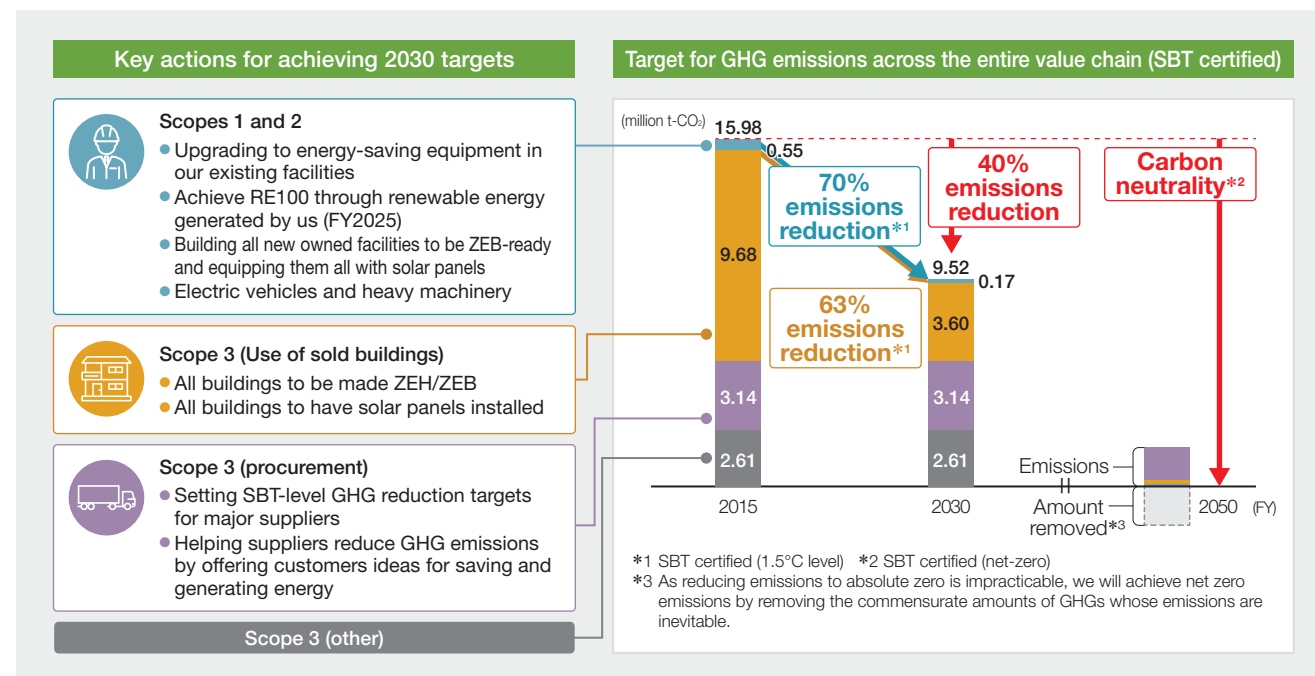
P023 Environmental management

#### 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. Under the theme of “Realize carbon neutrality by making all buildings carbon-free” (hereinafter, “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



## 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 ¥100 billion; Medium: over ¥100 billion but less than ¥100 billion; Large: over ¥100 billion

Type	Details	Period of impact	Level of financial impact
Risks	<b>Transitions</b> <b>Policy, laws and regulations</b> <b>• Cost price increase due to change in specifications owing to tougher regulations of the Building Energy Efficiency Act</b> Reducing GHG 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. In 2025, it will become mandatory for all newly constructed houses and buildings to comply with energy conservation standards. If the energy conservation standards are also raised higher, they 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 may face higher operational costs.	Medium term	Small
	<b>• Accrual of costs to decarbonize a coal-fired power plant</b> The Company acquired the right to manage Hibikinada Thermal Power Station, a power producer engaged in co-firing of coal and biomass fuel (wood pellet), and made it into a Group company in January 2023. As the business entails a large amount of GHG emissions, we may need costs to decarbonize the plant early to avoid reputational risk posed by institutional investors, financial institutions and other stakeholders.	Medium term	Medium
	<b>Chronic</b> <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>Acute</b> <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 commercial buildings 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.	Short term	Small
	<b>• Impact of material procurement difficulty and construction delay in 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 material procurement and construction periods.	Short term	Small
Opportunities	<b>Transitions</b> <b>Products and services</b> <b>• Increase in demand for houses and building with low GHG emissions</b> The core businesses of the Group are contracting and subdivision of houses and buildings in Japan, which comprise the majority of its consolidated net sales. 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	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. The plan indicates that the rate of renewable energy will be raised to 36 – 38% of power sources in the target energy mix for 2030, and various policy packages are being implemented to expand the renewable energy market. Over the past few years, the number of organizations participating in RE100 has increased both in and outside Japan, aiming to achieve 100% renewable energy utilization rate, 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.	Short term	Medium
	<b>Physical changes</b> <b>Products and services</b> <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



## ■ 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- five years in conjunction with the formulation of a Medium-Term Management Plan and Environmental Action Plan, 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 Environmental Action Plan 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.

□ P023 Environmental Management

P120 Risk management and establishment of corporate ethics

#### 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 Environmental Action Plan 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.

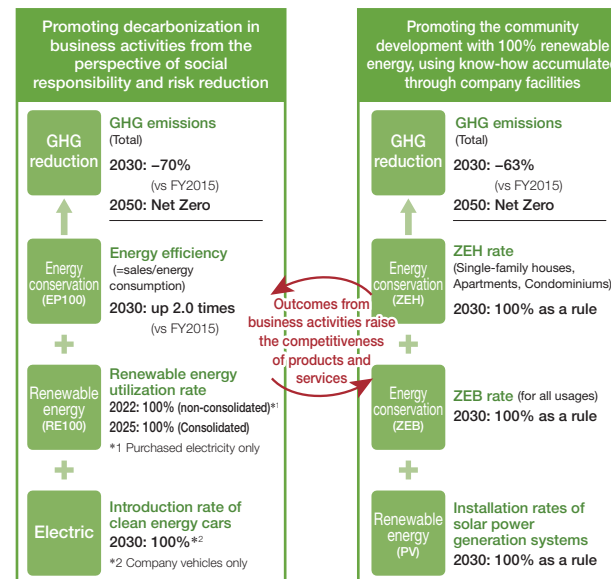
□ P142 Environmental Data GHG emissions derived from use of products

P143 Environmental Data ZEH rate, ZEH-M rate, ZEB rate

P149 Environmental Data Energy consumption and energy efficiency (EP100)

P150 Environmental Data Electricity consumption and renewable energy utilization rate (RE100)

P155 Environmental Data Reducing GHG emissions in the value chain



#### 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.

To explore future business opportunities, we commenced studies toward marketing energy-efficient houses and buildings in the U.S. and elsewhere.

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 published 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.





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

### Policy and Concept

#### Social issues

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.

The Fifteenth meeting of the Conference of the Parties to the Convention on Biological Diversity (COP15), held in Montreal in December 2022, adopted the 2030 mission to take urgent action, with the involvement of all of society, to put biodiversity on a path to restoration by 2030 (called a nature-positive action). Among the 23 global targets adopted by the meeting, Target 15 encourages companies and financial institutions to transform their businesses and put more focus on biodiversity. Mechanisms for biodiversity disclosure have also started, including the Taskforce on Nature-related Financial Disclosures (TNFD).

\*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)

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

With the importance of biodiversity being recognized alongside decarbonization, Daiwa House Industry must also make concrete contributions to the global targets adopted at COP15 at every stage of its operations.

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 promoting the acquisition of certifications for preserving living creatures 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 250,000 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 reducing the use of single-use plastics and working to switch to non-plastic products.

#### Contributions to SDGs



11.7



12.8



14.1



15.1

15.2

#### 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 Guideline [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 Guideline [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.

## ■ 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 procurement at our housing and construction businesses all timber that cannot be traced to legal harvest	Eco-friendly surface area of green spaces (cumulative) in comparison to FY2021 <b>+ 2,000,000m<sup>2</sup></b>   Complete biodiversity assessments of all owned or managed sites and undertake ongoing conservation work at all ecologically significant ones   Eliminate use of plastic that could end up in the sea
2026	Ratio of C-ranked timber in procurement <b>0%</b>   Setting rate of zero deforestation policy (primary suppliers) <b>90%</b>	Eco-friendly surface area of green spaces (cumulative) in comparison to FY2021 <b>+ 1,000,000m<sup>2</sup></b>   Rate of formulation and implementation of protection and management plans of significant sites within premises of the company's facilities <b>100%</b>   Rate of replacement of plastic goods for distribution (offices, etc.) <b>100%</b>

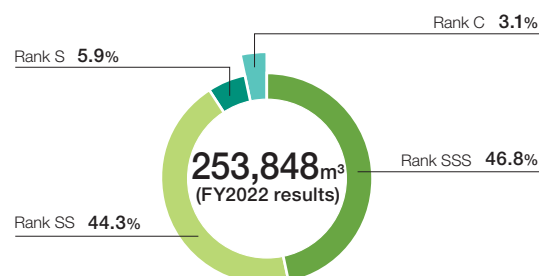
### Self-assessment of the Main Targets and Results of Endless Green Program 2026

😊 : Target for fiscal 2022 achieved 🟡 : Target for fiscal 2022 not achieved (achieved 90% or more) 🟠 : Target for fiscal 2022 not achieved (achieved less than 90%)

#### C-ranked timber with deforestation risk rose to 3.1%

In fiscal 2022, we continued to share the Company's procurement policy with our suppliers through the *Supply Chain Sustainability Guidelines*, and moved forward on improving the percentage of C-ranked timber by using the new assessment criteria consistent with our zero deforestation policy. In fiscal 2022, however, 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 was 3.1%, up 0.4 percentage points from fiscal 2021, thus falling short of our target. Going forward, we will increase suppliers' awareness of our procurement policy and promote efforts to eliminate the use of C-ranked timber.

#### ■ Ratio of C-ranked timber in procurement 🟡

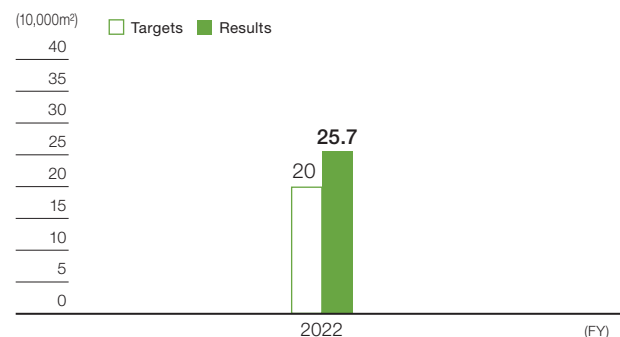


#### Promote greening with indigenous species under the slogan "Let's keep green" to achieve nature positive

To enhance the quality of green space, we have taken initiatives to offer our customers greening with indigenous species since fiscal 2022 under the slogan "Let's keep green," which is our Group's shared concept. In the first fiscal year for these initiatives, we worked on the greening mainly in our rental housing, commercial buildings, office building, and condominiums, and created the eco-friendly surface area of green spaces of 257,000 m<sup>2</sup>.

\* Eco-friendly surface area refers to an area covered by green, of which 50% or more is accounted for by indigenous species, in consideration of nature of the local environment.  
Properties subject to counting are set for each business division (see page 159).

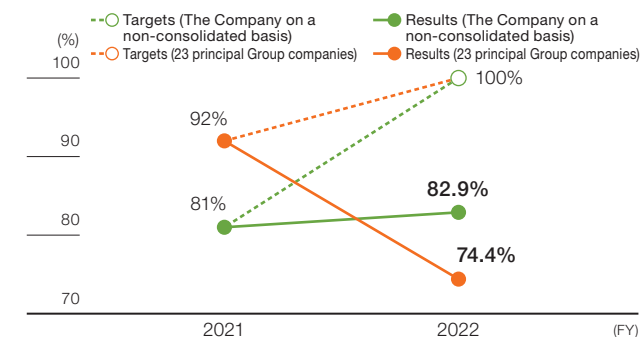
#### ■ Eco-friendly surface area of green spaces (cumulative) 😊



#### Replacing single-use plastics with plastic-free materials

In fiscal 2022, the rate of replacement of 15 single-use plastic products being used in our four sectors of offices, stores, cafeterias, and hotels was 82.9% for the Daiwa House Industry on a non-consolidated basis and 74.4% for all key Group companies excluding the Company, thus falling short of our target. The result was due to the use of some single-use plastic products remaining in inventory, despite the switch to paper products for new purchases. Going forward, we will continue to disseminate the guidelines thoroughly for the proper use of plastic products.

#### ■ Rate of replacement of plastic goods for distribution (offices, etc.) 🟠



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

### 4—Challenge ZERO Deforestation

#### Basic Policy



Procurement

##### 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.

We formulated in fiscal 2021 a policy for achieving zero deforestation, and announced our goal of zero deforestation throughout our supply chain. By applying our *Biodiversity Guideline [Timber Procurement]* in line with this policy, we will encourage the use of legally and sustainably harvested timber to achieve zero deforestation.

P157 Environmental Data Biodiversity Guideline [Timber Procurement]

Supply Chain Sustainability 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

#### Management

##### Cross-segment CSR Procurement Subcommittee

The formulation of our *Biodiversity Guideline [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. We networked purchasing and construction personnel at all 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.

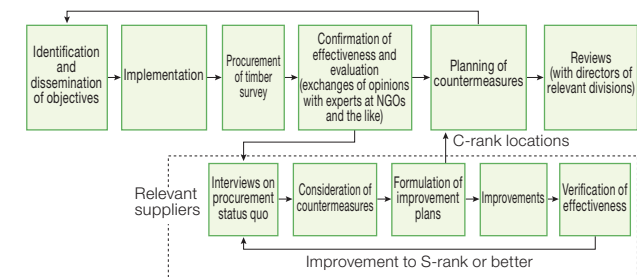
P106 Promote and improve the efficiency of CSR procurement across the Group  
The Supply Chain Sustainability Guidelines

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

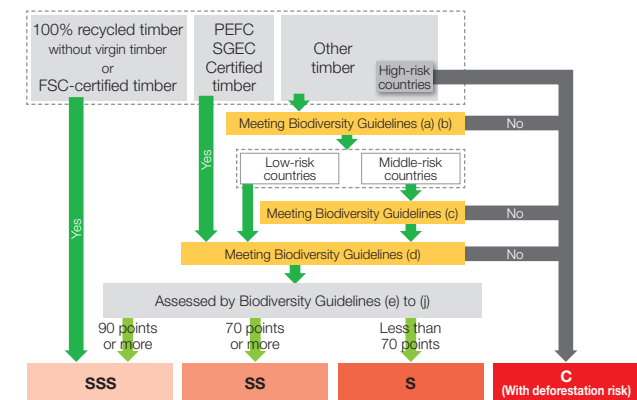
To implement our *Biodiversity Guideline [Timber Procurement]*, we conduct an annual procurement of timber survey\*. Since fiscal 2022, timber is categorized into one of four ranks—SSS, SS, S, or C—pursuant to a new assessment procedure in line with our zero deforestation policy. We formulated this assessment criteria after establishing a Zero Deforestation Working Group and 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 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 Sourcing Hub, a Preferred by Nature's risk assessment tool, to get full, accurate picture of the situation. We publish the survey results and report them to cooperating stakeholders (such as the environmental NGOs) so they can give us expert feedback that we can apply in future policy.

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

##### ■ Procurement of timber survey flow



##### ■ Survey results evaluation flow



P157 Environmental Data Biodiversity Guideline [Timber Procurement]

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

### 4—Challenge ZERO Deforestation

#### Aiming to achieve zero deforestation throughout our supply chain

To halt deforestation progressing across the globe, we must aim to achieve zero deforestation not only on our own but throughout our supply chain. As for the timber our Group procures, we require our 100 timber suppliers (suppliers, general contractors, and subcontractors) with their annual procurement volume of 50 m<sup>3</sup> or more to formulate a zero deforestation policy. The total volume of timber procured from these 100 suppliers accounts for 99% or more of our Group's total timber procurement. The CSR Procurement Subcommittee, a cross-functional organization, studies and implements measures to help them formulate the policy, in an effort to promote initiatives across the Group.

#### Main approach

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

The Daiwa House Group conducts surveys of timber in procurement based on its own timber assessment criteria to assess the timber procured every year. The fiscal 2022 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.

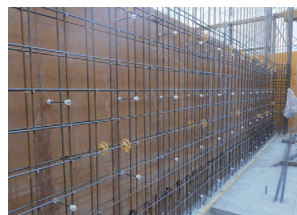
As a result of evaluation using the new assessment criteria consistent with our zero deforestation policy, that we formulated with environmental NGOs and some suppliers, in fiscal 2022, the ratio of C-ranked timber was 3.1%, an increase of 0.4 percentage points from 2.7% in fiscal 2021. This was due to increased procurement of some timber from high-risk areas and timber with insufficient traceability as a result of the global lumber shortage, despite our efforts by requesting the 50 suppliers of C-ranked timber in fiscal 2021 to submit plans for improvements and to thoroughly check the timber's public documents, and by switching sources to low-risk areas. Going forward, we will continue to call on suppliers of C-ranked timber to make improvements, and also add medium- and high-rise

building segment to the scope of the survey to improve our Group's entire timber procurement.

#### Establishing a Plywood Working Group toward adopting sustainable plywood concrete form panels

Moving toward zero deforestation, we have included plywood concrete form panels, which had previously been excluded from the survey, in the scope of the survey to make efforts for improvements. In fiscal 2022, we established a Plywood Working Group consisting of CSR Procurement Subcommittee members, and initiated an effort to adopt sustainable plywood concrete form panels to substitute lauan plywood, which currently makes up most of the plywood panels. To expand the use of Japanese domestic coniferous plywood panels, which is thought to be one of the sustainable panels, we conduct verification at multiple sites. Based on the verification results, we will consider expanding the use of Japanese domestic coniferous plywood panels in the future.

#### Trial of concrete formwork at site using Japanese domestic coniferous plywood panels



Base material is plywood made of particleboards recycled from construction scrap and 100% Japanese domestic timber.



Japanese domestic larch excellent in strength is used as part of base material.

#### Surveying the status of policy formulation and sharing the concept of zero deforestation

In line with the procurement of timber survey in fiscal 2022, we also surveyed timber suppliers to know if they have their zero deforestation policies. The rate of those with such policies was 6.1%. While continuing to ask them to formulate policies, we will extend the request to the secondary suppliers and beyond to those already with such policies.

In addition, to share our stance on zero deforestation with timber suppliers, we explained it to our supplier organizations, the Trillion Club, the Setsuwa Club, and Gosen Club. The Daiwa House Group aims to increase the rate of zero deforestation policy formulation and achieve zero deforestation throughout the supply chain by helping our suppliers understand our purpose with use of a video that summarizes the need to aim for deforestation. A system for collaboration toward zero deforestation is also under study. With suppliers consent to our zero deforestation policy, we will establish a zero deforestation membership system, of which activities will be published on our sustainability report and other means.



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

### 5—Challenge ZERO Harm to Biodiversity

#### Basic Policy



#### Products and services

##### Preserving and planting greenery through community development projects to achieve nature positive

The Daiwa House Group strives to preserve or restore natural assets and ecosystems they create through green community development, while reducing the impact on biodiversity during development. We will also contribute to healthy ecosystems and people's enriched lives based on the concept of One Health\*1. Planting and greening of exteriors involved by the Group have a direct impact on the natural environment. In order to create positive value for nature, it is important to offer Nature-based Solutions (NbS)\*2 to customers, and build partnerships with them. Thus, we create green urban environments and propose the greening of areas using indigenous species. In this way, we are promoting communities filled with greenery and in harmony with nature through our business operations.

The Daiwa House Group, 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 *Biodiversity Guideline [Development & Community Creation]*.

#### □ P157 Environmental Data Biodiversity Guideline

\*1 An integrated, unifying approach that aims to sustainably balance and optimize the health of people, animals and ecosystems.

\*2 An abbreviation of Nature-based Solutions, which are actions to protect, sustainably manage, and restore natural and modified ecosystems that address societal challenges effectively and adaptively, simultaneously benefiting human well-being and biodiversity.

#### Biodiversity Guideline [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

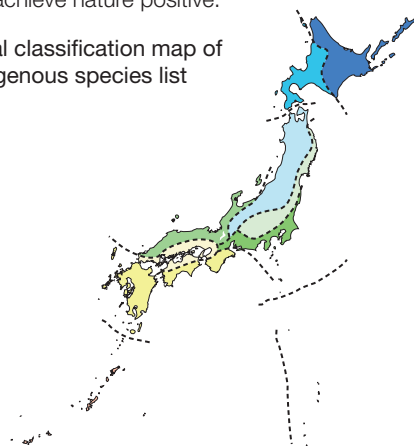
##### Voluntary standards checklist for development projects

In large development projects, the Daiwa House Group has utilized its own checklist to quantitatively assess the six items to which we need to pay attention in accordance with our *Biodiversity Guideline [Development & Community Creation]* and the biodiversity conservation activities with reference to the ABINC certification. Based on the voluntary standards, we are promoting efforts above certain thresholds, from the planning stage of development to the completion of construction.

##### Planting greenery of indigenous species to achieve nature positive

When our Group proposes exterior greening and planting plans to customers, we recommend that at least half of trees (tall trees and shrubs) we plant be indigenous species suitable to nature of each region under the slogan "Let's keep green." The indigenous species we pick out are those that are naturally distributed in the region according to the National Land Classification Map for Biodiversity Conservation (Ministry of the Environment). By selecting trees for proposals from among those on the list, we are working to improve the quantity and quality of greenery, aiming to achieve nature positive.

##### ■ Regional classification map of the indigenous species list



Source: National Land Classification Map for Biodiversity Conservation (Ministry of the Environment)

#### Main approach

##### Expanding eco-friendly surface area of green spaces

Since fiscal 2022, we have been working to expand the eco-friendly surface area of green spaces. The Group defines the eco-friendly surface area as an area covered by green, of which 50% or more is accounted for by indigenous species, in consideration of nature of the local environment. In fiscal 2022, the first year of the activity, the area totaled 257,000 m<sup>2</sup>. Going forward, we will continue to preserve the habitat of small animals by creating green spaces with our customers in consideration of the network of ecosystems and ensuring the continuity of nature and greenery of the region, so as to pass onto the next generation rich ecosystems and sustainable communities.

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

Daiwa Lease, a Group company, is engaged in the greening of facilities, such as rooftops and walls, with "Green changes everything in cities" as its theme.

Daiwa Lease's roof- and wall-greening installations became 38,300 m<sup>2</sup> in fiscal 2022. The Company intends to continue contributing to the greening of urban environment by offering comprehensive greening ideas.

##### Ongoing monitoring surveys

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.

Project	Start of project (FY)/ Business type (area)	Location	Surrounding environment
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
Activities/Status report			

ABINC and JHEP (AAA-rating) certification acquired for some plots developed in 2019. Monitoring surveys continue to be conducted. (Reports undisclosed)

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

### 5—Challenge ZERO Harm to Biodiversity

#### Topics

#### Initiative to acquire certification by Association for Business Innovation in harmony with Nature and the Community (ABINC certification)

##### Acquisition of ABINC certification for condominiums

Our Group acquires ABINC certification for condominiums to steadily protect biodiversity.

At Premist Fujigaoka (Aichi Prefecture), an ABINC-certified condominium, existing trees that have been familiar to the community are being preserved. Flowering and fruiting plants are also planted to create a habitat for birds and butterflies. At Premist Okurayama (Kanagawa Prefecture), the rooftop of the shared building is also greened, in addition to the ground on the site, to create more green space. This has increased the greening ratio to 19% or more. For planting trees on the site, we mainly select indigenous species, resulting in 80% or more of the largest green area on the site being covered by the indigenous species.

As a result of initiatives like this, three properties in our Group's condominium business acquired ABINC certification in fiscal 2022, as have in aggregate 11 sites since fiscal 2016.



Perspective drawing of Premist Okurayama (Kanagawa Prefecture)

##### Our company's first ABINC certified logistics facility

D Project Mie Asahi-cho (Mie Prefecture), being developed by the Daiwa House Industry and Japan Transcity Corporation, acquired the ABINC certification as the first logistics facility in the Chubu region. When developing the facility, we conducted a natural environment survey of plants, birds, and insects living in and around the site to design the project with harmony with the surrounding environment and biodiversity in mind. Concrete ideas included the greening of the area with indigenous species in consideration to local ecosystems, preservation of a nesting environment for little ringed plovers, a near-threatened species in the prefecture, and development of biotope. In cooperation with the local community, we will conduct environmental education programs, such as nature observation events and monitoring.



➤ [ABINC-certified D Project Mie Asahi-cho \(tentative name\)](#)  
(Japanese text only)



Perspective drawing of D Project Mie Asahi-cho (Mie Prefecture)



**ABINC**  
Association for Business Innovation  
in harmony with Nature and Community

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

#### Royal City Aso Ichinomiya Resort (Kumamoto Prefecture) received the Special Award at the 3rd ABINC Awards

The Royal City Aso Ichinomiya Resort ASONOHARA Meadowland Nurturing Project, an environmental preservation project held in the Forest Housing ASONOHARA for sale in Aso City, Kumamoto Prefecture, received the Special Award at the 3rd ABINC Awards held by the Association for Business Innovation in Harmony with Nature and Community.

Given its location within Japan's Aso Kuju National Park, we are operating ASONOHARA on the premise of preserving and recreating the meadows typical of the local landscape. We are working to preserve the natural surroundings in cooperation with the people from local communities. Our activities include encouraging grass growth in the residential block and maintaining existing woodlands, as well as holding briefings on the plants' characteristics to learn Aso's unique nature and creating and setting BEEHOTEL, a beehive that promotes bee pollination activities.



➤ [Our environmental preservation efforts in ASONOHARA and its surrounding areas in Aso City, Kumamoto Prefecture received the Special Award at the 3rd ABINC Awards.](#)  
(Japanese text only)



Briefing on the plants' characteristics



A beehive BEEHOTEL

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

### 5—Challenge ZERO Harm to Biodiversity

#### Basic Policy



Business activities

##### Creating sustainable landscapes at Company facilities

Daiwa House endeavors to protect biodiversity through efforts that include certification for Company facilities by external certification systems, 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 golf courses, 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, etc. 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.



P160 Environmental Data Plastics Usage Guidelines

#### Management

##### Stance on significant sites at our Group facilities

We conducted the first screening of all the sites owned by our Group to identify those with a certain percentage of green spaces or management rights that should be assessed for biodiversity impact. The identified sites will be further screened using the Group's own standards with reference to the national standards (certification criteria of nature symbiosis sites in 30by30) to designate significant sites. In specific terms, we plan to determine the following sites as significant ones: areas officially recognized as important for biodiversity conservation, mainly international nature conservation areas; sites with various certifications acquired, including JHEP; and areas where efforts are being made based on an agreement on ecosystem conservation. Our measures for managing and conserving such significant sites are in line with the six items in our Group's *Biodiversity Guideline [Development & Community Creation]*.

##### The Daiwa Plastics Smart Project

In accordance with the Plastics Usage Guidelines, our Group prohibits the use of single-use plastics for office supplies and sales promotion tools used in-house, as well as cutlery served to customers, and replace them with alternatives. File folders, bags, and other goods offered to our customers at each branch were switched to those made of our proprietary Forest Certified Paper®\* from the conventional plastic ones, based on a newly created form.

\* 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.

#### Main approach

##### Status of the Group's facilities

The number of sites owned by the Group was 869, covering 5,190 ha. The first screening found out that, among which, 88 sites totaling 4,321 ha need biodiversity impact assessment. By the end of fiscal 2022, 17 sites with a total of 641 ha were identified as significant sites, two of which covering 149 ha were with biodiversity management plans in place. Going forward, we will screen the sites that have not yet gone through the survey to determine if they fall under significant ones, aiming for zero harm to biodiversity in our business activity.

##### 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 6,000 m<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, and activities are underway. In addition, we hold an "Ikimono Kansatsu-Kai" (aquatic animal observation) in cooperation with Mie Prefecture and an NPO where community residents including elementary schoolers can come together to have contact with living creatures and learn. Cumulatively, some 542 people have participated as of March 31, 2023. We include the results of these biological surveys in pamphlets and our website and are committed to support the conservation of local ecosystems.



"Ikimono Kansatsu-Kai"



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

## 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 38 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

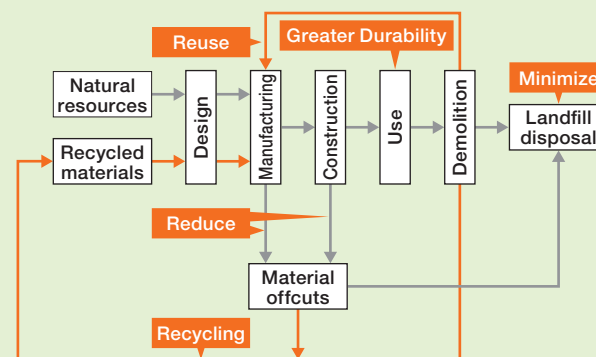


Source:  
Ministry of Land, Infrastructure, Transport and Tourism  
"Comparison of average age of a home before demolition"  
taken from Data on Housing and Economy 2022

### 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



### Contributions to SDGs



### 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 over ten thousand new 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, 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.

Climate change is causing the increased risk associated with water, such as heavy rain, flood and drought. In the procurement stage, the Group surveys water risks faced by principal suppliers at their factories. In the stage of business activities, we are reducing water consumption with water-saving devices and taking measures against heavy rain and flood at our facilities. In the stage of product and service provision, we propose to customers water-saving devices and flood control measures so as to mitigate water-associated risks during the phase of their building use.

Initiatives in this stage are deemed as opportunities as they contribute to reducing water rate during the use of buildings or the operation of facilities owned by customers, and to increasing customer satisfaction. Offering products with high added values also leads to higher sales.



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

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

2055 2030 2026	6—Challenge ZERO Waste and Reuse				7—Challenge ZERO Water-Associated Risks			
	Minimize the volume of resources used and waste emissions by extending the durability of buildings; zero waste emissions throughout supply chains across the Group				Use water sustainably throughout supply chains across the Group			
	Extend the durability and increase the variability of new buildings Fair valuation of existing buildings and formation of a market to trade them		Achieve zero waste emissions and total recycling of resources throughout supply chains at in all housing- and building-related businesses		Reduction rate of Water consumption at all facilities and all business processes (per unit of sales) vs FY2012		Complete waster risk countermeasures at all owned locations and high-risk supplier locations	
	Number of assets subject to effective use	4,500	Recycling rate of waste plastics material (Manufacturing)	30%	Setting rate of zero waste emissions targets by principal suppliers	90%	Reduction rate of Water consumption (per unit of sales) vs FY2012	100%

### Self-assessment of the Main Targets and Results of Endless Green Program 2026



: Target for fiscal 2022 achieved



: Target for fiscal 2022 not achieved (achieved 90% or more)

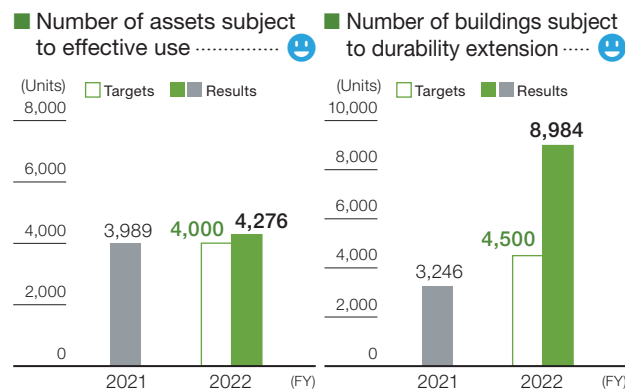


: Target for fiscal 2022 not achieved (achieved less than 90%)

#### Promote trade of existing buildings and achieve their greater durability

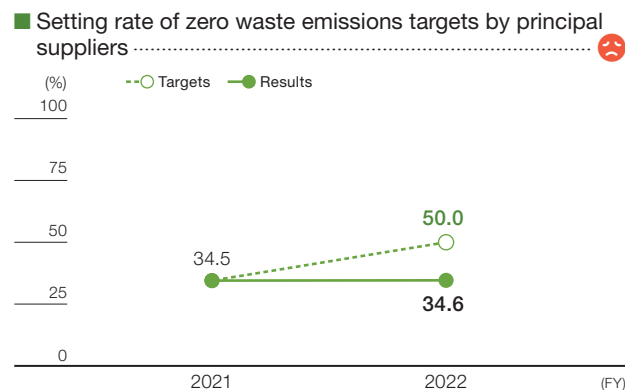
In fiscal 2022, in the area of houses and rental housing, we increased both the number of existing buildings that we bought for resale and the number of those we mediated purchase and sales (based on the number of residential units). A total of such properties, which we refer to as the number of assets subject to effective use, came to 4,276 and achieved the target.

Targeting houses the Company sold in the past, we conducted inspection and diagnosis on those that are out of the initial guarantee period of 15 years (for portions preventing permeation of rainwater) and expanded maintenance work for extended warranty. In rental housing, we reinforced cooperation with management companies and actively proposed warranty extension work to the owners. As a result, in fiscal 2022, the number of buildings subject to durability extension was 8,984, far outpacing the target. We will revise upward the target to accelerate our initiatives.



#### Try to create zero waste emissions throughout supply chains

Through dialogue with principal suppliers engaged in construction, the Group is encouraging them to set zero emissions targets regarding the waste discharged from their factories. In fiscal 2022, however, we were unable to achieve the target with the setting rate being 34.6%. Aiming for a society committed to recycling, we continue encouraging our suppliers to set the targets.

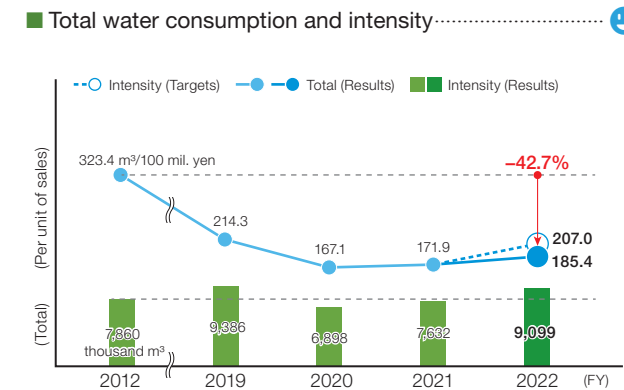


#### Target achieved for water consumption per unit of sales

In fiscal 2022, water consumption increased from fiscal 2021 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 2022 target for water consumption per unit of sales.



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

### 6—Challenge ZERO Waste and Reuse

#### Basic Policy



Products and services

##### Extending the service lives of houses

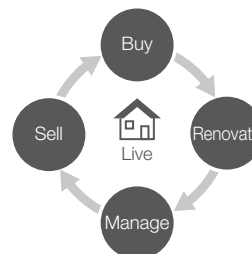
Retaining the value of buildings for a long time and extending their service lives will help minimize the consumption of new resources. For this purpose, it is essential to vitalize trade of existing homes with greater quality, and to accumulate a stock of houses with longer service lives that are habitable for generations of residents. As a company taking good care of buildings, the Group aims to create and retain a housing market that can accommodate changes in life stage of customers.

#### Management

##### Vitalizing the market of existing homes while extending their service lives

By developing houses that can be continually inhabited over the long term, we are reducing the frequency of rebuilding, aiming to cut 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.

\* Eight companies are Daiwa House Industry, DaiwaHouse Real Estate, Daiwa House Reform, Daiwa House Chintai Reform, Daiwa LifeNext, Daiwa Living, Cosmos Initia and DesignArc.



#### Main approach

##### Effective use of building assets

The Company and three Group companies, namely, DaiwaHouse Real Estate, Daiwa LifeNext and Cosmos Initia, have set the target for the number of buildings we buy for resale and the number of those we mediate purchase and sales in the area of single-family houses, apartment and condominiums. Efforts have been underway and the total number of assets subject to effective use achieved by the four companies was 4,276 in fiscal 2022, achieving the target. As a general rule, installation of energy-saving devices (14 items from six categories defined internally) is mandatory on the single-family houses bought by the Company for resale, so as to increase added value of these houses.

##### Extending the service lives of existing homes

The houses and rental housing the Company offers come with the industry-leading initial guarantee periods. For those buildings sold by the Company, we actively pitch proposals for extending their guarantee periods with maintenance work associated with structural strength, prevention of rainwater permeation and anti-termite treatment, thereby contribute to extending their service lives. For properties offered by other companies as well, we offer proposals on seismic strengthening work and waterproofing work. As a result of these initiatives, the number of buildings subject to durability extension was 8,984 in fiscal 2022. We will revise upward the target and aim to expand the stock of housing with higher quality.



P092 Long-term quality assurance



Long-term warranty and aftersales support  
(Japanese text only)

#### Basic Policy



Business activities



Procurement

##### Promote material recycling of waste plastics

Most of the waste plastics discharged by the Group in the course of its business activity are combusted for thermal utilization (heat recovery). In Europe, however, this method is no longer deemed as a form of recycling, which is calling for a review of this quick treatment. The Group revises the waste plastics segregation standards and disposal methods and promotes the shift to material recycling.

##### Stance on specified plastic-containing products in the lodging business

The Act on Promotion of Resource Circulation for Plastics was enacted in Japan in April 2022 for the purpose of promoting domestic resource circulation for plastics. The act defines five one-way amenity items provided by lodging service operators as the specified plastic-containing products, and requires those providers to make rational use of such products.

The Group decided to reduce the usage of the specified plastic-containing products per number of guests, which it offers for free at its lodging service locations, to promote material recycling after use.

##### Promotion of zero waste emissions by principal suppliers

The Group aims to achieve zero waste emissions and total recycling of resources throughout supply chains in all housing- and building-related businesses. Our policy is to aim for a zero waste society. We share this policy with principal suppliers of construction materials and encourage recycling of wastes discharged from their factories.

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

### 6—Challenge ZERO Waste and Reuse

#### Management

##### Material recycling of waste plastics

The Group has set a target for the recycling rate of waste plastics material discharged from the factories of three companies, Daiwa House Industry, Daiwa Lease and DesignArc. Efficient material recycling requires the distance of each transportation route to be as short as possible, so we need to find suitable contractors for each region. Information is shared among the three companies in preparation for the consignment of waste treatment to operators versed in material recycling.

##### Joint working sessions for hotels

The Group runs joint working sessions for divisions engaged in the lodging service and shares its policy on one-way amenities that are designated as specified plastic-containing products. The sessions are used to manage the actual amount of amenities used by each company and to share and roll out measures for reducing them across the Group. We also hold opportunities to share information with an external party that coordinates amenity recycling, in an effort to promote material recycling of amenities after use.

##### Via supplier organizations, asking principal suppliers to set zero emission targets

We have designated our supplier organizations, the Trillion Club and Setsuwa Club, as well as 214 companies among the suppliers to the Group companies Daiwa Lease and Fujita, as principal suppliers, and ask them to set zero emission targets. We also launched a Zero Emission Working Group to assist them in setting their targets.

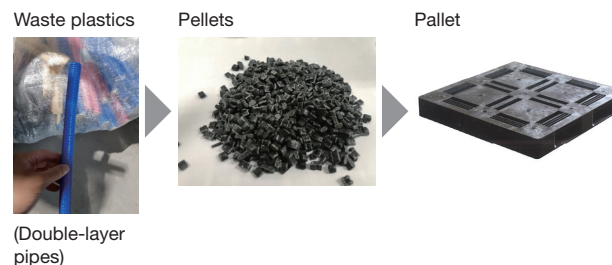
#### Main approach

##### Strengthen cooperation with waste disposal operators toward material recycling of waste plastics

The Company's Nara Factory collaborates with Mie Chuo Kaihatsu Co., Ltd. for the purpose of waste plastics material recycling. The factory collects waste plastics generated at the construction sites of houses and rental housing built by the Company, in addition to those discharged from the production process within the factory. Of these waste plastics, polyethylene (vinyl bags and offcuts of piping materials) and polypropylene (double-layer pipes and bands) are pelletized at the recycling facility of Mie Chuo Kaihatsu, and then recycled into pallets by Plastic Factory Co., Ltd.

Mie Chuo Kaihatsu has filed with the Ministry of the Environment a business plan on the recycling of our waste plastics into materials, and received a certification as stipulated in Article 48, Paragraph 1, Item 2 of the Act on Promotion of Resource Circulation for Plastics.

##### ■ Example of material recycling of waste plastics



##### Reduce one-way plastic amenities and promote material recycling

The Group ceases gradually the placement of amenities in guest rooms at its hotels and introduces instead self-service counters so as to reduce the usage of unnecessary amenities. Some of its hotels plan the adoption of toothbrush made of bamboo and other products using substitute materials. Going forward, we intend to collect used amenities and put them to material recycling, aiming for total recycling of plastics resources.



An amenities counter at La'gent Hotel Kyoto Nijo (Kyoto Prefecture)

##### Questionnaire surveys on zero emission targets and strengthened dialogue through Zero Emission Working Group

The Group surveys its principal 214 suppliers for greater detail on their zero emission targets and results to understand their efforts. The survey conducted in fiscal 2022 shows that 34.6% of suppliers have set their zero emission targets, slightly up from 34.5% in fiscal 2021. We hold a Zero Emission Working Group for suppliers without such targets, and in fiscal 2022 had dialogues with five suppliers and asked them to set the targets. We continue dialogues with suppliers and aim to raise the setting rate of their zero emission targets.

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

### Efforts other than seven Challenge

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

#### Basic Policy



Business activities

#### 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 promote waste recycling by having our employees thoroughly sort waste in all the phases of production, construction, dismantling and renovation.

#### Management

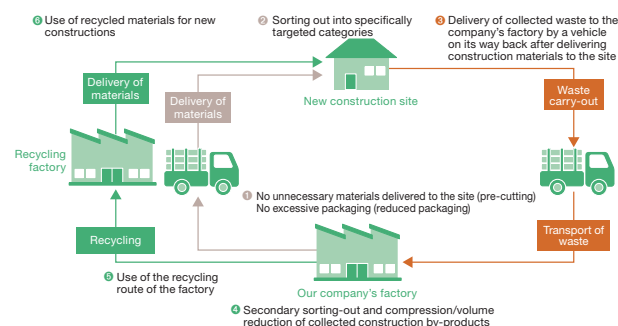
#### Adopting product development, design, and construction processes conducive to resource conservation and recycling

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 Factory Depo

Industry have introduced a system we call Factory 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.

#### ■ Factory Depo System



#### Main approach

#### Reduce the use of plastics and by-products

The Company strives for reduction in the use of plastics and for their total recycling at construction sites of its commercial and office buildings business. For example, we switched the polyethylene film used for curing concrete floor to a one that is about 75% lighter than the conventional one. Compared to the old one, the new film is estimated to have slashed the annual plastic wastes by approximately 5.8 t. Construction signboards, which have been unrecyclable due to the usage of combined materials of expanded polystyrene and aluminum, will be changed to ones composed mainly of recycled waste-paper. In cooperation with paper manufacturers, we will establish a system for total recycling. Carpet tiles we purchased for use

at temporary offices erected at construction sites have been replaced with leased ones. These tiles are collected, cleaned and stored by our Group company DesignArc to be reused in other offices at new construction sites.

#### Uptake of modular construction for stores and offices

Daiwa House Industry has developed system construction products designed for standardized outer walls and structural members 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.

We embarked on the production of precast bedding with spandrel walls in fiscal 2021, aiming to reduce scrap of plywood concrete form and material loss at construction sites.

During fiscal 2022, 30.9%\* of single-story and 6.3%\* of two-story buildings we built used our modular construction products.

\* Based on number of units.



Precast concrete method



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

### 7—Challenge ZERO Water-Associated Risks

#### Basic Policy



Products  
and services



Business  
activities



Procurement

**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.

Water consumption by the Group is heavily impacted by that in the usage stage of products we design and build. We therefore promote adoption of water-saving devices at residential buildings and hotels in order to reduce water consumed by them.

We also ascertain the volume of water intake, wastewater discharge and recycled water across the Group. For sectors (divisions) where water usage is high, we work to reduce their water consumption based on a reduction plan drawn up according to the status of water stress faced by each facility.

In addition, we survey water risks faced by the Group facilities (factories, golf courses, and resort facilities) and supplier factories, which enables us to manage identified risks throughout our supply chain. The survey covers such points as volume and quality of water they use, compliance to local regulations and flood risk. We also confirm hazard map for sites with high flood risk (offices, factories, commercial facilities and others that attract large crowds) to take countermeasures.

#### Management

#### Reducing water consumption in the stage of habitation

As water consumption by the Company is heavily impacted by that in the usage stage of products we design and build, we established a target for the water-saving device adoption rate at housing and hotels. Efforts are underway to achieve the 100% adoption rate.

Business divisions and Group companies have set their own targets and the results are confirmed by the Company. We also ensure that design divisions incorporate water-saving devices into design and that such devices are standardized.

#### Reducing water consumption in our business activities

According to the status of water stress faced by each facility, the Group has set target levels for reducing water usage at its 20 sectors (divisions) with water consumption of over 10,000 m³. The Company's sectors where water usage is high include factories, offices, hotels and commercial facilities, and those at Group companies include factories, offices, logistics centers, commercial facilities, resort/sports facilities, hotels and nursing care facilities. For those sectors, we confirm results on a quarterly basis and promote the adoption of water-saving devices to reduce water consumption.

#### 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.



P167 Environmental Data Water risk assessment results in timber-producing countries

#### Main approach

#### Promotion of employment of water-saving equipment for houses, condominiums, hotels, and nursing facilities

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 the commercial and office buildings business (hotels and nursing care facilities only), we have set targets to ensure their increased installation.



P165 Water-saving device adoption rate, Adoption rate by department (FY2022)

#### 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.

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

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

### 7—Challenge ZERO Water-Associated Risks

#### Water conservation across the Group

We ascertain the volume of water intake, wastewater discharge and recycled water across the Group, formulate a water management plan for its 20 sectors (divisions) with water consumption of over 10,000 m<sup>3</sup>, and reduce water consumption according to the status of water stress faced by each facility. We also thoroughly manage wastewater at factories. Sectors (divisions) where water usage is high include resorts, sports facilities, hotels, nursing care facilities, commercial facilities and stores, as well as offices, factories, warehouses, and spas that use water over a defined threshold. For those sectors, we take measures such as replacements with water-saving equipment and installation of water-saving devices, and 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 waterless urinals in the design phase.

□ P165 Environmental Data Water consumption

P166 Environmental Data Water conservation measures at each facility (FY2022)

#### Water recycling at our Head Office building

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.

□ P167 Environmental Data Water recycling in each facility (FY2022)

#### Water risk assessment at Group facilities

Some of the facilities, such as factories, golf courses, and resort facilities, operated by our Group companies are with high water consumption, presumably using toxic chemicals and discharging water to public waterways. We quantified their water resources risks\*<sup>1</sup> by confirming indices such as the quality and volume of water, regulations and reputation, as well as the regional characteristics and how each facility is managing risks, using WWF-DEG Water Risk Filter\*<sup>2</sup>. The results confirmed that there are no high-risk facilities. 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 2021.

\*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)

□ P167 Environmental Data Results of Water Risk Assessment at Group Facilities (FY2022)

#### Water risk evaluation at suppliers' factories

In fiscal 2022, we surveyed 214 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. We also surveyed the confirmation results of hazard map of the locations where their factories are sited, past record of flood and the details of countermeasures in place. The survey was responded by 85.5% of the principal suppliers. Overseas factories were also evaluated using water risk assessment tools like WRI Aqueduct and WWF-DEG Water Risk Filter. The survey revealed that some factories are located in areas at risk of inundation on hazard map. As part of business continuity plans (BCP), we implement multi-sourcing and management of supplier locations.

For critical components the Company needs to confirm on a priority basis, the Company plans to simulate our response in the event of stoppage of suppliers' manufacturing sites. We jointly confirm and investigate with suppliers the source of parts and volume of their inventories, working to further strengthen the procurement system. We will also confirm if factories located in flood-prone areas on hazard map have taken flood control measures, by way of water discharge and water shut-off.

□ P167 Environmental Data Implementation rate of water risk surveys by principal suppliers

#### Topics

##### 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 two waterless urinals at NAS Vit Park Sapporo, 17 water-saving showers at NAS Osaka Dome City, and 42 of those at NAS Gakuen-mae in fiscal 2022.

##### ■ 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	4.2%
NAS Seya	5	44	4.9%
NAS Nishinippori	6	60	3.9%
NAS Fujisawa	4	50	4.9%

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

# Prevention of chemical pollution

## 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. From 2023 onward, regulations are further tightened, as seen in the strengthened measures for exposure control and the addition of substances subject to risk assessment. 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 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) Directive: 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 necessitates rigorous management of such substances based on full appreciation of how and where they are used, to ensure they are used properly, along with maintaining a healthy environment for employees of the Company as well as those of partners and suppliers. Other steps the Group takes 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 new construction sites—over ten 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.

### Contributions to SDGs

3.9  
3.d

11.6



12.4

### 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 knowhow 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.

## Prevention of chemical pollution

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

<div>2055</div> <div>2030</div> <div>2026</div>	We properly monitor and manage chemicals in our houses and buildings throughout their life cycle to minimize risk of human or ecological harm.					
	・ Chemical pollution: Minimizing (and ultimately eliminating) risk ・ Soil contamination: Minimizing (and ultimately eliminating) risk					
	Reduction rate of Release and transfer of PRTR-listed substances (per unit of sales) vs FY2012	-65%	Reduction rate of VOC emissions (per unit of sales) vs FY2013	-40%	Compliance with voluntary standards for indoor air quality	100%
	Reduction rate of Release and transfer of PRTR-listed substances (per unit of sales) vs FY2012	-65%	Reduction rate of VOC emissions (per unit of sales) vs FY2013	-35%	Compliance with voluntary standards for indoor air quality	100%

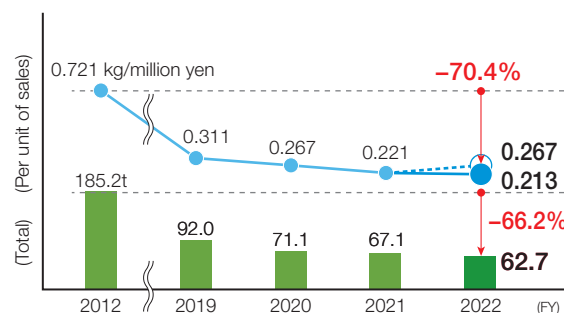
### Self-assessment of the Main Targets and Results of Endless Green Program 2026

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

In fiscal 2022, release and transfer of PRTR-listed chemicals per unit of sales declined by 70.4% from fiscal 2012, meeting our target, by reducing the amount of welding with the use of improved design systems 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 DesignArc and Daiwa Lease.

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

Intensity (Targets) Intensity (Results) Total (Results)

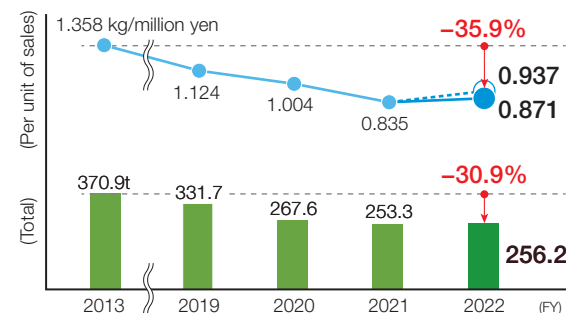


#### VOC emissions achieved targets by using aqueous paints and modifying how paint is applied

In fiscal 2022, VOC emissions per unit of sales declined by 35.9% from fiscal 2013, meeting our target, due to the use of aqueous paints at the Group's Daiwa Lease and promotion of electrostatic paint application at DesignArc.

#### VOC emissions

Intensity (Targets) Intensity (Results) Total (Results)



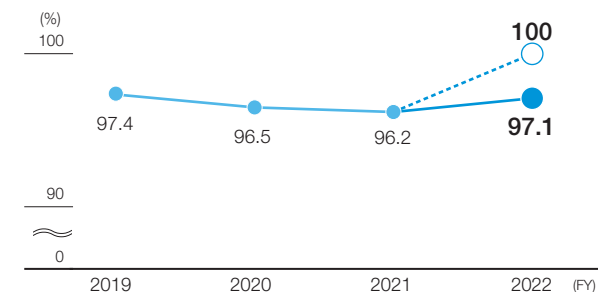
\* Following changes in the scope of VOC emissions, past results have been modified.

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

In fiscal 2022, the compliance rate with voluntary standards for indoor air quality was 97.1%, thus falling short of our target level. The result was due to some apartments built under conventional construction methods that exceeded the voluntary standards. We will continue promoting the adoption of alternative low formaldehyde emitting materials. We will also step up our efforts in this area, for instance by ensuring enough ventilation when work is being done.

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

Targets Results





## ■ Prevention of chemical pollution

### Efforts other than seven Challenge

## Reduction in toxic chemicals in our products and services

### Basic Policy



#### Products and services

#### 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 *Supply Chain Sustainability 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)

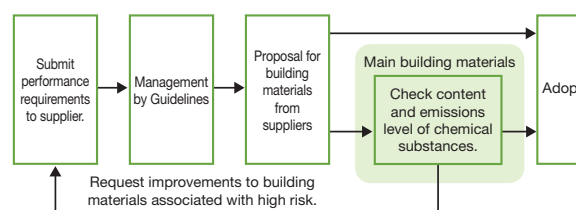
#### ➤ Supply Chain Sustainability Guidelines

### 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 *Supply Chain Sustainability 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\*<sup>1</sup> under the Housing Quality Assurance Act\*<sup>2</sup> than the guideline values specified by the national government\*<sup>1</sup>. 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/m<sup>3</sup>), toluene (260 µg/m<sup>3</sup>), xylene (200 µg/m<sup>3</sup>), ethylbenzene (3,800 µg/m<sup>3</sup>), and styrene (220 µg/m<sup>3</sup>)

\*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\*. In our single-family houses and low-rise rental housing, 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

## ■ Prevention of chemical pollution

### Efforts other than seven Challenge

#### Basic Policy



Procurement

Business  
activities

#### 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

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

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 2022, 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

#### Reduce PRTR-listed chemicals by reducing solvent concentration in 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 undercoat into those conformable to the Ordinance on Prevention of Hazards due to Specified Chemical Substances.

Our Group company Daiwa Lease continues reducing solvent concentration in anticorrosive paints for steel frames, while also working to reduce solvent concentration in topcoat for steel frames. Jointly with a paint company, we developed some weak solvent paints for repair works, and are now making a shift to them. Compared to the paints used in fiscal 2017, the new paints have reduced PRTR-listed chemicals by approximately 30%.

#### Reduce PRTR-listed chemicals by reducing amount of welding

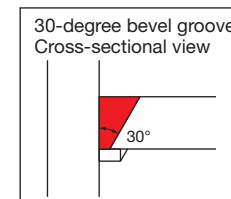
As a result of the revision of the "Structural Steelwork Specification for Building Construction JASS6" by the Architectural Institute of Japan in January 2018, a 30-degree groove angle was newly added to the single bevel groove\* with 35-degree groove angle. While general adoption had not progressed, our factories were one of the first to adopt this

standard for H-beam steel flange welds in offices, factories, logistics centers 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 release and transfer of PRTR-listed chemicals (manganese and its compounds) because of reduction in the amount of welding.

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.

#### Reduce welding materials with the use of improved design systems

For some of our single-family housing products, we systemized the designing process of roof structural sections in October 2022. Optimizing the portions to be welded, we successfully reduced welding materials.

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. This method was first applied to new products with production start in December 2022. Compared to the operation before the introduction of the system, we reduced the number of welding plates by approximately 9,000, which is expected to reduce the welding length by about 1,700 m annually.

As a result of these initiatives, we achieved reduction of PRTR-listed chemicals (manganese and its compounds) contained in welding wire.

## Prevention of chemical pollution

### Efforts other than seven Challenge

### Minimization of soil contamination risk

#### 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.

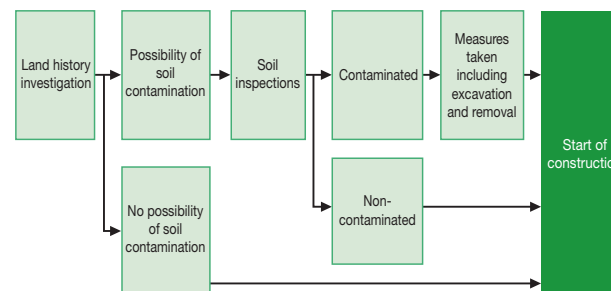
#### Management

##### 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



P122 Deliberation by Business Investments Committee

#### Main approach

##### Brownfield Redevelopment

Daiwa House Industry assesses the soil-contamination risks when we are undertaking a construction work from customers or acting as intermediaries for customers who want to buy or lease a property to build on, and takes appropriate action whenever a transaction involves a brownfield site. When necessary, our expert unit instructs the division in charge to survey the soil and manage any contamination. Safe and appropriate management of soil contamination enables customers to build on and use the site with peace of mind, and contributes to developing brownfield sites.

P026 Environmental Education and Awareness-Raising

P139 Environmental Data Environmental education provided (FY2022)

## Implementation Report

## Society

## Main results in fiscal 2022

● Ratio of females in  
management

Non-consolidated Consolidated

5.2% 5.9%

● Ratio of childcare  
leave taken by male  
employees

Non-consolidated Consolidated

62.2% 44.3%

● Average female salary  
as percentage of male

Non-consolidated Consolidated

61.3% 55.6%

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02  
CHAPTER



## ■ Implementation Report : Society

Our employees and Company  
will keep seeking growth and  
burnishing our strengths, together  
toward Our Hopes for the Future

### Junko Ishizaki

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

### Commitment from the Executive Officer in Charge

#### Taking our activities into the future as we embrace our Purpose

In 2022, we unveiled our Group Purpose, Our Hopes for the Future, and its accompanying slogan, “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,” and took the first steps toward the Group’s 2055 centennial. It was also the year I joined Daiwa House, and I feel extremely fortunate that both I and the Company were able to get off to a fresh start in a completely new environment.

Our Hopes for the Future concept was born out of input from nearly 40,000 people inside and outside our Group and repeated dialogues transcending positions. This was not something to create and be done with. We must make steady progress towards this goal in the unique Daiwa House manner. Each and every employee must make our Purpose their own, taking initiative in their own individual way. Over the past year, a preparation phase, my top priority was instilling this concept internally. We worked to spread awareness and understanding so that people inside and outside the Group would get on board with the concept. Specifically, we created places where employees could talk in various formats and spent a year gathering their ideas on what they could do, what needed to be changed, and what values should be held dear in the middle of change, in order to bring about Our Hopes for the Future.

The road to Our Hopes for the Future is not a straight line, and we will surely encounter changing social environments, businesses, and individual values along the way. In the midst of change we will remain steadfast and keep moving forward, understanding that Our Hopes for the Future await. We will continue to focus on sharing awareness and understanding of this goal, which will form the foundation for our efforts transcending generations and walks of life.

## ■ Implementation Report : Society

### Creating the future with dialogue as peers, spanning generations and walks of life

Values that we cherish as we instill Our Hopes for the Future are respect for a nonhierarchical approach, co-creation, and psychological safety (voluntary cooperation). We think that using dialogue to connect diverse individuals in a healthy and psychologically sound working environment as they express their individuality enables new values to be created, and will make Our Hopes for the Future a reality. In fiscal 2022, we started our internal dissemination efforts, and the early signs are promising. One of these is the *Miraimachi Sengen* (Futuretown Declarations) formulated by each of our branches nationwide. We asked them how they would aim at Our Hopes for the Future and their vision of the local communities they would like to build in 2055. Feedback from many was that this provided an opportunity to create spaces for nonhierarchical dialogue transcending department and job title boundaries, for an unprecedented sense of unity. One branch suggested we use the generic “san” to address each other rather than use job titles, which is the standard practice in Japanese workplaces. They hoped this would improve the working environment—allowing a breath of fresh air to blow in. The proposal was immediately adopted at Board meetings and our company entrance ceremony. It is not easy to change organizational culture, even at a request from the top. I see it as an extremely positive sign that change has occurred so naturally and sense that new developments are arising with an eye on the future.

This fiscal year, each branch will team up with members of its local community to take specific steps in line with the *Miraimachi Sengen* (Futuretown Declarations). We hope that these will lead to further peer-to-peer style dialogues and enable our employees to express their personalities.

### To become a Group that draws out everyone’s potential

We are comprehensively overhauling our personnel systems with a view to Our Hopes for the Future. I see individuality as the result of self-growth gained through a variety of experiences. The Company is working to create an environment where each employee can expand their potential for a world where we live together in harmony embracing the Joys of Life. We have long-standing arrangements to provide such opportunities through in-house recruitment and a “free-agent” system. In fiscal 2022, we introduced our new Multi-Experiential Career Support Program. This encourages employees to work in or join projects in other divisions, or to assist in junior and senior high school extracurricular study as trainers while keeping their main jobs. The aim is for employees to find their own unique work-styles and become aware of their untapped potential by taking on a variety of challenges.

Open to companies from other industries, research organizations, local governments, and schools, our MIRAI KACHI KYOSO Center (*Kotokurie*) is a place for learning and creating together. In April this year, we launched research into a future value co-creation project in collaboration with the city of Nara and Graduate School of Project Design aimed at solving regional issues with a focus on Nara.

Going forward, we need more managers with the mindset and skills to encourage their subordinates to take on even more challenges, and are stepping up our efforts to educate them. Employees’ ongoing development requires a place to apply the experience they have gained after tackling fresh challenges. We have ideas to create a community for employees with cross-border career experience, and are looking into building an environment that will foster development following such experiences.

When employees grow and become aware of their essential natures and fresh possibilities in the true sense, then embark on

further self-directed growth, it unlocks the growth potential of the organization they belong to. A salient feature of our Group is the abundance of ties we maintain with our many stakeholders and people in a wide range of industries. We will thus continue leveraging our unique attributes as we work to draw out every employee’s maximum potential.

### Refining our legacy of human capital management

Since our founding, Daiwa House’s primary focus has been developing people through business as the very heart of our management philosophy. Human capital management is trendy in the corporate world, but is a matter of course for our Company. Our people are our greatest strength, and their position at the core of our business is permanently imbued in spirit of our Company.

However, in the world at large, peoples’ values are always in flux. The shortage of personnel and engineers due to demographic shifts is a universally shared issue, and we are no exception. Our Group has a number of personnel initiatives to enable us to tailor our business activities to suit changing times and demands as we try to remain useful to broader society. For example, our new employee graduates of technical high schools undertake two years’ study at vocational schools. This year marks the sixth year of this program, and ties have developed between junior and senior colleagues who got their start in the same environment. We look forward to seeing what they do next with great anticipation. We are also expanding our active ageing arrangements for senior employees, enabling qualified engineers over 65 to keep working over the long term, just as the general working population does. And we hope that engineers at other companies who want to keep working after reaching retirement age will consider our Company as an option.

## ■ Implementation Report : Society



We are also pushing on with reforms to everyday working arrangements, with initiatives such as teleworking and fully flexible hours. However, there is scope for improvement, as in-person, face-to-face meetings are often seen as important for those on-site. As a company that supports the participation of diverse human resources, we aim to create environments where our employees are free to choose working arrangements that align with their lifestyles and values by skillfully employing IT and teamwork.

### **Towards human capital management where individual growth and organizational growth spur each other on**

I think that putting myself in situations where I can gain a range of experiences helps me grow and expand my possibilities. Similarly, in our human capital management, we feel it is of prime importance that the actual experience of working draws out an employee's untapped capabilities and potential. Once this occurs, their individuality and character come clearly into view. In the first instance, we want to provide a wealth of opportunities to draw out our people's many undiscovered selves. We hope that this will help them grow, come to know their true selves, and build upon their strengths.

Behind the current focus on human capital management is the reality that the old way of doing things is no longer viable for society and companies—transformation is vital. It is important to share the need for reform across the entire Company so we can advance our HR management.

My next priority is to build an organization that lets individuals shine. A crucial question is how to transform and nurture our organization, management, work-styles, environment, internal communication, and corporate culture to become geared to the future. There is no magic elixir. I sense that the only way to make our ideals a reality is by pressing on with various initiatives from

diverse perspectives to tap into organizational management currents that let individuals express their personality.

Rather than structuring their lives around the company, we ask individuals to make the most of Daiwa House, under the notion that the company and work are part of their lifestyle. To that end, we want our Purpose and individuals' purposes to align by linking our goals and their desires in some way, and for this to be valued. We are not looking for a wide overlap—a little is sufficient. We would be satisfied if our employees and the company then posted solid growth. If the individual and the Daiwa House both grow, what they have in common will eventually become bigger.

People and companies all start to decline the instant they lose their will to grow, so ongoing development is always important. Daiwa House and our employees will always seek growth, enhancing their uniqueness and strengths and the value of their existence. We will continue in our quest for such individual and organizational attributes from a variety of angles.



## ■ Implementation Report : Society Human Rights Management

### Policy and Concept

As a Group that co-creates value for individuals, communities, and people's lifestyles, the Daiwa House Group strives to put into practice its commitment to "contribute through its business to the realization of a society in which human rights are respected." We support international standards such as the Universal Declaration of Human Rights, the United Nations Global Compact, and the Declaration on Fundamental Principles and Rights at Work of the International Labor Organization (ILO), and our policy is to reject the use of child or forced labor.

### Formulation and dissemination of the Daiwa House Group Human Rights Policy

In January 2018, after gaining an understanding of the corporate responsibility to respect human rights set forth in the United Nations Guiding Principles on Business and Human Rights, and after receiving advice from outside experts, we established the Daiwa House Group Human Rights Policy. We are working to disseminate this policy both inside and outside the Group through its official website.

### Dissemination of human rights information to our business partners

For our business partners, we have established the Supply Chain Sustainability 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.

### Dissemination to our employees

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 on 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 to all employees to ensure they are

aware of it, and all employees are urged to participate in human rights training programs at least once a year.

### Looking ahead

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 Supply Chain Sustainability Guidelines](#)

➤ [The Daiwa House Group CSR Guidelines](#)

➤ [Basic Policy of Respect for Human Rights](#)

\* The Vision of Human Rights Awareness-Raising can also be accessed at the above website.

### ■ 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 branches 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>Daiwa House Group Principles of Corporate Ethics and Code of Conduct (Respect for human rights)</li> </ul>	<ul style="list-style-type: none"> <li>Engagement Survey</li> <li>Employees' awareness survey (View Research 100)</li> </ul>	<ul style="list-style-type: none"> <li>Workplace awareness improvement based on Engagement Survey</li> <li>Improvement of our branches 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 Whistleblowing 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>Supply Chain Sustainability Guidelines</li> </ul>	<ul style="list-style-type: none"> <li>Questionnaire survey for business partners</li> <li>Self-assessment on Supply Chain Sustainability 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

### Management

#### Human rights management system

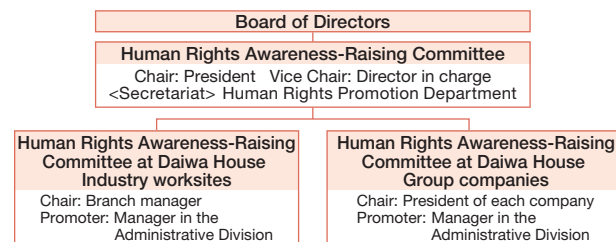
The Daiwa House Group is aware that no corporate entity can operate without its employees, and that business activities that respect human rights and business activities that are not complicit in violating human rights are examples of duties fairly conducted by every employee. Therefore, we have organized a system to understand human rights risks and respond (including improvement and relief), as we believe that awareness-raising and education activities for all employees is the most important commitment in human rights management. In particular, we recognize discrimination as an unreasonable social stance in which a person's individual qualities are ignored, and the person is treated differently (detrimentally) on the basis of his or her membership of a certain group or social category. Because real estate, including buildings, is valuable to our customers, 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 correctly understand the issue of human rights, they may be unconsciously complicit in acts of discrimination. Accordingly, we intend to strengthen our activities in this area through continuous information exchange, and by engaging with human rights organizations and experts in human rights issues. Our current focus is ensuring that our human rights management system operates at the same level in Japan and overseas.

#### Monitoring responsibility and promotion system for respecting human rights

The Group has set up a Human Rights Awareness-Raising Committee, headed by the President. The Committee regularly checks the implementation of human rights activities throughout the Group and supervises the implementation of the Daiwa House Group Human Rights Policy.

In fiscal 2022, reports on training and our human rights promotion structure (organization chart) were received from all branch offices and Group companies (30) in Japan. The periodic check aims to ensure regular training at each site, enabling immediate response to 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

#### Role of Human Rights Promotion Department

In business activities, the momentum for human rights protection is increasing, not only in our own business activities but also across our entire supply chain. In response to this, in October 2021 we established the Human Rights Promotion Department within our Management Administration Headquarters.

The department has the following primary duties.

- (1) Planning and implementation of human rights training and raising human rights awareness 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 Human Rights Hotline for internal reporting

#### Assessment and mitigation of impacts on human rights

To eradicate harassment, in accordance with our Harassment Prevention Regulations and the Daiwa House Group Whistleblowing Regulations, we respond to consultations regarding harassment and human rights violations received through internal reporting channels such as the Human Rights Hotline, fact-finding investigations, etc. Where inappropriate behavior is found to have occurred, the Disciplinary Committee deliberates and takes disciplinary action. In addition, questions about harassment are included in the Engagement Survey, which is a monitoring survey of all employees conducted each year, and we are working to understand potential harassment and make improvements.

In an initiative aimed at ensuring that employees respect human rights, we call on our primary business partners based in Japan to operate their businesses in a way that is free of harassment, child labor, and forced labor in accordance with the Supply Chain Sustainability Guidelines. In addition, business partners are asked to answer self-checks based on the Guidelines every year, and the results are collected to confirm the degree of implementation.

Recently, the number of non-Japanese citizens working at construction sites has been increasing, and in some cases irregular employment procedures and work conditions that violate laws and regulations (non-payment of wages, etc.) have become social problems. In light of this, in fiscal 2022 we conducted our first survey, by means of a questionnaire, on the human rights of foreign workers.

The Group is also taking action on human rights with respect to timber, which is used in large volumes in the construction industry. In 2021, we adopted a timber procurement policy aimed at achieving zero deforestation, under which we aim to purchase timber only from suppliers that handle products harvested or manufactured with due consideration for the safety and rights of workers and indigenous peoples in the country of origin.

We also requested suppliers to establish policies on labor and human rights by 2030, and the procurement of timber products from suppliers who fail to establish policies on human rights problems will be prohibited.

P072 Assessment of business partners' human rights risks

## ■ 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 Whistleblowing 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' Whistleblowing System. The Auditors' Whistleblowing 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' Whistleblowing 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.



P172 Social Data 0-1

The results of the whistleblowing system operation

### ■ 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) Respond appropriately to 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 Whistleblowing System	Legal Department	Provide a whistleblowing 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.	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

### 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.

#### 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 Group Employee Engagement Survey annually as an effort to confirm the level of our 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 2022 we received 51,158 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 Daiwa House Group Principles of Corporate Ethics and Code of Conduct stipulate 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".



P082 Conducting Engagement Survey



➤ The Daiwa House Group Principles of Corporate Ethics and Code of Conduct

### ■ Main instances of dialogue with human rights groups

Name of organization	Date of participation	Instances of dialogue
Global Compact Network Japan (GCNJ)	Fiscal 2018	We participated in the "Human Rights Education Subcommittee (129 organizations, 186 participants in fiscal 2022)." Through lectures on various human rights themes by experts (President and CEO of Mirairo Inc., CEO of SDG PARTNERS, INC., etc.), case studies of other companies, and others, the lecturers and members of the participating companies engaged in dialogue and exchanged information on their issues and case studies. Divided into seven groups related to "business and human rights," the participants have decided to create educational tools for use at each company (We have participated in the human rights education resource team).
The Global Alliance for Sustainable Supply Chain (ASSC)	February, 2022	In fiscal 2022, we received information on the situation in Myanmar and details regarding the consideration of a responsible withdrawal. This information has been shared with the relevant departments within the company. We will use it as reference information for our future response policy.
Fair Recruitment and Human Rights Center	Fiscal 2011	Fifteen major companies in the Kansai region, including our company, have participated in the organization's operation since its establishment as initiators, and have created and are promoting a certification system for fair recruitment and human rights awareness (which has also been confirmed by the relevant government agencies). In addition, with the supervision and cooperation of outside experts, we have prepared and distributed the "Handbook for Prevention of Harassment in Job Hunting" and "Handbook for LGBTQ Fair Recruitment" to date, and in January 2023, the "Principles for Utilization of AI and Personal Information Database in Recruitment" for our member companies. We received our first certification by this organization in fiscal 2015, and our third certification in November 2021. We have made improvements in response to the proposals by the organization, including the addition of content to be displayed on our recruitment website and the additional statement to prohibit background checks at our recruitment manuals.


## ■ Implementation Report : Society Human Rights Management

### Assessment of business partners human rights risks

The Supply Chain Sustainability 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.

#### Risk assessment of human rights violations of indigenous inhabitants (Timber procurement survey)

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.

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[P027 Supply Chain Management \(Environment\)](#)  
[P028 Increasing suppliers' awareness of our environmental policy](#)  
[P047 Conducting procurement of timber surveys at our suppliers](#)  
[P184 Social Data 3-3  
Supply Chain Sustainability Guidelines Agreement  
collection rate/Self-check response rate/Conformance ratio](#)

#### The Supply Chain Sustainability Guidelines

#### Reports on human rights violations by armed guards

As we expand our business around the world, we may employ security companies to ensure the safety and security of our employees. In fiscal 2022, no human rights violations by armed guards were reported at any of our business partners.

#### Human rights risk study in foreign workers

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 conducted the first “Questionnaire survey on human rights of foreign workers” and interview survey in fiscal 2022 to focus on the human rights risks of foreign workers at our business partners.

As a result of the survey, we found items that need to be corrected or improved, mainly items related to working conditions and working environment for foreign workers. We will continue to implement initiatives to respect various human rights of foreign workers in cooperation with our business partners.

#### ■ Details of the human rights risk survey of foreign workers

Method of survey	Questionnaire survey and interviews
Targets of survey	Questionnaire survey ・ All companies of the Confederation of Partner Companies, a business partner membership organization ・ Number of responding companies (1,894 companies) ・ Number of companies employing foreign workers (500 companies) Interview survey ・ Important business partners that employ foreign technical intern trainees (6 companies) ・ Interviews with managers
Survey period	Questionnaire survey: October – November 2022 Interviews: November 2022 – January 2023
Details of survey	Questionnaire survey Self-check of the following items (1) Acceptance system for foreign technical intern trainees Confirmation of status of residence, and whether there are any differences from the technical internship plan, etc. (2) Working conditions and working environment Clarification of working conditions in the native language, status of efforts to implement matters concerning working hours, wages, and occupational health and safety from the viewpoint of respect for human rights, etc. (3) Living environment, including housing environment Compliance with legal requirements for dormitories (4) Status of disappearance of foreign workers Existence or non-existence of missing foreign workers, etc. (5) Restrictions on foreign workers Existence or non-existence of unreasonable restrictions on private conduct, passport, seal, bankbook storage, etc. (6) Consultation system Internal consultation system, status of information on external consultation services available in native language, etc. Interview survey Based on the results of the survey, we identified areas of concern and asked business partners to promote initiatives to respect human rights. At the same time, we identified issues onsite to improve the workplace environment.
Results of survey	We recognized items to be corrected or improved, focusing on working conditions and working environment (status of initiatives on matters to be implemented from the viewpoint of respect for human rights regarding working hours, wages, occupational safety and health, etc.) and restrictions on behavior for foreign workers (existence of unreasonable restrictions on behavior in private life, status of passport, bank book and personal seal storage, etc.)
Response policy	Various efforts will be made to respect the human rights of foreign workers in cooperation with business partners, such as requesting corrective measures while supporting awareness-raising among business partners (items to be observed from the viewpoint of respect for human rights and items to be implemented as corrective measures will be compiled into materials and distributed to all partners).



## ■ Implementation Report : Society Human Rights Management

### System to deal with human rights issues

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.

\* 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.

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.

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.

Based on the harassment cases at the company, the lawyer has provided educational and enlightenment activities to executives and those in charge of general affairs and accounting on how to deal with harassment cases. In November 2022, at a training session for general affairs and accounting managers at business sites nationwide, we received expert advice on the difficulties of being in charge of the consultation counter at a business site. At a case method workshop based on actual cases for directors and others, including the President and Executive Vice Presidents, held in February 2023, we received an overview of harassment cases at our company, an explanation of the issues involved, and guidance on how to deal with them when they occur. The training provided an opportunity to deepen understanding of the need for confirmation and supervision by the executive level in order to foster an internal culture aimed at eradicating harassment, as well as the company's system for responding to consultations and handling harassment, and its operational status.

### 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.

#### Jinken-no Hiroba (Human Rights Plaza)

The in-house newsletter Jinken-no Hiroba (Human Rights Plaza) was published eight times in fiscal 2022 on the Daiwa House Group's intranet for the purpose of raising employee human rights awareness. In particular, we created and disseminated a five-part report on "Business and Human Rights" and learned that it is necessary to pay close attention to whether or not we are violating the human rights of workers and others in our supply chain as part of our corporate social responsibility. We will continue our efforts to educate our employees to prevent human rights violations and harassment.

## 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

#### Social issues

As Japanese society continues to experience a declining birthrate and aging population, the shrinkage of the nation's labor force has become a major problem. 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. Through these initiatives, we will flexibly respond to the changes of the times brought about by advances in ICT and the automation and labor-saving of business processes, and strengthen our foundation to create a competitive advantage in a sustainable manner.

## Human resources base

### Employee Compliance

#### Approach to issues

In the Daiwa House Group, all employees are committed to maintaining high ethical standards and complying with 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.

#### Management

The Group set out the Principles of Corporate Ethics and Code of Conduct, which reflect 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 regularly in keeping with the laws, regulations and guidelines of each country. In addition, it was decided that an English version and a Chinese 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.



[The Daiwa House Group Principles of Corporate Ethics and Code of Conduct](#)

#### Main approach

#### Distribution and utilization of educational booklet "CASEBOOK"

At the Daiwa House Group, for all employees to be able to put the Principles of Corporate Ethics and Code of Conduct 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 also provide regular training courses for corporate ethics and human rights awareness-raising.

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

We operate various whistleblowing systems, as well as the Inquiries sections on the Daiwa House Industry official website, enabling all stakeholders to provide information to us in case they see any of our employees conduct any illegal, unacceptable, or suspicious activity.

Moreover, the Group conducts an Engagement 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. We also conduct a questionnaire survey with business partners once a year to identify problems on corporate ethics and compliance among Group employees.

For violations of the Principles of Corporate Ethics and Code of Conduct, which have been identified by the surveys, 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.



[P070 Various whistleblowing systems](#)

#### 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 practice voluntary compliance-related activities.

## ■ Human resources base

### Securing and developing human resources


#### Approach to issues

Based on the statement in the Daiwa House Corporate Creed, “developing people through business,” the Group believes that the source of its corporate value is in improving the value of human resources (human capital) and has upheld “human capital development” in the Principles of Corporate Ethics and Code of Conduct. In addition, under the seventh Medium-Term Management Plan, we are maximizing the value of “individuals” and “the organization” by proactively investing in human capital and creating opportunities for employee growth, thereby creating a foundation for innovation.

For our Group, which has a diverse business portfolio, one of the most important issues is to secure diverse human resources that are linked to our business strategy. We have recently seen intensified competition for human resources and an increase in the mobility of human resources, and the Group is being asked once again how much it can offer its employees attractive work styles and systems. In addition, there is the need for the development of a work environment that can accommodate mutual understanding of the values held by a wide range of generations, including Generation Z, millennials, and seniors, as well as their diverse career perspectives.

We support autonomous career development by providing growth opportunities that are in tune with the individuality and values of each employee. We are also committed to fostering an organizational climate and culture in which diverse “individuals” can express their individuality in a healthy and psychologically safe work environment, and create new value as an “organization” by connecting with each other through dialogue.

In addition, overseas Group companies are promoting local hiring at each location based on the idea of hiring and training local human resources in each country.

 P179 **Social Data 1-5**  
Investment in human resource development

#### Management

#### Strengthening competitiveness in recruitment and securing optimal human resources

Since our founding, we have always considered “human resources” to be the most precious asset and the cornerstone of our Company’s “sustainable growth.”

The construction industry, to which our Company belongs, is currently in a super seller’s market for new graduates, and it is necessary to overcome the fierce competition for human resources in order to secure excellent human resources. We are working to strengthen our recruiting capabilities in order to become a company that continues to be chosen by those who share and resonate with our corporate purpose, “Our Hopes for the Future,” and who will be the “leaders” of the future envisioned by our Group.

Specifically, in addition to strengthening our Company-wide hiring system, including the Recruiter System, the selection process will focus on the To Do Course (recruitment course in which the applicant decides on a specific business department and job type prior to joining the Company) and the To Be Course (in which all options are still on the table as far as business department and job type are concerned). We provide options depending on the career orientation of students.

We also focus on career recruitment. We believe that actively recruiting people with experience at other companies is essential for the sustainable growth of our diversified business from the perspective of ensuring diversity. In addition to making full use of “referral hiring” and other methods, we also hold seminars related to the construction industry in order to discover potential career changers and try to attract their interest in our Company’s initiatives.

When hiring human resources, we always require an application from the applicant and notify the successful candidate after at least one employment screening. When an applicant joins our company, we present the working conditions and start employment upon agreement with the applicant.

 P077 **Promotion of referral hiring**

#### Sustainable human resource education and training

We combine OJT with an evaluation system, and Off-JT with

self-development support, and conduct human resource development management as follows so that they work in tandem.

#### Linkage between OJT and evaluation system

To ensure that human resource development is deliberately and systematically incorporated into daily on-the-job training, supervisors and subordinates among managerial and general positions discuss and set a semiannual work achievement target and a semiannual growth target. At least once a quarter, supervisors and subordinates meet not only to provide and receive feedback on the degree to which the subordinates have achieved their goals, but also to discuss how to overcome the challenges they face in achieving their goals. In addition to these evaluation and development meetings and on-the-job training, we also utilize one-on-one meetings once every two weeks to intentionally increase the number of touch points between supervisors and subordinates in order to enhance the quality of the relationship and promote mutual understanding and awareness. In addition, we operate a target management system for managers to encourage further growth of the managers as well as the achievement of organizational goals by regularly setting and evaluating goals through interviews with their supervisors.

#### Off-JT and self-development support

We provide group training (including online training) and e-learning programs by job level and position to provide opportunities for employees to gain knowledge and skills that are not available in everyday life and to relearn knowledge and skills necessary for their work.

We also provide support for self-development and skill improvement, such as learning to obtain official qualifications and other certifications, and learning business literacy and languages in a voluntary-application style. In addition, a lump-sum payment is provided upon acquisition of public qualifications.

#### Human resource development deployment system

To ensure that the various human resource development initiatives described above are developed in a sustainable and updated manner, the Human Resources Department is



## ■ Human resources base

### Securing and developing human resources

responsible for the evaluation system, the Human Resources and Interpersonal Relationships Development Department for cross-divisional development themes, and each business division, specialized department, and Group company is responsible for development themes for each division, position, and business company.

In addition, meetings are held regularly not only to promote horizontal cooperation among these departments and staff members, but also to enable them to tackle issues in collaboration.

 P079 Business Division/Group Company Collaborative Training Support System

#### Main approach

##### Company-wide recruiting activities

It is said that in recent years, the deciding factor for new graduate job seekers (students) in selecting a company is often the “people” who work at that company.

We engage in a wide range of recruiting activities targeting college students with the collaboration of employees at our offices nationwide, including internships, company information sessions held throughout Japan, alumni visits, exhibition site visits, recruiters’ activities, interviews with senior employees, and selection interviews.

Not only employees in the Human Resources Department, but all employees participate in recruiting activities as their own matter, conveying to job seekers the appeal of working at our company. Through these activities, we aim to be a company that continues to be chosen by talented people who share our Group purpose, “Our Hopes for the Future,” and wish to grow with our company.

##### Selection by human eye x introduction of statistical and scientific methods (Prevention of hiring mismatches)

Under the leadership of the Human Resources Department, all employees at all offices involved in hiring are informed and educated so that they share the same image of the kind of person we are looking for and our hiring criteria. Employees who have undergone interview training by outside instructors act as interviewers and conduct the selection process to identify

individuals, not influenced by biases, feelings, or assumptions.

In addition, we are also working to recruit human resources that match our company by adopting a statistical and scientific approach to selection.

##### Strengthening the technical recruiter system in new college graduate recruitment

In order to sustainably recruit students who are hoping to become architectural engineers in the increasingly competitive market for new graduate recruitment for technical positions, we have implemented a “recruiter activity” in which university alumni and alumnae form close relationships with students at their alma mater.

A recruitment team with three alumni/alumnae of different generations is formed for each university or college. The purpose of this program is to build relationships with universities and to make the Company more attractive to students by forming the recruitment teams and conducting extensive university visits and student follow-up. In addition, after students are hired as their junior colleagues, recruiters will continue to serve as mentors from a different standpoint apart from the new employees’ lines of work and have a good relationship as a consulting partner for the recruited juniors.

##### Introduction of “To Do Course” and “To Be Course” adoption to achieve optimal assignments

At our company, which has a lot of business portfolios, in order to assign employees to businesses and positions that match their aptitudes and career aspirations, we have decided to divide the selection process for new graduates into the “To Do Course” (recruitment by business type and job category) and the “To Be Course” (free selection not depending on business type and job category), starting with new graduate recruitment in fiscal 2024.

Students who have a clear idea of what they want to do and which business they want to be involved in will take the “To Do Course,” which is a job-type course, and will be assured of being assigned to a business or position that will fulfill what they want to accomplish. On the other hand, students who are interested in our company but have not yet decided on the business type or work category they want to do should choose the “To Be Course” (free selection not dependent on business

type and work category). Through the selection process and dialogue with employees, we will assess their individual aptitudes before assigning them to the most suitable type of business or position.

##### Promotion of referral hiring

With the recent severe labor shortage in the construction industry, we have been focusing on the referral hiring system in order to recruit human resources who are ready to work immediately. Referral hiring is a system in which our employees introduce their friends and acquaintances to our company with the intention of recommending them to us, making it an effective recruitment method from the perspective of high matching rates and retention after employment. In October 2021, we introduced a system to provide a “referral allowance” to employees when their recommended candidates joined the Company to encourage all employees to cooperate in the referral hiring activities.

##### “Seminar on Future Community Development Envisioned by Daiwa House”

We regularly hold the “Seminar on Future Community Development Envisioned by Daiwa House” for students who are studying architecture. Since this seminar is not held as part of our recruitment activities, participants are not limited to students who are currently seeking employment. Our goal is to have as many students as possible learn from our initiatives.

We expect a secondary effect that the students who have become fans of our company will join our Group in the future.

The first seminar meeting was held in March 2023 under the theme “The Future of Architecture and DX” and was attended by 58 students from across the country.



Seminar on Future  
Community Development  
Envisioned by Daiwa House

## ■ Human resources base

### Securing and developing 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.

#### Human resources development through OJT

##### OJT Elders

Managers, such as 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 who are close to newcomers in seniority and 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.

#### 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. As for sales positions, regardless of the department to which they are assigned, they

experience our core business of housing sales within about five months after joining the company.

##### Training for mid-career recruits

Studying the company's history, founder's spirit, and sustainable 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 new, 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.

#### Human resource development for management

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. In fiscal 2022, we suspended this training program and shifted to having executive candidates participate in courses outside the company and engage in friendly competition with executive candidates from other companies.

In fiscal 2020, we established and started operation of a succession planning to intensively and systematically select, nurture and promote the candidates for particular positions (D-Succeed). As a first step, we began operating the system for selecting, training, and appointing candidates for branch office heads, which are positioned as a gateway to promotion to executives. 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 training and coaching, such as action learning, to reinforce their leadership. In the future, we intend to develop this program as a place for training a wide range of candidates for senior executives and future presidents, in addition to those for branch office heads.



Scene at the D-Succeed leadership enhancement program

## ■ Human resources base

### Securing and developing human resources

#### Introduction of multifaceted evaluation

Beginning in fiscal 2022, a multifaceted evaluation method has been introduced as part of the semiannual individual evaluation for branch office heads nationwide, as well as business managers of large branches. This is a revision of the evaluation system in response to the shift to a business division-based system introduced in 2021, which requires branch managers, etc. to play a greater non-financial role than before as those responsible for the management of their worksites.

In the multifaceted evaluation, branch office heads are evaluated by their superiors, subordinates, and colleagues based on the human resource requirements for branch office heads. The content of the evaluation has been revised to focus not only on performance, but also on compliance, human resource development, and work style reform, to encourage further changes in the awareness and behavior of branch office heads.

#### 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.

#### Developing Global Human Resources

##### Global Human Resource Development Program (training for those selected from business divisions)

In fiscal 2022, we introduced the “Global Human Resource Development Program” in order to systematically develop and strengthen human resources for successful overseas business development. For the first year, the program was implemented for 29 employees selected from business divisions, mainly

those who are scheduled to work overseas in the future, for a total of 12 days over a six-month period (in English, in principle). Through this program, we are working to develop global human resources with the mindset and skills to lead value creation in the worksites, regardless of where to work and who to work with.



Training scene at the Global Human Resource Development Program

##### Global Talent Program (short-term training in Japan)

In anticipation of future overseas business expansion, we established the “Global Talent Program” in fiscal 2022 to improve the technical skills of national staff (local staff) working at our local subsidiaries in East Asia and ASEAN. We invited selected technical staff (5 people) from local subsidiaries to Japan for about two weeks to experience our manufacturing philosophy through real-life learning at our Central Research Laboratory, plants, and worksites, and to train the would-be leaders who will be responsible for promoting technical capabilities at local subsidiaries (conducted in English, Chinese, and Japanese).



Participants at the Global Talent Program

## ■ Human resources base


### Job Satisfaction and Well-Being

#### Approach to issues

The spread of COVID-19 has triggered a rapid “change in the way of working” with the birth of technological innovations related to labor, such as ICT, AI, and automation. On the other hand, social issues surrounding human resources are becoming increasingly serious in Japan, such as a decline in workforce due to the falling birthrate and aging population and more and more workers leaving the workplace to care for their parents.

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 encourages employees’ development and provides an environment allowing them to give full play to their capabilities.

In order for our company to continue to grow sustainably, it is essential that each employee’s “strengths” and “individuality” shall be maximized and that our organization shall be a synergistic one where they can shine together. As a foundation for this, we have designed a flexible personnel system that allows each employee to choose his or her own way of living and working. We also place emphasis on building interactive relationships and supporting the autonomous career development of our employees, thereby enhancing their growth and engagement.

-  P175 [Social Data 1-1](#)  
[Basic information](#)  
 P178 [Social Data 1-3](#)  
[Childbirth and childcare support](#)  
 P179 [Social Data 1-6](#)  
[Indicators related to motivation](#)

#### Management

##### Building interactive relationships

One-way communication from upper management must be eliminated from the company, and a more interactive communication style is required to meet the needs of an era in which people of all ages work in the same workplace, and mutual understanding of each person’s values is necessary.

The spread of COVID-19 has also brought about significant changes in the way our employees work. While the widespread use of telework has made it possible for employees to work in a highly flexible manner that suits their personal style, we are now concerned that there are fewer opportunities for communication between supervisors and subordinates, and that employees are becoming too busy with the work at hand to pay much attention to their coworkers.

Therefore, as part of our efforts to build interactive relationships, we have introduced new initiatives such as regular one-on-one meetings to provide opportunities for communication to support subordinates’ growth and improve their results.

In addition, the “Suggestion Box for the President” and the “Advance Board,” the systems that allow employees to make various suggestions for improvement directly to management and the head office departments in charge, are utilized as tools to improve the openness within the company.

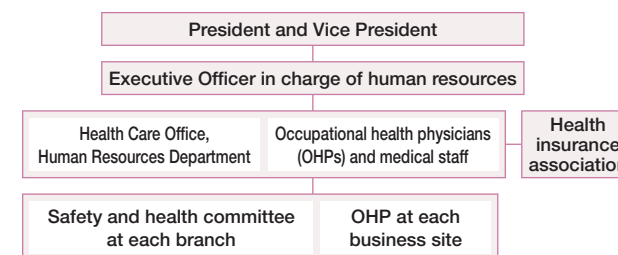
##### Self-directed career development

We believe that creating opportunities for individual employees to grow and develop themselves leads to the maximization of their individual value, which in turn directly leads to the enhancement of our corporate value. We have a wide range of personnel systems in place to support self-directed career development so that employees can have their “dreams” in various ways. We support our employees in realizing their dreams by offering a wide variety of options and possibilities, such as a system that allows them to choose their own job type and work location, and a system that allows them to gain experience in working in different industrial sectors by doing a side job while working at our company.

#### Promotion of health management

Our company’s health management policy states that “Health is the basis for building homes and developing communities.” In addition to promoting the maintenance and improvement of employees’ health, we will foster a workplace culture in which each and every employee can work vigorously and perform to the best of their ability in a psychologically safe work environment. Through these efforts, we are promoting wellbeing (mental, physical, and social health) measures at the company-wide level, which will lead to the maximization of employees’ job satisfaction and, ultimately, to higher engagement.

##### ■ Chart for Health Management Promotion System



#### Main approach

##### 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 the use of information and communications technology and new work styles not restricted by time and space.

Work styles have changed dramatically since the spread of COVID-19. To achieve a stable telework rate, the company has established activity-based working (ABW) and set 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, we also introduced in 2022 a flextime program with no core hours for all employees with some exceptions.

Changes in employee work styles also have a large



## ■ Human resources base

### Job Satisfaction and Well-Being

impact on productivity. We make proactive use of ICT in our efforts to change the way our employees work and boost their productivity and maintain and improve their health.

#### Launch of the Multi-Experiential Career Support Program

While the importance of human capital management increased, in fiscal 2022, the company introduced the Multi-Experiential Career Support Program mainly to provide cross-border experience centered on secondary employment for employees' growth and their self-directed career development.

A range of options have been made available to employees for their cross-border experience. Specifically, these are company-arranged secondary employment whereby work at another employer is arranged by the company, self-arranged secondary employment whereby the employee 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 as 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.

In addition to the existing FA program and internal recruitment system, we are supporting self-directed career development by expanding systems that enable employees to voluntarily find opportunities beyond the boundaries within the organization.

#### Self-Discovery system

In the 1990s, the Company established a self-assessment system, which has been repeatedly revised in light of the changing socio-economic environment. Under this system, employees have taken stock of their personal experience and clarified their career direction through dialogue with their supervisors.

In fiscal 2022, the system was renamed the "Self-Discovery System" and revised to focus more on "deepening self-understanding of one's career development on one's own initiative." The questions have been made more specific than

those in the previous reports, and the system has been made more realistic to enable the reporter to deepen his/her own career prospects.

#### Job location filing system

One of the most important factors in working styles is "where to work," and we have a system that allows employees to express their preferences regarding where they would like to work. As a company that holds branches nationwide, we have introduced a course-by-course employment management system, dividing the employees into two categories: nationwide employees (who are ready for working anywhere in Japan) and regional employees (who work only at branches within the commutable area from particular addresses). The job location filing system allows nationwide employees to report their requests for conversion to regional employees or change of work location due to personal circumstances.

By limiting the location of work, the system helps employees to choose a work style suitable for their personal circumstances that require consideration, such as childcare, nursing care, and medical treatment, thereby promoting employee retention and performance improvement.

#### Award for health management

Eighteen Group companies were selected on March 8, 2023 as 2023 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 House Asset Management Co., Ltd. was selected as one of the Bright 500, the top 500 companies in the small and medium enterprise category.



➤ Eighteen Daiwa House Group companies selected as 2023 Certified Health & Productivity Management Outstanding Organizations (Japanese text only)

### Risk assessment concerning the health and safety of employees

#### Periodic medical examinations and stress checks

As a collaborative health program with the health insurance association, we have been conducting periodic, comprehensive medical examinations, including lifestyle-related disease checkups. The Daiwa House Group achieved a medical examination rate of 100% for ten consecutive years from 2013, focusing on early detection and treatment of diseases and health risk management. We support employees in maintaining and improving their health by ensuring that employees who require further examination or treatment are thoroughly re-examined. We also provide specific health guidance and "health improvement training" to encourage employees to take the initiative in improving their health. Stress checks have been conducted regularly once a year since 2016 for all employees, including those at branches with less than 50 employees, and the mental health status of employees is verified and monitored by a specialized external organization.

#### Implementation of population approach

To foster a safe and healthy work environment, we analyze and monitor the physical and mental health conditions of each branch by using the "health analysis system," in which the results of periodic health checkups are converted into points and totaled for each branch, and by using group (organizational) analysis of stress checks. In addition, we are implementing a population approach to reduce the overall health risk of branches, such as a system that provides subsidies to branches that proactively implement measures to promote health and improve the workplace environment (the health promotion activity subsidy system). In fiscal 2022, more than 60% of our branches showed certain achievements.

In addition, as teleworking has spread fast on account of the COVID-19 pandemic, we provided to all managers (workplace managers) a line-care training tailored for teleworking (e-learning) in fiscal 2020.



P184 Social Data 3-5  
Health and safety education

## ■ Human resources base

### Job Satisfaction and Well-Being

#### Ensuring compliance with labor issues

We regularly monitor employee working hours and health status, assess risks related to employee occupational safety, and take measures to address labor risks by identifying and analyzing their causes. 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 a starting point for remedies. In fiscal 2021, we introduced a new attendance management system to accurately identify work hours based on PC logs in order to eliminate excessively long workdays and comply with the Article 36 Agreement. All employees whose overtime work and work on holidays exceed 80 hours in a month, regardless of their wishes, are to be examined by an occupational health physician (OHP) as they should undergo health guidance to prevent health problems. We have also introduced an online OHP service as a means of ensuring that these health checks occur in a timely manner.

We conduct a status survey on work hours once every quarter in order to identify the actual work hours and effectively prevent unpaid wages. When undeclared work is discovered, we retroactively pay the overtime put in and reprimand the responsible managers.

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.

□ P175 Social Data 1-1  
Basic Information

#### Support for balancing work and medical treatment

In an in-house survey conducted in 2021 regarding the supporting system for balancing work and medical treatment for illnesses, many employees expressed appreciation for the system. However, the percentage of those who responded that they “seek understanding from others (superiors, colleagues, and subordinates)” regarding the use of the system and their illnesses accounted for 71% among employees with no experience of balancing work and medical treatment and for 58% among those with such experience.

In addition, the percentage of presenteeism\*1 at the company, measured in fiscal 2022, was 81.8%\*2, which was

lower than the average for the Japanese population, and we are working with the challenge of creating an environment that facilitates access to support for balancing work and medical treatment.

In fiscal 2022, we conducted an e-learning course on support for balancing work and medical treatment for all employees in order to promote the creation of a workplace environment in which employees who balance work and medical treatment can maximize their performance. Of all employees, 92.6% have completed the course, learning topics such as the necessity and details of support for balancing work and medical treatment, women's health issues, and characteristics and considerations for each treatment such as the three major diseases and infertility treatment. Through these efforts, we aim to improve employees' health literacy and presenteeism.

\*1 Reduced work productivity due to health problems

\*2 The figure was calculated using the Single-Item Presenteeism Question (SPQ) of the University of Tokyo.

#### Response to social 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 infectious 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.

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.

In addition, we vaccinated employees (including those of Group companies) and employees of partner companies against COVID-19 at their workplaces upon request.

As a company that operates offices outside Japan, we recognize the importance of addressing global health challenges, including the world's three main infectious diseases (tuberculosis, malaria, and HIV/AIDS) as well as COVID-19, and we take action accordingly.

#### Conducting engagement survey

Since 2004, we have conducted a survey focusing on employee awareness and behavior once a year, and in fiscal 2022, we renewed the content of the survey based on the “Our Hopes for the Future” (Purpose) formulated in fiscal 2021, and changed the name to the “Engagement Survey” instead of the “Sustainability Survey.” In addition, the Engagement Survey monitors whether employees are acting in accordance with the Daiwa House Group Principles of Corporate Ethics and Code of Conduct, employee engagement, and motivation.

#### In-house commendation system

We have a variety of award programs for our employees to maintain and enhance their motivation.

##### Major employee commendation programs

- Nobuo Ishibashi Award for the Best Branch Management
- Outstanding Sales Office Award by Business Division
- President's Award for Outstanding Employee
- Special President's Award for Safety (No Accident Award)
- Challenge! We Build ECO Contest (President's Award)
- Excellent Group Company Award

## ■ Human resources base


### DE&I (Diversity, Equity & Inclusion)

#### Approach to issues

For the Group, which has a diverse business portfolio, securing diverse human resources is one of the most important issues. The Group has to respect the diverse values, gender, handicapped or not, gender identity, sexual orientation, gender expression, age, nationality, language, culture, and lifestyle of its employees, and has to foster a workplace culture in which employees respect and utilize each other's perspectives and ideas, and shine brightly, through mutual interaction and dialogue between management and employees.

Therefore, we believe that diversity in the “knowledge” and “experience” of our diverse human resources is the source of innovation, and we are working to create a healthy and fair work environment where employees can be motivated well in their work and can fully demonstrate what they are. We will continue to promote diversity in order to generate new ideas for products and services in work processes, and to strengthen decision-making from diverse perspectives.

 [DE&I](#)

 [P175 Social Data 1-1  
Basic information](#)

[P176 Social Data 1-2  
Diversity](#)

[P180 Social Data 1-7  
Gender pay gap](#)

#### Management

##### 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. We also provide e-learning courses on LGBTQ issues for all employees, and strive to prevent unconscious bias and harassment against sexual minorities by ensuring that all employees have correct knowledge of LGBTQ issues, in our efforts to foster a work environment where each employee is able to work with peace of mind.

Furthermore, with the aim of hiring disabled persons as employees and retaining current disabled employees in the workplace, we are improving the workplace environment by renovating facilities, such as installing handrails, and introducing work support tools.

We monitor the progress of our initiatives based on employee surveys and quantification of indicators related to diversity, and further promote diversity through a dedicated DE&I promotion organization.

##### Support for work-life balance

We believe that it is essential to promote work-life balance in response to diversifying work styles. To this end, we are promoting the creation of a virtuous cycle in which the experiences gained in “life,” such as childbirth and childcare, are also utilized in “work,” so that diverse human resources can choose various ways of life while demonstrating their individuality and playing an active role in life and work. We are creating an environment in which each and every employee can continue to demonstrate their abilities and grow by helping them gain a rich source of new ideas regardless of gender or age.

##### ■ Main systems related to support for work-life balance

System name	Overview
Paid leave reserve system	A system that allows employees to accumulate up to 100 days of annual paid leave that would otherwise lose legal effect and use the reserve as needed
Paid leave per hour	A system that allows employees to take annual paid leave on a one-hour basis
Home holiday program	A system to take annual paid leave deliberately for the purpose of family service, personal refreshment, self-development, etc.
Consecutive holidays (Re Vacation)	A system that encourages employees to take multiple times of annual paid leave and to take at least five consecutive days off, including regular holidays
Nursing care leave system	A system for balancing work and nursing care, allowing target employees to take leave for an indefinite period of time until reasons for termination of nursing care leave arise
Subsidy program to support travel expenses for nursing elderly parents (filial support program)	A system that provides a “filial support subsidy” to take care of employees’ parents who live far away and need nursing care, paying an amount equivalent to the transportation expenses based on the distance of return trip, up to four times a year per employee
Telework	A system that allows employees to work from home, satellite offices, third offices, etc., without being restricted by location
Flextime program	A program that allows employees to decide their own start and end times and working hours
Telecommuting allowances	Subsidy for utility costs for telecommuting

##### Adoption of office diversity scores

In fiscal 2019, we introduced office diversity scores to aid in assessing office management soundness, with the aim of measuring and promoting diversity in each workplace. We evaluate these four items: ratio of female section managers/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.

## ■ Human resources base

### DE&I (Diversity, Equity & Inclusion)

#### Main approach

##### Empowering female employees

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 female managers

For continuous development of female managers, we provide training for management candidates to motivate them and help them acquire the skills necessary for management positions through their work.

##### 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.

□ P176 Social Data 1-2  
Diversity

##### Childbirth and childcare support

In 2015, we established a new childcare support system (a support system for balancing childcare/childrearing with career building), which marked a major shift in our policy from allowing time off work to helping to promote career building.

We created a one-time childbirth allowance system, under which employees receive a one-time payment of ¥1 million for each child born (¥2 million for twins). As of the end of March 2023, a total of 11,861 employees had received these payments.

□ P178 Social Data 1-3  
Childbirth and childcare support

##### Initiatives to promote male participation in childcare

In April 2016, we reviewed our childcare leave system, making the first five days of childcare leave paid to create an environment in which men can easily take childcare leave. As a result, the ratio of childcare leave taken by male employees has increased year by year.

□ P178 Social Data 1-3  
Childbirth and childcare support

##### ■ Major support systems related to childcare (our own support systems that exceed the statutory level).

System name	Overview
Lump-sum payment program for fostering the next generation	A program that employees receive a one-time payment of ¥1 million for each child born
Childcare leave system	A system that allows employees to take leave of absence until their children become three years old; paid for the first five days
Shorter working hour system for childbirth & childcare	A system that allows employees to work shorter hours until their children reach the third grade of elementary school
Family nursing care leave	A system that allows employees to take up to five days of leave per year to care for their children, spouses, parents, or grandparents, as well as spouses' parents or grandparents
Support system for balancing childcare/childrearing with career building	Providing information for early return from childcare leave and staggered working hours to ensure more working hours after return, and assistance in using childcare and school facilities, babysitters, etc.
Reemployment opportunity priority system	A system in which employees who have retired due to life events are given priority in the selection process when filling vacancies based on their wishes

##### Promotion of rehiring senior generation

The Company extended its retirement age to 65 in 2013 and introduced a reemployment system after retirement at the age of 65 ("Active Aging System") in 2015. In 2022, we abolished the uniform retirement age of 60, which was previously based solely on age, and create a personnel system that allows employees to pursue their careers up to their retirement age. In addition, from 2023, the upper age limit for post-retirement rehiring was abolished for technical staff in the industrial division, and the previously uniform treatment system will be extended to include multiple job assignments, creating an environment where employees can continue to demonstrate their expertise without being restricted by age.

The skills and expertise developed by our senior employees are valuable assets to our company and should be passed on to the next generation. We also believe that creating an environment in which employees can work vigorously throughout their lives will contribute to improving employee engagement.

□ P176 Social Data 1-2  
Diversity

##### Life design seminar

We carry out a "life design seminar" each year for employees who turn 60 years old. The seminar is designed to help employees envision their career development over the five years until retirement at age 65, and to help them understand the importance of continuing to learn new knowledge and skills in order to achieve this goal. In addition, lectures are given on personnel systems, public and corporate pension plans, and health management after age 61, to support each individual's fulfilling life planning.



## ■ Human resources base

### DE&I (Diversity, Equity & Inclusion)

#### Career design support

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 our employees can nourish autonomy and independence, thereby providing opportunities for creating human resources who will broadly exercise their abilities in society.

#### Initiatives for LGBTQ

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. Under the system, same-sex partners are also eligible to receive our benefits as spouses.

We have also established an LGBTQ-specific consultation service staffed by outside counselors with specialized knowledge, so that LGBTQ employees can feel comfortable discussing any concerns they may have about working in the workplace.



➤ Introduced the “Same-Sex Partnership System”  
(Japanese text only)

➤ PRIDE Indicator 2022 (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 former pupils of a special needs school in Hyogo Prefecture make a start in life as employees of the company. In June 2022, the company obtained approval as a special-purpose subsidiary. It offers gardening work on a workshare basis, mainly to elderly local residents. 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 connections with others

and foster warm relationships.



P089 Community support through urban development projects



Cocolan cultivation staff

#### Support for people placed in a difficult social position

The Group provides support to those who are in poverty or in a difficult social position due to various grounds.

We provide human resources development and employment opportunities for people who have difficulty finding employment in collaboration with General Corporation “Career Support & Talent Enhancement Plaza (C-STEP).” As support for Ukrainian evacuees, we donated a total of ¥30,040,199 to “Japan for UNHCR,” the official association in Japan which supports UNHCR, including donations from Group employees (Heart Donation) and a matching gift from the company.

Daiwa House Modular Europe, a member of our Group, provided a total of 846 units of housing for Ukrainian evacuees at 12 locations in the Netherlands, taking advantage of its ability to supply high-quality construction in a short construction period.

Furthermore, Daiwa LifeNext Co., Ltd. decided to accept and support evacuees from Ukraine, and the application for the support plan was submitted to and accepted by the Immigration and Residence Management Agency of Japan. As a specific support plan, Daiwa LifeNext will provide at least 10 evacuees with housing at facilities it owns or operates free of charge, and after completing job training, provide them with opportunities to work as Daiwa LifeNext employees and lead self-supporting

lives.

In addition, the Group has an endless fund-raising program in which employees participate, and of the total of 12 organizations to which donations were made in fiscal 2022, half (six organizations) donated to organizations that provide support to people living in poverty. Among the recipient organizations are those that provide employment support to refugees in Japan.



➤ Daiwa LifeNext News Release: Decision to Provide Operational Facilities and Work Opportunities as Support for Evacuees from Ukraine (Japanese text only)

➤ Endless Donation and Heart Donation (Japanese text only)



Housing for evacuees (Netherlands)

## ■ Human resources base

### DE&I (Diversity, Equity & Inclusion)

#### Achieving equal pay for equal work

In our Japanese 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.

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.

#### ■ 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	○	○	○	○
Leave for volunteer activities (acquisition of leave on an hourly basis)	○	○	○	○
Group insurance entry	○	○	○	○
Stock ownership entry	○	○	○	○

#### 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 support international standards such as the International Labour Organization's (ILO) Core Labour Standards, which consist of "the effective recognition of the right to freedom of association and collective bargaining," "the prohibition of all forms of forced and compulsory labor," "the effective abolition of child labor," and "the elimination of discrimination in employment and occupation," and we respect and recognize basic labor rights such as "the right to collective bargaining" and "freedom of association" for all employees.

Also, in accordance with Japan's Labor Standards Act, we

## 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

#### 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.

Furthermore, in light of the fact that customers are now searching for information on their own via the Internet, and that online rather than face-to-face customer service, the key to being “chosen” by customers is to deepen communication with customers and win their trust.

#### The impact our Group will have on society

The Group will develop high-value development projects that contribute to the development of local communities by developing next-generation infrastructure, such as highly advanced logistics centers, and creating jobs, regenerating and increasing the value of aging facilities, including commercial facilities that have supported local lifestyles, and conducting complex redevelopment projects that create towns and revitalize communities with an eye to the future.

The regeneration of local communities that our Group contributes to does not end with the completion of construction. We will leverage our strengths in being able to handle the entire process from contracting to development, operation, management, and recovery, to create, foster, revitalize communities, and build a value chain that transcends time and “recycle” itself to “create again.” We will create housing, employment, and liveliness that form the core of the infrastructure for daily life, and permanently enhance the value of our customers’ assets and lifestyles.

To continue to be an “eternal partner that supports our customers,” we will continue to strive to provide new value that will lead to the future, while never forgetting our stance of “Being together with our 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.

We strive to build better relationships with our customers by connecting the much-loved Daiwa House Group to the future and improving corporate value. 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.

## ■ Customer base

### Inclusive community 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. In order to resolve the social issues surrounding communities, 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. The Urban Environment & Community Creation Department was established in fiscal 2022 to contribute to local communities through urban development and to develop real estate in response to the diversifying values and lifestyles of consumers from a long-term perspective.



P089 [Collaboration with tenants and local communities](#)

P089 [Community support through urban development projects](#)

#### Management

#### 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 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.



➤ [The Daiwa House Group's business fields](#)



P181 [Social Data 2-1](#)

[Major examples of public-private partnership projects](#)

#### Establishment of the area management promotion system

The Urban Environment & Community Creation Department, established in August 2022, is responsible for the “expansion of the circular value chain from the perspective of local communities and customers,” one of the key theme in the seventh Medium-Term Management Plan. It is promoting complex redevelopment projects mainly in regional core cities. We are committed to continuing to engage with local residents and enhance the value of their areas through area management.

#### 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

In the urban development projects, we are committed to the vision of “protecting people from disasters, creating livable towns, and providing a comfortable environment.” We have established measures from the perspectives of safety and security, universal design, environment, beauty, aging, and maintenance as guidelines in the conceptual and design stages of all our properties. As an example of our consideration in pedestrian flow lines, we have naturally designed barrier-free areas by eliminating steps and reducing gradients, and have selected materials for pavement and structures that can reduce injuries to pedestrians in the event of a fall. In addition, routes to specific facilities (central locations in the community such

as medical, commercial, and public facilities and service and business centers) and transportation facilities (stations, bus stops, etc.) are planned with as few roadway crossings as possible, aiming to create a livable community for a variety of people, including the elderly, children, and disabled people.

In addition, for properties above a certain size, in order to create a favorable living environment that is in harmony with the surrounding community, we are working to maintain and preserve the community and landscape through the formulation of district plans and voluntary agreements such as “community development guidelines.”

#### 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



## Customer base


### Inclusive community development

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 33 projects (including those ongoing) from 2020, 10 land readjustment projects as an entrusted operator (including those planned for the future), 17 of our own urban redevelopment projects, and 6 condominium renovation projects.

### 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 city 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 Yokohama in Kanagawa Prefecture that are home to Neopolis site, 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.


 P182 Social Data 2-3  
Major examples of cooperation agreements with local governments




Exterior perspective of DPL Iwate Hanamaki II under a partnership agreement with Hanamaki City

### 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 has prepared a disaster prevention manual for residents, while Daiwa LifeNext is engaged in a demonstration of disaster prevention services.

 [➤ “Condominium Disaster Prevention Manuals” to prepare for emergencies Compiled by residents of the newly built condominium “INITIA” and those of the local communities to start an initiative to help each other \(Cosmos Initia\) \(Japanese text only\)](#)

 [➤ Conducting “real x VR” disaster prevention training demonstration \(Daiwa LifeNext\) \(Japanese text only\)](#)



Customers experiencing VR firefighting training PRO (©ASATEC), wearing goggles and holding controllers


### 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 \(Japanese text only\)](#)

### Community support through urban development projects

From fiscal 2020 to 2022, we implemented community support programs for 11 urban development projects that, in terms of area, accounted for a total of some 15ha (over 10 residential subdivisions that Daiwa House Industry's Urban Development Department was involved in from the design stage). As key components of these community support 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 established an organization to take on a variety of activities in which companies and organizations work together to make the community more attractive. We entered into a collaborative arrangement with Maebashi City in Gunma Prefecture and are promoting activities as the secretariat. In the “Chiharadai Park Facilities Installation Project” in Ichihara City, Chiba Prefecture, we plan to construct a community center in the park as the preferred bidder. We are providing opportunities for local residents to participate in community development through community development seminars in collaboration with a nearby university, events with local businesses, and other activities.

## Customer base

### Inclusive community development

#### Kurasu Mori Sharing Salon

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 seven local governments, with activities including urban development and offering encouragement for relocation. We have also established Kurasu Mori Sharing Salon community spaces at nine places (including two new sites in Aso and Inawashiro). We have also deployed disaster prevention warehouses and AEDs throughout the country in an effort to build local communities and involve a certain number of citizens in the project. The member site of forest residential area owners has more than 1,300 registered members, and promotes community development rich in nature in preparation for disasters by holding regular management reporting meetings, sharing information on disasters and disaster prevention, and exchanging residents' opinions.



Kurasu Mori Sharing Salon



Development status of  
"Kurasu Mori"  
(As of March 31, 2023)

#### 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, building owners can expect stable rents, and potential tenants can move into high-quality single-family houses that do not often appear in the rental market. Regardless of age, 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.

In addition, from October 1, 2022, we started providing "Loan no Omamori", a new type of mortgage loan with a set residual value, for customers who are considering buying newly built houses nationwide. We have developed the new loan along with JTI and The Mortgage Corporation of Japan, Limited (MCJ). This is a mortgage loan with two options attached to JHF mortgages (Flat 35, etc.) handled by MCJ: a "residual value purchase option," in which JTI purchases the loan for the same amount as the outstanding mortgage debt any time after the month the residual value is set, and a "repayment amount reduction option," which allows the borrower to refinance the debt with a "new reverse mortgage" with significantly lower monthly repayment amounts. These two options help homeowners to resolve the uncertainty of mortgage repayment due to a decrease in income after retirement and to prepare for various future changes.

The two options are available only for detached houses for which JTI has issued a "Kaseru Stock Certificate (Fixed Type)," which recognizes that the house has high durability and earthquake resistance and is equipped with a long-term maintenance system, as well as a "Kaseru Option Certificate (Residual Value Type)," which states the month of setting the residual value and other conditions of the house for which JTI has assessed the income capitalization value that can be realized through the home rental system.

We have set forth our vision of "Lifestyle Design" and declared that we will not only provide homes as customers'

bases, but also design places for our customers to live through their homes. Looking ahead 20 or 30 years, "Loan no Omamori", which proposes financing plans that can flexibly cope with changes in life, represents the very concept of Lifestyle Design that we advocate.

\*1 Depending on the area and the condition of the property etc., the house may not be eligible.

\*2 Depends on the region.



Pamphlets distributed to customers

## —Toward Sustainable and Inclusive Community Development—

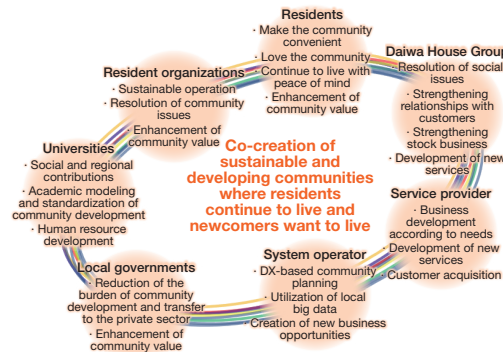
### Topics

#### Redevelopment of communities: The Livness Town Project

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 houses. In a bid to resolve these issues, as part of our responsibility to create communities, we are working together with our stakeholders to redevelop communities in order to create their attractiveness.

#### Our vision for community development

The Livness Town Project aims to create a sustainable community in which the residents of the town have a purpose in life, can change their residences according to their life stages, and the new residents can live safely and comfortably.



#### Current efforts to redevelop communities

To date, we have embarked on this redevelopment at eight Neopolis sites. While we are working to build relationships with these communities, we have actively been creating opportunities for dialogue with local residents in order to understand community issues, and working together with them to resolve these issues.

##### Emphasis on dialogue with local residents

Carefully listen to their thoughts on the future and consider appropriate measures for the community



Voices for community development from dialogue  
Target: 3,000 cases

##### Fostering leaders in community development

Promoting and accelerating development of communities "led by residents" by inviting residents who know their communities well



Number of participants in community development  
Target: 1,000 people

##### Creation of prosperity by residents and immigrants

The aim is to maintain and increase the population by fostering relationships among residents and creating a community where people want to continue to live.



Population maintenance

##### Introduction of measures developed by principal leaders

Improvement of infrastructure to accommodate local residents who want to move to other residences within the community as well as immigrants to solve problems such as vacant houses



Vacancy rate at Neopolis sites  
Target: 0%

#### Example of initiatives (Midorigaoka Neopolis, Miki City, Hyogo Prefecture)

##### Participation in the renovation and operation of community facilities using vacant houses

"Takahashi Sanchi" is a community facility that was opened in January 2022. It was created by renovating a detached house where tea ceremony classes had been held for local residents. It reflects the desire of local residents to recreate the bustling place in the past. It is designed to be barrier-free so that everyone from children to the elderly can easily stop by. By creating a bright and open space that is connected to the outside, it provides visitors with a comfortable and enjoyable time. In addition to day-to-day use, we hold events that allow people of all ages to interact with each other, creating a variety of relationships.



Community house "Takahashi Sanchi" (exterior)



Workshop for residents who want to change homes according to their lifestyles

##### Formation of a local community through an orchid cultivation facility

We are also working to form a community with local residents at "the Cocolan House" at the Neopolis site in Miki. Using proprietary R&D technology, we cultivate "Cocolan," a miniature variety of moth orchid, with the elderly and disabled people to create jobs in the community.



Cultivation at "the Cocolan House"

##### Building relationships with local residents

We are working to build relationships with local residents so that they can express their true feelings in order to create the attractiveness of their communities. To this end, we plan various events and create opportunities for dialogue with local residents.



Event "Kodomo Ennichi"



## Customer base

### Improvement of customer relations

#### Approach to issues

The Daiwa House Group's mission is not only to provide a building, but also 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. The Group 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 with customers while both customers and employees are to be comprised of a wider range of generations.

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 logistics 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 after-sales 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 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.”



## Customer base

### Improvement of customer relations

#### 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. Condominium owners can also be registered members of the website. In addition to providing maintenance notices and holding Web-based questionnaire surveys, we have enhanced the “Messenger” and other customer communication functions.

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 employees of the customer support center 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.

#### 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).

#### Main membership organizations for owners

	Single-family houses	Apartments	Commercial facilities
Name	Daiwa Family Club	Daiwa House Owners Clubs	Owners Clubs
Total Membership	307,603	Owners Clubs: 88 Owners Clubs members: 19,573, Junior members: 2,922, Female members: 10,607	65 clubs in Japan 6,623
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>


## Customer base


### Dialogue and coexistence with 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.

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](#)

 P182 [Social Data 2-4](#)  
[Achievements related to community co-creation activities](#)

dialogues, and collaboration with the civic activity departments of local governments and NPOs in the areas where they operate, the committee members work to enhance the content of activities and promote the planning and implementation of activities that employees would like to join again.



Community co-creation activities at our work site

#### 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.

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.

 [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 \(Japanese text only\)](#)

## 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 Promotion Committee appointed at each branch office. The committee plans and formulates its activities in light of social issues and issues in the management of each worksite in order to revitalize local communities. Some worksites have developed community involvement programs through discussions with various local organizations. In recent years, there has also been an increase in the number of activities that are linked to business activities.

At the center of these efforts are members of the Community Co-Creation Promotion Committee. Through hearings,

### Main approach

#### Promoting use of volunteer leave system

As for leave for volunteer activities, the Company has 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.

#### Introduction and operation of donation collecting system

Our Group 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. This system aims to create opportunities for employees to learn about social issues through donation. It is a mechanism where an employee can donate any registered

## Customer base

### Dialogue and coexistence with local communities

#### Daiwa Sakura Aid

We received a phone call at 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 on Mt. 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.”

Mt. 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.

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.”

 P182 Social Data 2-4  
Achievements related to community co-creation activities  
(FY 2022)

 [Daiwa Sakura Aid](#)

#### Preserving the cherry trees on Mt. Yoshino

In fiscal 2022, 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. After growing them in the field for about 5 years, we plant them on Mt. Yoshino.



Soil improvement

#### 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 local residents throughout the country since fiscal 2010 under the slogan “Let’s transmit cherry trees” in order to transmit cherry trees to the future generations. In fiscal 2022, we held a collaborative event with a local brass band and a calligrapher, who is also one of our customers, at Ohku Elementary School in Ikata Town, near our “Royal City Sadamisaki Resort” in Ehime Prefecture, to provide an opportunity for multi-generational exchange in the local community.



Event at Ohku Elementary School in Ikata Town

#### 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 2022, concerts were held at the Nara National Museum, the Tokyo National Museum and Osaka City Central Public Hall.

In addition, in March 2023, we held photo exhibits of Mt. Yoshino and cherry blossoms all throughout Japan, tying up with an event at the Tokyo National Museum titled “Cherry Blossom Viewing at the Museum.” The exhibits were enjoyed by many visitors.



Cherry blossom photo exhibit at the 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 Plant

#### Fund-raising activities

In the spring of 2022, we held our annual fundraising event for the cherry tree preservation in Mt. Yoshino. In addition, we received donated funds from vending machines with a donation function and group companies for the preservation of cherry blossoms in Mt. Yoshino. 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.

 P182 Social Data 2-4  
Achievements related to community co-creation activities (FY 2022)



Pamphlets that introduce the beauty of cherry blossoms all throughout Japan  
Photo collection “Sakura”



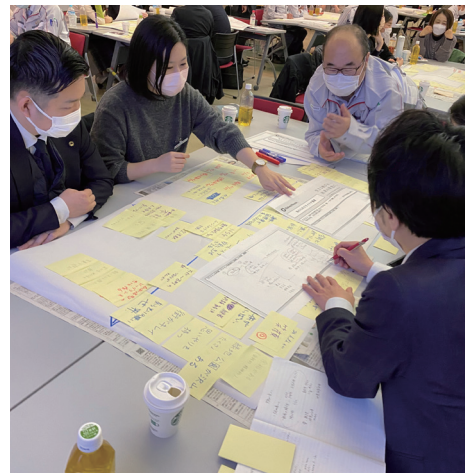
## —Toward realizing Our Hopes for the Future (Purpose)—

### Topics

#### Initiatives at branches and plants nationwide

As part of our efforts to realize Our Hopes for the Future (Purpose), we formulated the *Miraimachi Sengen* (Futuretown Declarations), a vision of the “towns we want to create in 2055,” together with our stakeholders at our branches and plants.

The first step in the process of formulating the plan was to gather members of the Community Co-Creation Promotion Committees, who compile ideas of employees at branches and plants to lead them to goals, from all over Japan, and held a future production meeting for an overnight stay. Experiencing what could not be obtained from everyday work of imagining “future towns” 32 years ahead, some said, “It was difficult to fly my consciousness into the future,” and “It was hard to see what kind of world to which future towns will belong,” while others said, “We are in charge of creating the towns of the future,” and “We are only entrusted with the earth by the future, so we have to create good towns.” Thereafter, the Community Co-Creation Promotion Committee members took the lead in creating the future landscape, making the most of the characteristics of each town by holding workshops in cafes and other places that are different from the locations for their normal daily routines. The *Miraimachi Sengen* which was formulated as a result of these processes, has been posted nationwide as the policy for the future of branches and plants.



Formulating the *Miraimachi Sengen* at branches (Left: Kyoto Branch, right: Niigata Branch)



Future production meeting at the MIRAI KACHI KYOSO Center (Kotokurie)

This was the first time that there has been dialogue for the future of each town. From among the Community Co-Creation Promotion Committee members, who played a central role in the formulation of the plan, one said, “I became more familiar with and attached to the branch office and the community in which we are rooted than ever before,” and another one said, “It was a valuable experience to think about what kind of company we want Daiwa House to be in the future, how we want to work, and what kind of lifestyle we want to create, not on a top-down basis.”

In fiscal 2023, we will establish an action plan to realize the *Miraimachi Sengen* and work with various stakeholders to create a better view of the future.



## Customer base

### Dialogue with Shareholders and Institutional Investors

#### Approach to issues

In order to contribute to our company's sustainable growth and medium to long-term enhancement of corporate value, we conduct constructive dialogues with our shareholders and investors in terms of both financial and non-financial information with the cooperation of each department within the company. We strive to ensure that our corporate value is properly evaluated through the timely and appropriate disclosure of information necessary for investment decisions (medium to long-term management strategies, financial and non-financial management indicators, materiality, risk information, etc.) as well as through the implementation of ongoing investor relations activities.

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. We will continue to provide timely and appropriate feedback to improve management decisions and further increase corporate value.

#### Main approach

#### Dialogue and communication with institutional investors and analysts

In fiscal 2022, we continued to be affected by COVID-19, but conducted dialogues with a total of 835 companies, including domestic and overseas institutional investors mainly in Europe and North America, through individual interviews and small meetings utilizing web meetings and teleconferences. In addition, for the first time since fiscal 2019, we conducted a site/facility tour to showcase an example of the "Complex Redevelopment Centered on Local Core Cities," a strategy of the seventh Medium-term Management Plan, in Hiroshima. In addition, we held an overseas business briefing session to promote understanding of our overseas initiatives and governance structure.

In the "Integrated Report 2022," published in September 2022, we introduced "Our Hopes for the Future" (Purpose)

toward 2055 and our efforts to realize sustainable corporate value enhancement based on our Medium-Term Management Plan. The ESG Small Meeting, held every December, was the seventh such event in 2022 and was attended by 42 institutional investors.

#### Dialogue and communication with individual investors

In fiscal 2022, we held two online company briefings for individual investors, which were viewed by a total of 4,525 people. We focused on deepening investors' understanding of the Group's stability and growth potential by providing an easy-to-understand explanation of the Group's history and overview of its business development adhering to the founder's key concept of "being of service to society," as well as the details of each business. We also introduced our initiatives for the environmental protection (carbon neutral strategy), which have been the focus of much attention in recent years, and our human capital strategy, which aims to enhance the value of

human capital, and carefully explained our shareholder returns, such as the achievement of dividend increase for the 12th consecutive year.

#### Disclosure of information through the official website

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. In addition, we are committed to disclosing information in a variety of other formats, such as by distributing on-demand videos of presentations at management briefings and company presentations for individual investors at later dates.



P131-132 Inclusion in ESG indices



Investor Relations

#### Major IR Activities for FY 2022

	As needed	Quarterly	Semiannually	Annually
· Financial summaries are uploaded to our website with voice explanations		●		
· The contents of financial results briefing and management briefing sessions disclosed on the website in the audio and text formats		●		
· Contribution of articles to IR journals	●			
<b>Activities for institutional investors and analysts</b>				
· Individual meetings with institutional investors in and outside Japan; reception of telephone interviews	●			
· Financial results briefing session by teleconferencing		●		
· Management briefing session by the top management team			●	
· Overseas road show by the top management team				●
· Individual meetings focusing on ESG	●			
· ESG small meetings	●			
· Small meetings organized by securities firms	●			
· Proactive participation in an IR conference organized by securities firms	●			
· Briefing on overseas business, focusing on U.S. housing	●			
· Site and facility tours	●			
<b>Activities for individual investors</b>				
· Online company briefing sessions	●			
<b>Provide feedback about opinions received through IR activities to the departments within the company</b>				
· Report IR activities at board of directors meetings				●
· Report IR activities to external directors			●	
· Exchange opinions on business performance and market trends with the business division		●		



The management briefing session



Online company briefing session for individual investors



Briefing on overseas business, focusing on U.S. housing

## 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

#### 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.

In Japan 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.

#### The impact our Group will have on society

The Group aims to transform itself into a digital value chain as a “next generation of industrialized construction” that will evolve the “Industrialization of Construction,” our corporate mission since founding, with digital technology and break away from the existing construction process.

The challenge of realizing the next-generation industrialized construction is not limited to improving our own construction processes, but is also linked to maximizing the value we provide to our customers through automation and labor saving in design and construction to solve the shortage of engineers in the industry, as well as to ensuring quality. This approach is in keeping with the spirit of the company founder's key concept, “Don't do things because they will make a profit, but because they will be of service to society”.

In this context, we are working to develop construction DX by integrating and linking comprehensive BIM for design, manufacturing, construction, and maintenance management, and digital construction using ICT technology for construction, construction management, etc. BIM can be used not only for 3D modeling, but also for the central management of a variety of information as an information infrastructure.

In parallel with “the digitalization of back office” to realize new ways of working, the Group is also promoting the establishment of a “construction platform” to make the entire construction industry smarter and “the digitalization of value chain” by “strengthening connections with customers” to support the life they want to realize.

Furthermore, we are working on “manufacturing reform” to realize construction DX through advanced use of BIM information, and “advanced building management” to automate logistics facilities.

#### 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. Among related communities, the interest in and needs for CSR procurement by companies, including respect for human rights and environmental conservation, and compliance throughout the value chain, are increasing year by year. As a leading company in the construction industry, the Group has been promoting CSR procurement together with its business partners since 2015. By strengthening the partnerships with suppliers that we have cultivated through these activities and promoting understanding among suppliers in line with the times, we aim to create a system that is resilient to risks that threaten corporate sustainability throughout the value chain.

## ■ Technology and manufacturing base

### Build platforms for innovating solutions to social issues

#### Approach to issues

Always keeping in mind our founder's admonition: "Don't do things because they will make a profit, but because they will be of service to society," at the Daiwa House Group we have 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 when doing business. These include retail and wholesale facilities that enable effective use of land, against the backdrop of the motorization of society, and logistics facilities that take advantage of the 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, 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 this end, as part of our efforts to create new value, we will transform our businesses and business models by promoting digital transformation and expand open innovation, which allows for emergence from diverse perspectives, into our intellectual property strategy, and build a system that can promote business development in the medium to long-term and from the perspective of social issues.



➤ Strategy for Intellectual Property

#### Management

##### Operation of businesses that find solutions to social issues

To build a sustainable society, 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.



P183 Social Data 3-1

Major business collaborations and validation experiments to create for innovation and to solve social issues

Social Data 3-2

Examples of major products for solving social issues

##### 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. Moreover digitalization is accelerating across all areas of society as the impact of COVID-19 drives a shift to new lifestyles 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)

#### Main approach

##### 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.



➤ Community development with 100% renewable energy  
(Japanese text only)

##### 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. 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 April 2023, our open innovation program has been soliciting submissions on the theme of "Business innovation to build a sustainable growth model for the Daiwa House Group."



## ■ Technology and manufacturing base

### Build platforms for innovating solutions to social issues

In our seventh Medium-Term Management Plan, we are committed to building a sustainable growth model that continues to maximize both business growth and social contribution. To achieve this goal, we are looking for partners who are willing to take on the challenge of creating value together with us under the new themes of “accelerating the supply of additional renewable energy (environmental energy business),” “energy creation and energy saving technologies to realize ZEH-M (condominium business),” and “solving social issues at logistics sites (construction business).”

We will continue to work on building a system to actively promote alliances with external partners that transcend industry boundaries as a foundation for innovation to co-create the landscape of the future.

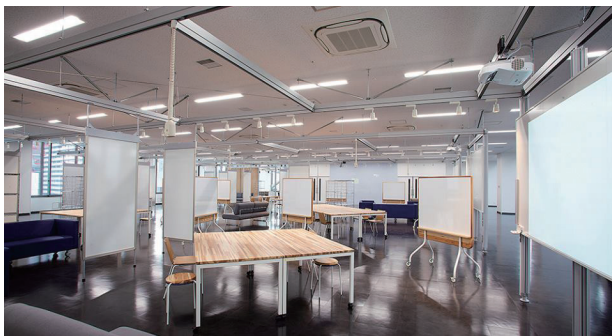


➤ [Open Innovation Program \(Japanese text only\)](#)

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

### Promotion of innovation in logistics

Daiwa House Group's logistics solutions have developed with the times. 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 land owners and tenants. The third was the development of medium- and high-rise logistics centers. 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 about 350 buildings located around Japan.

In addition, since 2021, we have been promoting a demonstration project for advanced logistics using DX technology in collaboration with leading Japanese consumer goods manufacturers and distributors/retailers. We are working to improve the efficiency of the entire supply chain by utilizing the latest automated equipment and building an information infrastructure for collaboration among the businesses involved. By addressing labor shortages and energy saving, we are contributing to the realization of sustainable logistics. At the same time, from these initiatives, we are creating new businesses that solve social issues.



DPL Yokohama Totsuka



Experiment on automation demonstration

### 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 past large-scale earthquakes, we are continuously reviewing specifications for seismic resistance ability, materials and equipment.

In addition, we are working to extend the life of our buildings by enhancing their durability through the use of steel structural members that are both rust-resistant and waterproof, fire-resistant and weather-resistant exterior wall materials, and anti-humidity measures that balance ventilation and waterproofing inside the 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 \(Japanese text only\)](#)



## Technology and manufacturing base

### Improving Manufacturing Productivity and Ensuring Quality at the Same Time

#### Approach to issues

Working together with its partners, the Daiwa House Group has built up its technology and manufacturing base to provide 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.”

In the coming era of technological innovation, we will aim at establishing a technological and manufacturing structure that “can flexibly cope with the changing times,” by cementing relationships of trust with our partners and improving our technological capabilities.

#### Management

#### Quality Assurance System

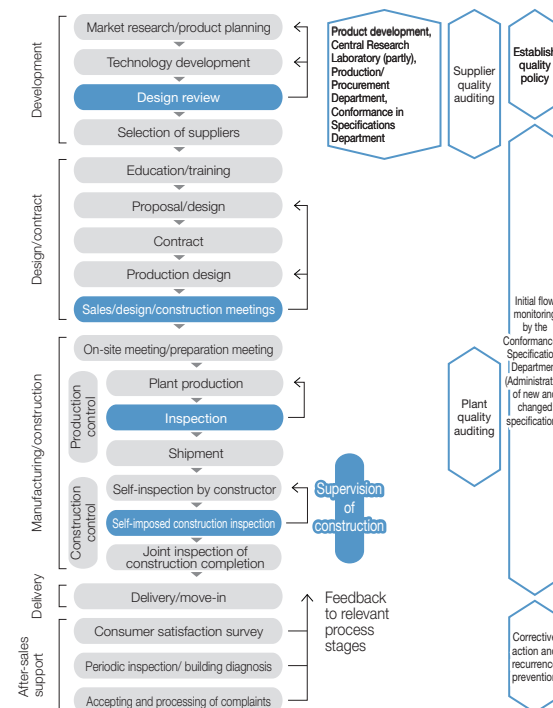
Daiwa House Industry pursues quality improvement throughout the production process, from development to design and contract, production and construction, to after-sale services. As shown in the diagram right, we conduct inspections and take measures to improve development, production and construction, 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 collect 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 may lead to violations of laws and regulations and in-house criteria, and respond to these issues promptly. The Quality Assurance Department is in charge of processing this feedback and passing the details on 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)



#### Cross-sectoral management and supervision of specifications information

To rebuild the conformance system in specifications at the Head Office divisions and further strengthen our legal compliance system, the Company established the Legal Compliance and Quality Assurance Department reporting directly to the president on August 1, 2019.

The Conformance in Specifications Department belongs to the 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 recurrence 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. (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. In addition, we conduct “design audits” (monitoring of design documents) to provide customers with good products that are free from legal and model violations.

## ■ Technology and manufacturing base

### Improving Manufacturing Productivity and Ensuring Quality at the Same Time

#### 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 Department and the Procurement Department of the Head Office, have acquired ISO 9001 certification, the international standard for quality management systems. In our Production Department 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 plants 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" are the guidelines for the construction and renovation of our plants and control buildings. The manuals 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.

#### 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, as well as a construction supervision department inspection. A building must pass these inspections before it can be delivered.

###### 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, we conduct supervisory onsite inspections and quality checks on design, construction, and facilities.

##### 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.

Against this background, 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.

##### Support for issues faced by partner subcontractors

###### Assistance in human resources training

We provide our business partners with 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. Twenty-eight 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 fiscal 2023.

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. Two of these technicians received the 2022 Minister of Land, Infrastructure, Transport and Tourism Award for Excellence in Construction (Construction Master), setting a good example for other technicians. Training for new housing technicians, semi-comprehensive construction store owners, and prospective full-time supervisors in fiscal 2022 was again conducted in the form of online classes instead of

## ■ Technology and manufacturing base

### Improving Manufacturing Productivity and Ensuring Quality at the Same Time

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.)
- (4) Training to improve on-site management skills of overseers (foremen) employed by subcontractors, including study of risk management, examination of past cases involving safety, quality, and environmental issues, and discussion of countermeasures, with examples of improvements, etc.
- (5) Stimulation of improvement activities through the implementation of the national improvement contest

#### 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 after improving the in-house system.

At our large worksites, tablet terminals are installed onsite to control entry by face recognition and simultaneously measure the temperature of technicians to prevent the spread of COVID-19 and other infectious diseases in the front line. At smaller sites where it is difficult to install tablets, we use face recognition to control entry and exit of technicians using their smart phones.

In fiscal 2022, in order to further promote this system, we held group registration meetings for technicians and employers, subsidized registration fees on their behalf, and took other measures to promote the registration with the system, as a

result, the registration rate increased steadily. However, we have failed to achieve the full registration of all technicians who enter our construction sites. In fiscal 2022, as one of the improvement proposals from our cooperative association, we have created a tool that allows even sole proprietors, who are not familiar with computer operation, to easily apply for registration, and we will encourage more technicians to join the system by horizontally deploying this tool within the company.

#### Passing skills on to factory business partners 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. In fiscal 2020 and fiscal 2021, we held an online conference to prevent the spread of COVID-19. In fiscal 2022, the contest was held by meeting up at a factory for the first time in three years. We held nine events for six skills: welding, woodwork, exteriors, painting, crane, and forklift. The contest was held in Nara factory from November 10 to 11, 2022 by gathering a total of 74 employees participating from our 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 fiscal 2022.

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 expand the number of lines this training covers and establish a forum for exchanging opinions among employees at different plants.

 P184 **Social Data 3-5**  
Health and safety education

#### 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.



AI monitors construction progress based on images from camera

## ■ Technology and manufacturing base

### Improving Manufacturing Productivity and Ensuring Quality at the Same Time

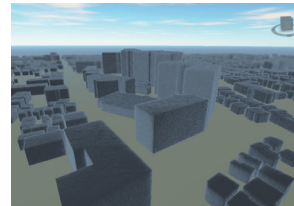
#### Installation of webcams at all single-family house construction sites

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, the Company installed webcams as standard equipment at all single-family house construction sites nationwide from February 2022. This practice enables construction site supervisors to check onsite conditions and communicate effectively with workers through terminals and monitors. 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.

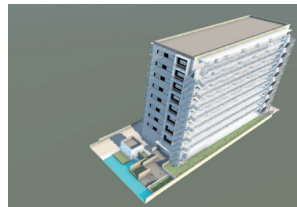
We aim to promote the digital transformation of construction through the use of AI to analyze images obtained from webcams and other practices to improve the work efficiency of construction site supervisors at single-family houses by 30% by fiscal 2026.



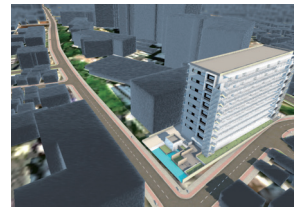
The introduction of onsite webcams



3D city model



3D model of prospective construction



Data integration and land data

#### 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.



## ■ Technology and manufacturing base

### 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 concern for human rights, as well as environmental considerations such as decarbonization, while at the same time offering good quality/pricing.

The Company 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.



P184 **Social Data 3-3**  
Supply Chain Sustainability Guidelines Agreement  
collection rate/Self-check response rate/  
Conformance ratio

#### 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. 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 business activities.

##### 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.



P129 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, 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

Based on the Supply Chain Sustainability Guidelines, 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 companies, we review their application against their management policy, construction technology, number of qualified workers, and construction price levels 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.

## ■ Technology and manufacturing base

### Promote and improve the efficiency of CSR procurement across the Group

#### The Supply Chain Sustainability Guidelines

In order to promote CSR procurement with our business partners, we formulated the CSR Procurement Guidelines in 2015. In April 2023, we revised the guidelines and renamed them the Supply Chain Sustainability Guidelines to cope with the recent changes in society.

Our guidelines establish seven 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 social and environmental requirements for our business partners under our “Corporate Activity Guidelines.” Furthermore, the “Guidelines for Products” define the criteria for environmental and social features of products (such as construction materials) procured by business partners and delivered to us.

When contracting with new business partners, we explain to them the purpose of our “Supply Chain Sustainability Guidelines” and have them submit a letter of consent that they will honor the guidelines. We promote procurement according to the guidelines and work on improving them, thereby running the PDCA Cycle.

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.

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

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

[P047 Cross-segment CSR Procurement Subcommittee](#)

[P072 Assessment of business partners human rights risks](#)

[P184 Social Data 3-3](#)

[Supply Chain Sustainability Guidelines Agreement collection rate/Self-check response rate/Conformance ratio](#)

 [The Supply Chain Sustainability Guidelines](#)

#### ■ Overview of the Supply Chain Sustainability Guidelines

The Supply Chain Sustainability Guidelines	
(1) Business Partner Code of Conduct	
(2) Corporate Activity Guidelines	
(3) Guidelines for Products	
Chemical Substance Management Guidelines	
Biodiversity Guidelines: Timber Procurement	
Items to be Assessed for Legality and Sustainability	

#### Encouraging business partners in CSR procurement

Daiwa House Industry assists three member organizations in its supply chains, in the interests of “Co-creating a Brighter Future” with its material suppliers. Through these organizations, we learn of demands and issues our business partners have with us. Together, we promote CSRs via closely knit communications, such as informing them occasionally of business process issues we want them to respect.

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 have been encouraging our business partners to promote CSR procurement in a cross-group and cross-departmental manner.

We also ask business partners to include CSR procurement matters in their contracts to ensure that they act appropriately.

 [P047 Cross-segment CSR Procurement Subcommittee](#)


[P107 Member organizations in our supply chains](#)

#### Action taken with suppliers with marked ESG risks

The Group has established a “Partners Hotline,” a contact point for reporting problems from business partners. The hotline is used to identify any behavior by Group employees that may be problematic from an ethical or compliance standpoint, as well as any problems among suppliers, and to strengthen relationships of trust with business partners.

The company corrects any problems identified by the reporting as appropriate.

When we receive reports of corruption, including bribery, or human rights violations by our business partners, we have a system in place to investigate the facts and urge our business partners to take corrective action.

 [P070 Various whistleblowing systems](#)

[P184 Social data 3-4](#)  
[Results of questionnaire survey for business partners](#)

#### Resolving problems in relations with partner subcontractors originating with the Daiwa House Industry employees

The Group surveys our business partners once a year. The results of the business partner questionnaire survey are used to build appropriate relationships with partner subcontractors. The results of the questionnaire survey are reported to the relevant division executives, including the representative director, and feedback is provided to the offices that serve as the actual contact points with business partners to formulate and implement improvement plans. 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.

 [P184 Social data 3-4](#)  
[Results of questionnaire survey for business partners](#)

#### Respecting fair competition through audits

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. When what should be corrected is identified, a request for correction is provided.

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.

## ■ Technology and manufacturing base

### Promote and improve the efficiency of CSR procurement across the Group

#### Establishing appropriate relationships with suppliers

##### 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 2022, compliance with the Daiwa House Group Principles of 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.

#### Local procurement

As the Group's core business is construction, we depend on local building-trades service providers (which handle onsite work) and building-materials suppliers. And to earn trust and build long-term relationships with customers, we take a mid-to-long term perspective and are locality-oriented in sales and after-sales services, which entails hiring the people to do this work from the community as well. We cultivate relationships with community stakeholders to build the Group's 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 provide support for the operation of the following member organizations comprised of our business partners.

##### The Confederation of Partner Companies (4,430 companies): Composed of manufacturing and construction companies

The Confederation of Partner Companies has 78 branches nationwide and focuses on improving safety, quality, technology, and work efficiency, as well as promoting environmental conservation. Confederation members share ideas and

knowledge through the information site "D-PC/WEB Ren" to ensure smooth communication and collaboration.

##### The Trillion Club (239 companies): Composed of material suppliers

The Trillion Club helps improve the finances 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 promotional activities.

##### The Setsuwa Club (164 companies): Composed of housing equipment manufacturers and sales companies

The Setsuwa Club enhances cooperation and collaboration by product and technology exhibitions, etc. The Club has a branch in each of the Kansai, Kanto, Chubu, and Kyushu regions.

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

#### Communications with the Confederation of Partner Companies


The Confederation of Partner Companies, an organization of construction subcontractors and manufacturing business partners, consists of regional confederations (comprising each branch and manufacturing partner), prefectural confederations (comprising representatives from each prefecture) and the confederation headquarters. Construction representatives, branch managers, plant managers and directors of Daiwa House Industry closely liaise via each organization's meetings to share information on safety, product quality, technological skills, work efficiency, environmental issues, human resource development, etc., to realize plans for improvement.

#### Main approach

##### Monitoring business partners for ESG issues

The status of compliance with the Supply Chain Sustainability Guidelines (former CSR Procurement Guidelines) has been monitored regularly through an annual questionnaire (named "Self-Check") conducted for business partners since fiscal

2017. In fiscal 2022 (conducted in November 2022), we had our business partners conduct self-assessments against the guidelines and there were no reports of human rights violations prohibited by these guidelines. For items that received low scores in the monitoring survey, we encourage our business partners to conduct educational activities.


 [P072 Assessment of business partners human rights risks](#)  
[P184 Social Data 3-3](#)  
[Supply Chain Sustainability Guidelines Agreement collection rate/Self-Check response rate/Conformance ratio](#)

#### Addressing human rights issues of foreign workers at construction sites

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, in fiscal 2022 we conducted for the first time a "questionnaire survey on human rights of foreign workers" among our business partners.

#### Response to rights of indigenous people

As we procure timber globally, we have established the Supply Chain Sustainability Guidelines — Biodiversity Guidelines [Timber Procurement] to avoid complicity in biodiversity destruction or human rights violations. In accordance with these Guidelines, we conduct an annual CSR timber procurement survey to ensure that no timber is being procured from areas categorized as "high risk areas (tree species)" with a strong possibility of violating the rights of indigenous people. When we ascertain ongoing procurement from such areas, we take corrective action against relevant suppliers. We also amend assessment items when needed, 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 Conducting procurement of timber surveys at our suppliers](#)

## Technology and manufacturing base


### 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.”

 P080 Flexible work styles

#### 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.

The company 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.


#### ■ Safety targets for fiscal 2023

Items	Important activities
Incidents resulting in death...0	Push forward employees-led initiatives as part of the “new hiyarihatto (close call) experience reporting” program as preventive safety management activity
Incidents caused by a third party...0	Conduct s risk assessment during a construction review session
Heavy machinery-related incidents resulting in an absence of at least four workdays... decrease 30% from FY2022	(1) Work plan development and dissemination (2) Measures to keep out of the work area (3) Power shutdown when no work is performed
Slip/fall incidents resulting in an absence of at least four workdays... decrease 30% from FY2022	(1) Full scaffolding facilities (2) Thorough use of slip prevention equipment (3) Educational guidance
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

#### 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.

 P184 Social data 3-5  
Health and safety education



## ■ Technology and manufacturing base

### 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 2022, we assessed risks not only at all of our branch offices and plants, but also at new construction sites. 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 ISO 45001, 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

Only one industrial accident was recorded at our places of business in fiscal 2022. There were no fatalities. Our subcontractors also recorded zero industrial accident fatalities\*. With regard to the industrial accident that occurred, we pursued and clarified the causes, and took measures to prevent recurrence, including internal notifications and special patrols. The same measures are taken in the event of serious accidents or incidents that could lead to fatalities, such as the fall of a crane, pile driver, and other construction equipment. As crashes and falling accidents, which account for 40% 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.

\* This statistic includes only those accidents covered by the Company’s On-Site Workers Compensation Insurance.

 P184 **Social data 3-6**  
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

##### 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.

Implementation Report

# Governance

## CHAPTER 03

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## ■ Implementation Report : Governance

We will keep moving  
forward, strengthening  
governance and co-creating  
a brighter future as only  
Daiwa House Industry can

**Takeshi Kosokabe**

Executive Vice President and  
Chief Financial Officer (CFO)  
Head of Management  
Administration Headquarters

### Commitment from the Executive Officer in Charge

#### Key priority: Ongoing moves to enhance governance and realize our Group Purpose

Looking back, as vice president, I spearheaded our efforts to enhance Group governance starting in November 2019—efforts which I am helping see through to completion today. In 2021, the Our Hopes for the Future project defined our Group Purpose with an eye on 2055. Governance was one of six materialities identified as necessary to fulfil this purpose. Discussion of the Our Hopes for the Future project carried over to our Seventh Medium-Term Management Plan covering fiscal 2022–26, which also set out strengthening of governance as one of eight focal themes.

Against this backdrop, our Seventh Medium-Term Management Plan maintains the four key policies set forth in 2019. We have pressed on with moves to enhance Group governance, reviewing details of our initiatives as needed in response to changes in the environment. Below I provide a progress report, with a focus on actions in each policy area in fiscal 2022, outcomes, and future challenges.

#### Welcome transformation of Board of Directors. Greater flexibility, more diversity among executive officers

Regarding our first policy, to review management structure and state of management and supervision, in fiscal 2021 we made the Board of Directors more diverse and changed rules to enable the submission of agenda items for Board meetings, in addition to matters to be resolved and reported on. In June 2021, to further vitalize board operations, we welcomed Yoshiyuki Murata, who has a wealth of experience as a manager in the construction industry, as Executive Vice President. As a result, we made progress in strengthening the monitoring functions of the board, something indispensable for sound business



## ■ Implementation Report : Governance

operations.

The benefits flowed through immediately in fiscal 2022. One notable outcome was rule changes permitting discussion of long-term challenges that had not reached a decision stage in a board that mainly focused on resolutions and reports. The addition of Mr. Murata was of enormous benefit. He asked

probing questions from a fresh perspective previously unseen at Daiwa House and deepened discussions from unexpected directions. Other directors also had opportunities to set out their views, bringing palpable vitality to the Board.

Meanwhile, increasing the diversity of executive officers responsible for business operations is just as important part

of this policy as strengthening the monitoring capabilities of the Board. Our longstanding direction has been to appoint diverse executive officers by recruiting experienced individuals from other industries. And we intend to continue our quest for flexibility by welcoming new perspectives and diverse human resources in order to prevent any ossification of our business organization and the bodies responsible for its management and supervision.

### ■ Daiwa House Group: Governance enhancement measures

From November 2019	2020–2021	2022–
Policies	Initiatives	Future
<b>1</b> Review management structure and state of management and supervision	<ul style="list-style-type: none"> <li>Revised the ratio of outside directors to one-third or more. Board of Directors changed to 9 inside directors, 5 outside directors (June 2020)</li> <li>Established upper age limits on inside directors. Set at 69 for representative directors, 67 for directors. Also set upper age limit of 67 for internal auditors and executive officers.</li> <li>Restructured standards for risk reporting to Board of Directors</li> </ul>	<ul style="list-style-type: none"> <li>Continuously strengthening and reviewing medium- and long-term management strategies and supervisory functions to Group's corporate value</li> </ul>
<b>2</b> Enhance agile business execution and risk response structure	<ul style="list-style-type: none"> <li>Adopted a business division-based system to the business execution structure. Reconfigured Japanese and overseas business execution systems to 8 business divisions and Group headquarter functional divisions and allocated Group companies to relevant divisions (fully operational from April 2021)</li> <li>Established Compliance Promotion Department to respond to risk and compliance issues and build appropriate business environment (November 2019)</li> <li>Established risk compliance organizations in each business division. Established risk management committees within business divisions to take preventative actions and integrated risk management across entire business supply chain</li> <li>Trained all executives/employees about business division-based system</li> <li>Senior management started investigating growth strategies beyond seventh medium-term management plan</li> </ul>	<ul style="list-style-type: none"> <li>Shift to business reporting systems/processes at business division and HQ divisional levels</li> <li>Continuous improvement of overlapping organizations/functions within Group</li> <li>Continual improvement of the Group's head office functions and optimal allocation of human resources</li> </ul>
<b>3</b> Strengthen risk information gathering and sharing	<ul style="list-style-type: none"> <li>Clarified risk reporting standards</li> <li>Established new external whistleblowing hotline</li> <li>Reorganized incident response management flow</li> <li>Built a structure/system to share overall risk information with the Risk Management Committees of each business division</li> </ul>	<ul style="list-style-type: none"> <li>Operation and ongoing improvement of risk information coordination systems</li> </ul>
<b>4</b> Strengthen environment for supporting sustainability and implementation	<ul style="list-style-type: none"> <li>Continuous training of all executives/employees on risk and compliance matters</li> <li>Strengthened the Group's internal audit system and risk approach, implement audits based on them</li> <li>Improved searchability of internal rules on risk and compliance</li> <li>Reviewed and automated processes pertinent to significant risks</li> </ul>	<ul style="list-style-type: none"> <li>Continuously strengthening the efficient business operating base to sustain risk management and compliance activities</li> </ul>

### Provide frameworks to realize a tiered management and robust risk response underpinned by a sense of ownership

Turning to our second policy—enhance agile business execution and risk response structure—our business division based-system, implemented in fiscal 2021, was running at full throttle in fiscal 2022. Previously the HQ corporate division managed risks centrally, but this responsibility is now delegated to the business divisions. Operating at the front lines, they have taken ownership of risk management, and are now able to independently investigate and roll out meaningful, concrete proposals appropriate for local conditions.

The third policy, strengthen risk information gathering and sharing, has also progressed. Each business division's risk management committee is responsible for managing its own risks, and debate and actions taken there are constantly shared with Risk Management Secretariat, led by the Legal Department. The Secretariat ranks the risks raised by business divisions according to seriousness, notifying the Board of Directors of those of particular concern, and asks the business division for reports on ameliorating them. Under this tiered risk management framework, the early discovery and addressing of incipient risks by those directly concerned has become a matter of course. Going forward, we intend to put in place protocols whereby headquarters takes the lead in analyzing and preparing for potential risks at business divisions, to take divisional risk management to the next level.



## ■ Implementation Report : Governance



Dealing with global risks is also important. Overseas development is indispensable to sustain our growth, and this requires enhanced global governance. On this understanding, we worked to strengthen longer term management foundations in the overseas business as we ramped up the business division-based system. We established regional corporates (RCs) in the US, Australia, ASEAN region, China, and Europe, assigning managers in charge of accounting, finance, and legal affairs, to carry out risk management and compliance to suit local conditions, enlisting outside help as needed. Our overseas businesses come in various shapes. For example, in the US we have a number of projects underway, including companies we have brought into the Group through M&A. In China, there is a company for each individual project. Our governance arrangements combine regional management by overseas headquarters and business management by business divisions. Our aim is to strengthen governance on a region by region basis, with the RCs operating optimally as regionally based organizations. We largely completed setting up the organizations and assigning personnel in fiscal 2021, but the legal affairs department is not yet fully staffed and we

are working to train personnel with a view to sustainable RC operations, which will strengthen governance in the overseas business as a whole.

### Focus on building environment for sustained, active risk and compliance activities

The last, fourth, policy was to strengthen the environment for supporting sustainability and implementation. Something that we have carried on since fiscal 2020 is ongoing risk and compliance training to make our people more aware of risks and ensure their actions are compliant. The Compliance Promotion Department works continuously to improve the organization's activities. We have assigned compliance promotion officers to each office in addition to headquarters to enhance such activities.

Our focus going forward will be on creating an environment which enables us to build on our gains with collaboration between headquarters and individual offices to promote risk and

compliance-related activities and ensure they are sustainable.

### Establishing unique Daiwa House governance arrangements via Our Hopes for the Future and further reform

Strengthening governance is a never-ending challenge involving all companies across our Group. My immediate goals are to fine tune our business execution arrangements based on the business division-based system to streamline operations, and help the Board evolve into a wider forum for discussion that considers proposals from outside directors with fresh perspectives. Lively debate from a variety of multi-faceted perspectives will enable the establishment of internal systems, which we must use to strengthen governance arrangements that underpin growth going forward.

That said, corporate culture—created by each and every employee—undeniably underpins governance. In this context, our Group has since its founding lived by the philosophy “Don’t do things because they will make a profit, but because they will be of service to society.” Updated for the current era, in our Hopes for the Future project, we reformulated this into “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.” Currently, we are rolling out workshops and other activities at a rapid pace to instill Our Hopes for the Future (Purpose). We hope that every employee will take this purpose on board and, if our very corporate culture changes as a result, this will surely be robust support for our governance efforts.

We will never be satisfied with the status quo as we work ceaselessly on the challenge of establishing Daiwa House style governance with a view to sustainable long-term growth along with the broad community.

### ■ Overseas governance initiatives

2019	Established the Overseas Strategy Committee
2020	Formulated the Investment Management Guidelines for the Group
2021	Began establishing regional corporate functions by area Began operation of Risk Management Committee at overseas headquarters
2022	Began work on formulating detailed management indicators for overseas business

#### Future Initiatives (Examples)

- Starting on-site management using detailed management indicators
- Further promoting and strengthening personnel assignments
- Building a management system in line with the Group regulations

## Governance >> 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

#### Social issues

In recent years, the risks surrounding management have continued to increase, such as the increase in natural disasters due to climate change, the normalization of extreme heat, and cyber-terrorism in the network society.

In addition, stakeholders, including institutional investors, are increasingly concerned about human rights issues, and it is necessary to address the entire supply chain, including business partners.

If we are upset by an “unexpected” eventuality, we may lose the trust of our stakeholders. To avoid such a situation, it is becoming increasingly important to be prepared for risks in advance.

In addition to the increasing number of compliance violation cases in companies, the risk of information spread through social networking services (SNS) is increasing. Therefore, while strengthening internal controls, fostering corporate ethics is a major management issue.

Business opportunities will increase with the development of the global economy. While the risks are also increasing, it is essential to understand and formulate countermeasures.

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

The Daiwa House Group is facing the possibility of increased risks if internal controls fail 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 foresee on the basis of 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.

## ■ Implementation Report : Governance

### Corporate Governance

#### 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 eight 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.

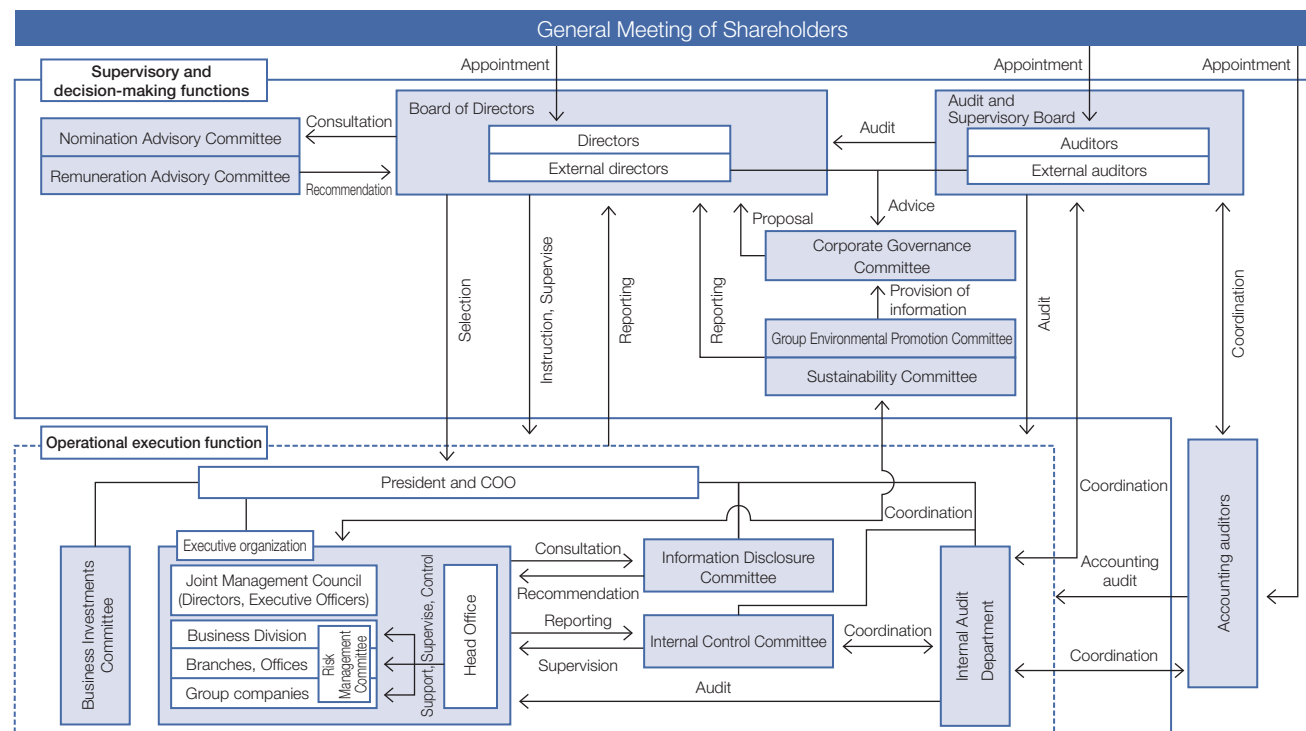
Regarding the nomination of directors and officers and remuneration, to enhance independence and objectivity, we have a Nomination Advisory Committee and a Remuneration Advisory Committee, the majority of whose respective members are independent external directors headed also by an independent external 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](#)

 [P185 Governance Data](#)

#### ■ Corporate governance system




## ■ Implementation Report : Governance

### 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” \(Japanese text only\)](#)
- [Nov.11,2019 Daiwa House Group Governance Enhancement Measures](#)

#### 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, 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 Medium-Term Management Plan.

In fiscal 2022, the rules were revised to secure time for proposals related to “strengthening the monitoring function of the Board of Directors,” including raising the amount of the agenda standard for decisions related to business execution to that in line with the scale of the business.

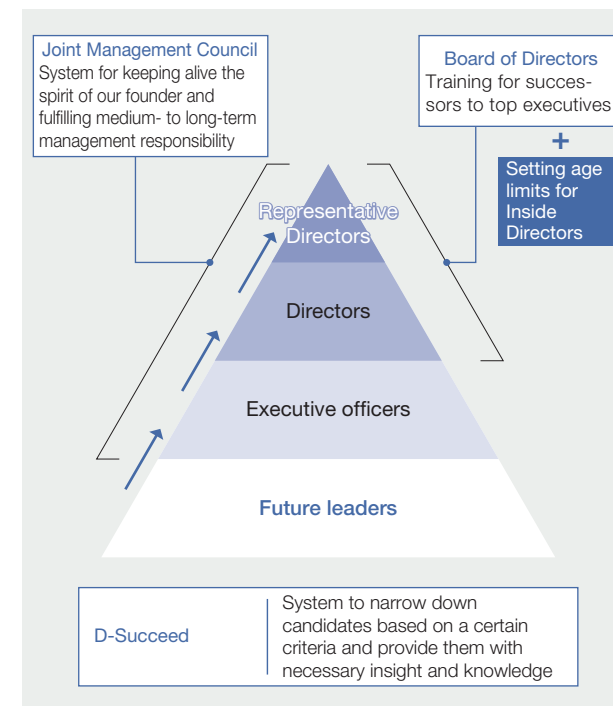
#### Fostering successor candidates

For continuous business development under a rapidly changing operating environment, the Company has set age limits for Inside Directors (Representative Directors: sixty-nine; Directors: sixty-seven). At the same time, we are fostering the next generation of excellent human resources and 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 : Governance

### 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 Board of Directors on the basis of answers to a self-assessment questionnaire completed by the directors. In fiscal 2022, we conducted a questionnaire survey in cooperation with an external organization as in fiscal 2021, 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, we shared certain issues, such as the need to further enhance discussions on medium- and long-term management, including management strategy and human capital. 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

The Board of Directors oversees whether the Daiwa House Group Corporate Ethics Policy and Code of Conduct are shared and put into practice, and reviews them as appropriate. After thorough discussion, we decide to revise or abolish the system. 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, outside directors and auditors, make suggestions to the Board of Directors on matters of importance and are engaged in their activities for SDGs and ESG promotion.

☞ P023 Environmental Management

P075 Employee Compliance

#### 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.

On top of our company's Article of Incorporation, the Corporate Governance Guidelines and the Regulations of Auditors set by the Audit and Supervisory Board stipulate the procedures and standards for selecting auditors. Our 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.

With respect to the accounting auditor, the company has clearly defined its policy on the appointment, dismissal, and non-reappointment of the accounting auditor in the above-mentioned "Regulations of Auditors" and regularly (every fiscal year) reviews the suitability of reappointing the accounting auditor to ensure that the most appropriate accounting auditor for the company is selected. Most recently, the company changed its accounting auditor in fiscal 2020.

Furthermore, in order to ensure the independence of the audit by the accounting auditor, the following rules are applied to the auditors engaged in our company's auditing work, in accordance with various regulations based on the "Certified Public Accountants Act" and other laws and regulations, as well as the auditor's rotation rules set by the accounting auditor.

1. Executive members of the company may not participate in the audit of the company for more than seven accounting periods, and the leading executive member of the company may not participate in the audit of the company for more than five accounting periods.
2. Executive members of the company shall not be allowed to participate in the audit of the company for two accounting periods after his/her replacement, and the leading executive member of the company shall not be allowed to participate in the audit of the company for five accounting periods after his/her replacement.



➤ [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 : Governance

### Corporate Governance

#### Incentive system for medium- to long-term corporate value enhancement

##### Remuneration policy

Our remuneration system for directors is designed to compensate those who share the Group's "Our Hopes for the Future" (Purpose) and contribute to the creation of medium- and long-term business and social value toward the realization of "a world where we live together in harmony, embracing the Joys of Life," according to their roles and contributions.

In the short term, in addition to achieving short-term financial targets to create business value, the system is designed to stimulate efforts to improve the value of human capital and strengthen organizational capabilities that should be promoted in the immediate future to achieve sustainable growth.

Over the medium to long term, in addition to sustainable enhancement of corporate value, the system is designed to motivate efforts to create social value toward "a world where we live together in harmony, embracing the Joys of Life."

The company's remuneration for directors consists of "fixed remuneration" and "annual bonus" as monetary remuneration, and "restricted stock compensation with post-issuance type transfer restrictions" and "performance-based remuneration of transfer-restricted stocks" as stock-based remuneration, and is designed to balance the responsibilities of directors toward the sustainable enhancement of the company's corporate value. External directors receive only "fixed remuneration" in the form of monetary remuneration.

##### Details

The remuneration shall be as follows.

##### (1) Fixed remuneration

In compensation for "fulfilling their duties" in supervision of management and execution of operations, monetary fixed remuneration (supervising remuneration and executive remuneration) is paid to all of our directors and auditors, according to their roles and responsibilities. Based on the resolution at the General Meeting of Shareholders, the limitation of remuneration for directors shall be 70 million yen per month and that for auditors shall be 18 million yen per month. The company does not provide retirement benefits for directors and auditors.

##### (2) Annual incentive bonus

Directors (excluding external directors) are eligible for payment of performance-linked monetary remuneration, based on the achievement of short-term financial and non-financial targets set by the company, as an incentive for achieving short-term financial targets (operating income and ROIC) and short-term non-financial targets, such as improving the value of human capital and strengthening organizational capabilities. 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.

##### (3) Stock compensation

The following two types of stock-based compensation will be paid to directors (excluding external directors) in order to provide them with incentives for their efforts to create medium- to long-term social value with the aim of continuously improving the company's corporate value and realizing "a world where we live together in harmony, embracing the Joys of Life" and to further share the value with shareholders.

##### (1) Restricted stock compensation with post-issuance type transfer restrictions

The company provides this payment to encourage commitment to management with an awareness of the stock price. Under this system, shares of the company's common stock are delivered to directors on the condition that they have held the position of director of the company continuously during each fiscal year of the Medium-Term Management Plan period.

##### (2) Performance-based remuneration of transfer-restricted stocks

The company provides this payment to encourage commitment to ESG management. Under this system, shares of the company's stock are delivered in accordance with the degree of achievement of environmental indices set forth by the company for each fiscal year during the period of the Medium-Term Management Plan. (KPI: environmental indices in the seventh Medium-Term Management Plan)

The Company will endeavor to ensure that the stock-based compensation accounts for approximately 20% of the total compensation paid to directors (excluding external directors).

##### Determination process

To ensure the transparency and objectivity of these decisions, decisions are made by the Board of Directors following deliberation by the Remuneration Advisory Committee, which is chaired by an outside director and has outside directors making up more than half of its members

#### 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 2022 Ordinary General Meeting of Shareholders

The notice of the Fiscal 2022 Ordinary General Meeting of Shareholders was provided within the period set forth in the Companies Act and was not delayed.

## Implementation Report : Governance

### Internal control

#### Approach to issues

The Group aims to establish the concept of “being complete in small things” advocated by the Group’s executives and employees as a regular practice. It will provide media and training to share a common mindset and promote PDCA practices via Engagement 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.

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, both in Japan and overseas.

#### Management

#### Implementation of internal control system

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. Each of the business divisions and departments and Group companies conducts a self-evaluation of the status of efforts based on the plan at the end of each fiscal year and formulates an annual plan for the next fiscal year in light of the status of efforts.

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 Whistleblowing 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.

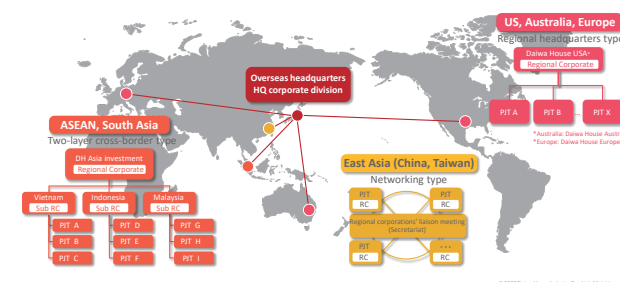
#### Efforts to promote internal control at overseas Group companies

In overseas businesses, the Daiwa House Group has adopted a business division-based system and a governance structure that combines business management by each business division

and region management by overseas headquarters. The system is built on regional corporate (RC) functions that serve as a mediator between the corporate department of 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.

#### Major associated companies of the Group



## ■ Implementation Report : Governance

### Risk management and establishment of corporate ethics

#### 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.

We have also 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.

#### Management

#### Establishing risk management system

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 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.

#### Policy regarding taxation

##### Basic Policy

The Daiwa House Group Principles of Corporate Ethics and Code of Conduct 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 while understanding the purpose of legislation, 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.



## ■ Implementation Report : Governance

### Risk management and establishment of corporate ethics

#### 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 have also established a structure that strictly prohibits and prevents any corrupt practices, such as bribery and money laundering, through 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, holding seminars, and reviewing the standard amounts in each country that require prior approval by the chief legal officer. In addition, the Daiwa House Group prohibits acts that are considered to promote corruption and are ethically unacceptable, in accordance with various policies and regulations, including the Daiwa House Group Code of Corporate Ethics and Code of Conduct, even if such acts are not in violation of any laws or regulations. By doing so, the Group stipulates that transactions should be conducted in a manner that ensures transparency and fairness in business operations.

The Anti-Bribery Bylaws prohibit, in principle, the giving of money or other benefits (entertainment, gifts, covering expenses to be borne by public officials, donations, subsidies, or other benefits) to public officials, deemed public officials, etc., and only accept such benefits upon meeting exceptional requirements, such as obtaining prior approval from the chief legal officer. The Bylaws 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.



➔ [Basic policies on anti-corruption](#)

#### 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 2022, 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.

#### 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 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.



P075 [Distribution and utilization of educational booklet “CASEBOOK”](#)

#### Complete prevention of connection with antisocial 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.

## ■ Implementation Report : Governance

### Risk management and establishment of corporate ethics

#### Deliberation by Business Investments Committee

The Business Investments Committee 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). At the same time, the Committee conducts multidimensional risk assessment (16 departments, 26 items), including ESG, and makes investment decisions after deliberation. So even if an investment project clears the condition in the economic viewpoint, such investment is not approved if the 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. 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.



P063 Preventing the spread of soil contamination accompanying land transactions and construction

#### 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.

#### 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.

#### Business continuity management (BCM)

The Company has formed a BCM Subcommittee incorporating different departments to formulate the rules (BCP 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 of crisis, assuming that a serious disaster can occur at any time. We have established a structure to cope with an earthquake, other natural disasters or pandemic promptly and properly. In such cases, we will 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.

#### 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.

## ■ Implementation Report : Governance

### Risk management and establishment of corporate ethics

#### Framework to ensure safety and peace of mind of employees

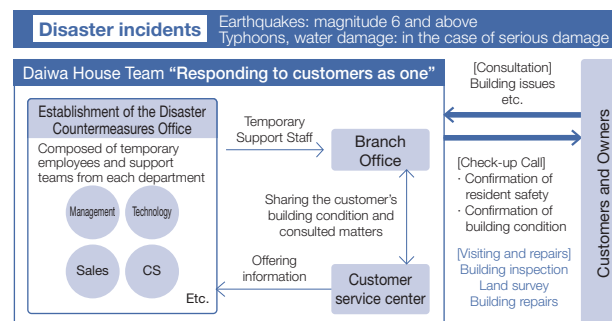
For earthquake, typhoon, flood damage and other natural disasters as well as pandemics or bomb warning, etc., we have prepared an action manual that clearly describes what we should do on the spot. Once every six months, a disaster drill is implemented at all our worksites to test employee safety confirmation and everyday preparedness. When a disaster occurs, we confirm employees' safety and get information on the damage that has happened. In addition, in fiscal 2022, we conducted a detailed risk survey of our offices that are important bases for BCM to determine the risk of flood damage, which has been increasing in recent years. In response to the survey results, the BCM Subcommittee conducted a desk drill to ensure the continuity of the head office functions in the event of flooding, and is working to build a system to protect the safety and security of employees by verifying the practicality of the BCP rules and sharing knowledge.

#### 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 2022, there were no disasters that had a significant impact on our business activities, and we re-read and revised our disaster response manual.

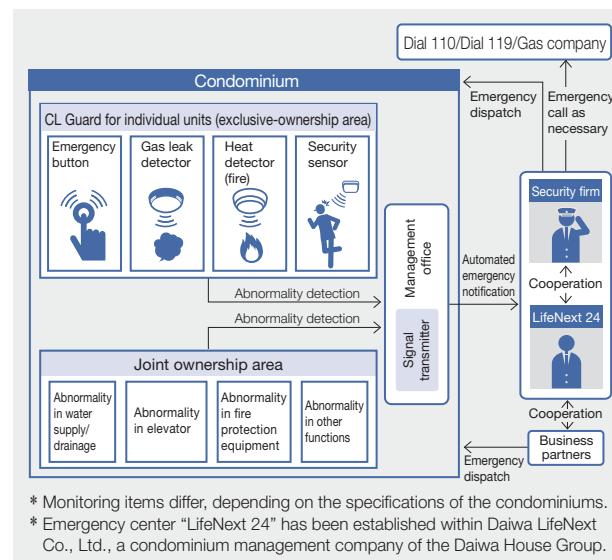
#### A team that can respond as one in times of disaster



#### 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.



#### Single-family houses, Rental houses

##### ■ Call center response structure



#### Main approach

##### Conducting study sessions by management

Every year, we invite outside experts to hold study sessions on potential risks and ESG management for directors and executive officers, including non-executive officers, on a regular basis.

##### ■ Study session results for fiscal 2022

Implementation period	Themes
September 8, 2022	On circular economy practices
December 8, 2022	On the Importance of purpose management
February 10, 2023	Evolving harassment risks

\* The study session on "Evolving harassment risks" was held in two parts separately for directors and executive officers due to the convenience of the meeting. The study session part for executive officers was held on April 13, 2023.

## ■ Implementation Report : Governance

### Risk management and establishment of corporate ethics

#### Enforcement of anti-corruption with internal audits

To secure the transparency and fairness of business management pursuant to the Daiwa House Group Principles of Corporate Ethics and Code of Conduct, 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.

#### 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 2022, 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, with respect to our businesses.

#### 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 2022, there were no significant reserves.

 P025 Compliance with environmental laws and regulations in fiscal 2022

#### 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 reviewing our information management system. This includes not merely personal information but all information assets in our possession. We have appointed an employee with responsibility for information management, have established rules governing the handling of information depending on their importance, and are conducting employee training. In fiscal 2022, we received no administrative guidance, advice, recommendations or orders from competent authorities.


#### 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.

#### 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.

 [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 \(Japanese text only\)](#)



Emergency temporary housing



# Third-Party Assessment / Data Section

## 04 CHAPTER

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## ■ Cooperating with Third Parties and Their Assessment

### Cooperating with Third Parties

#### 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)

Since April 2018, we have announced our participation in the United Nations Global Compact (UNGC), which is the universal principles on human rights, labor, environment, and anti-corruption advocated by the United Nations. 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. We 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.



P041 [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>TCFD Consortium of Japan</li> <li>Next Generation ZEH+ demonstration project (custom-built houses)</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>Resilient ZEB Demonstration Project</li> <li>Advanced energy efficient building demonstration project for ZEB realization</li> </ul>
Ministry of Land, Infrastructure, Transport and Tourism	<ul style="list-style-type: none"> <li>Children's Eco-Life Support Project</li> </ul>

 P041 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. In addition, we played a leading role as the chair in the formulation of the "Environmental Vision" and "Decarbonization Roadmap" announced in November 2021 by the association, and through these activities, we are aligning our Group's strategy with the climate change strategy of the industry association. In the event of any discrepancies in strategy, we will work to reconcile them through the Environment Subcommittee.

#### ■ Major organizations of which we are a member, and activities we participate in

Industry organization	Committees, etc.
Japan Business Federation	Committee on Labor Act
Japan Federation of Housing Organizations (Our president is chairman as of November 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 October 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>Research Committee on Environmental Assessment Methods</li> <li>CASBEE Research &amp; Development Committee</li> <li>CASBEE Housing 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, etc.
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.

 P182 Social data 2-3  
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)
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.
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
NPO NPO Chotto Shizen	Promoting biodiversity conservation activities in the regulating pond at our Mie Plant
Local incorporated administrative agency Research Institute of Environment, Agriculture and Fisheries, Osaka Prefecture, Biodiversity Center	Promoting biodiversity activities in Osaka Prefecture

### Main certifications and awards

#### Double recognition on CDP Climate Change A List and on CDP Water Security A List. Received CDP's highest Supplier Engagement Rating for the fourth consecutive year

The company was selected for the highest CDP climate change A List and for the CDP water security A List. This was the fifth consecutive year that the company has been recognized as an "A-List company" in the CDP Climate Change category. CDP evaluates corporate and government activities to reduce greenhouse gas emissions, protect water resources, and conserve forests, and select companies engaging in outstanding initiatives for its A Lists. In 2022, 283 companies were selected for the CDP climate change A List and 103 companies were for the CDP water security A List. The number of companies selected for the A Lists of both categories was 57. Furthermore, the Company received an "A-" rating in the "CDP Forest" survey on forest conservation, which was conducted at the same time.

Also in fiscal 2022, the Company received the CDP's highest Supplier Engagement Rating, listing on the Supplier Engagement Leaderboard for four years running.



➤ Recognized as "Climate Change A List" and "Water Security A List," the highest ratings in both categories  
(Japanese text only)

➤ Recognized as the highest rated supplier in CDP's "Supplier Engagement Assessment" for four consecutive years  
(Japanese text only)



## ■ Cooperating with Third Parties and Their Assessment

### Company receives top Gold EcoVadis sustainability rating

More than 100,000 suppliers in 200 industries from 175 countries worldwide participate in EcoVadis, a France-based ESG assessment platform that provides third-party sustainability reviews.

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 “Climate Change Action Grand Prize” in the “Minister of the Environment’s Award for Climate Action 2022”

The MIRAI KACHI KYOSO Center (Kotokurie), a training facility of our Group, received the “Climate Change Action Grand Prize” in the “Advanced Introduction and Positive Practice Category (Mitigation and Adaptation)” of the “Minister of the Environment’s Award for Climate Action 2022.” This was the third consecutive year that the company has received the “Minister of the Environment’s Award for Climate Action.”

Kotokurie is a ZEB Ready facility through state-of-the-art eco-friendly technologies, such as energy-saving and renewable energy facilities installed to mitigate climate change. In addition, resilient exterior green areas and environmental education for neighborhood children have been introduced to improve the community’s climate change adaptability. These efforts were highly evaluated.



➤ The Daiwa House Group MIRAI KACHI KYOSO Center, a training facility, received the 2022 Climate Change Action Grand Prize. (Japanese text only)



The Daiwa House Group MIRAI KACHI KYOSO Center (Kotokurie) in Nara Prefecture



令和4年度  
気候変動アクション大賞

### Integrated Report 2022 selected as an “Excellent Integrated Report” by the GPIF’s Japanese stock investment managers for the seventh consecutive year

Our 2022 Integrated Report was named as an excellent integrated report for the seventh consecutive year by organizations that manage Japanese equities on behalf of the Government Pension Investment Fund (GPIF). In addition, the report received an Excellence Award in the second NIKKEI Integrated Report Award. The report was recognized for its easy-to-understand approach to corporate value creation by describing goals and issues from both financial and non-financial perspectives.

### Awarded 4.5 stars in the fourth Nikkei SDGs Management Survey

In the fourth 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 886 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

### 15th in CSR Corporate Ranking 2023 (2nd in construction industry)

Toyo Keizai Inc.’s CSR Corporate Directory (Employment/Human Capital Utilization Edition and ESG Edition) covers hundreds of Japanese 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 was ranked 2nd in the construction industry and 15th overall in the 2023 edition released in February 2023.

### “SDGs Promotion Loan” 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)







## ■ Cooperating with Third Parties and Their Assessment

### ■ Major ESG-related awards

Awarded category	Award name	Organizer	Reason for the award
ESG management	CDP Climate Change 2022 A	CDP	Climate change strategies and initiatives to reduce greenhouse gas emissions
	CDP Supplier Engagement 2022 Supplier Engagement Leaderboard (highest rating)		Evaluates corporate initiatives on climate change in the four areas of governance, targets, Scope 3 management, and collaboration with suppliers
	CDP Water Security 2022 A (highest rating)		Promotion of water resources management
	CDP Forest 2022 A-		Conservation of forest resources
	PRIDE Index 2022 Gold Award (awarded to Daiwa House Industry) Bronze Award (awarded to Royal Home Center)	work with Pride	Diversity initiatives
Products and services	Received the Climate Change Action Grand Prize in the Advanced Introduction and Positive Practice Category (Mitigation and Adaptation) of the Minister of the Environment's Award for Climate Action 2022	Ministry of the Environment	The Daiwa House Group MIRAI KACHI KYOSO Center, a training facility
	Received the Excellence Award at the 5th EcoPro Awards.	Sustainable Management Promotion Organization (SuMPO)	The Daiwa House Group MIRAI KACHI KYOSO Center, a training facility
	Received the Energy Conservation Center, Japan Chairman's Award in the "Energy Conservation Grand Prize 2022 (Energy Conservation Case Study Category)"	The Energy Conservation Center, Japan	Efforts to promote ZEB in offices nationwide
	Received the Good Design Award	Japan Institute of Design Promotion	Wood Residence MARE, a detached house Premist Kyoto Saiin, a condominium MM Field Minamiodaka, a condominium
	Received the Excellent Company Award from the Director-General of the Health Bureau of the Ministry of Health, Labour and Welfare in the Extend Healthy Life! Awards	Ministry of Health, Labour and Welfare and Japan Sports Agency	Service planning and operation of condominiums for the elderly that prevent frailty by living (Cosmos Initia and COSMOS LIFE SUPPORT)  <a href="#">Notice of Nationwide Development of Condominiums for Active Senior Citizens (Japanese text only)</a>
Procurement	Received the Grand Prize in the 23rd Green Purchasing Awards	Green purchasing network	Efforts to achieve carbon neutrality in the supply chain
Health and safety	Selected as an excellent case study in the "Visible" Safety Activity Contest	Ministry of Health, Labour and Welfare	Conducting safety education through remote site visits, Utilization of disaster statistics for safety education







## ■ Cooperating with Third Parties and Their Assessment

### Inclusion in ESG indices

 <p>FTSE4Good</p>	<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>
 <p><b>FTSE Blossom Japan Index</b></p>  <p><b>FTSE Blossom Japan Sector Relative Index</b></p>	<p><b>FTSE Blossom Japan Index / FTSE Blossom Japan Sector Relative 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>
 <p>CCC B BB BBB A <b>AA</b> AAA</p>	<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>
	<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>

\* 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 one of the highest carbon efficiency levels in the real estate industry, and we have a good reputation for disclosing 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>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>



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154 The number of contracts for renewable energy and energy-  
efficiency solutions (The number of cases of support)**Reducing GHG emissions in the value chain**

155 Scope 1, 2 &amp; 3 GHG emissions

**■ Harmony with the Natural  
Environment**

157 Biodiversity Declaration

**(4) Challenge ZERO Deforestation**

158 Eco-friendly timber procurement

**(5) Challenge ZERO Harm to Biodiversity**159 Preservation of biodiversity in development and community  
development

160 Promotion of the Daiwa Plastics Smart Project

**■ Closed-loop Resource Sourcing  
and Conservation of Aquatic  
Environments****(6) Challenge ZERO Waste and Reuse**

161 Number of assets subject to effective use

161 Number of buildings subject to durability extension

161 Recycling rate of waste plastics material

162 Used amount and intensity of amenities that are plastic-  
containing products specified in law Recycling rate162 Setting rate of zero waste emissions targets by principal  
suppliers**Business activities**

162 Materials

163 Waste emissions / Recycling rates of waste

**(7) Challenge ZERO Water-Associated Risks**

165 Water-saving device adoption rate

165 Water consumption

166 Drainage discharge

167 Water recycling

167 Number of regulatory violations concerning water

**■ Prevention of Chemical Pollution****Business activities**

168 Release and transfer of PRTR-listed substances

168 VOC emissions

169 Material balance of chemical substances subject to PRTR

**170 Flow of Materials Imparting  
Environmental Load****171 Environmental Accounting**

## Environmental Data | Calculation and Reporting of Environmental Data

### Basics

#### ◇ Report period: April 1, 2022 to March 31, 2023

#### ◇ Reporting organizations: Daiwa House Industry Co., Ltd. and its consolidated subsidiaries Reference: Number of consolidated subsidiaries: 432 (168 in Japan, 264 outside Japan) (as of March 31, 2023)

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 2026, 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.)**

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 nonenergy 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 Shifting to Non-fossil Energy) and the Act on Promotion of Global Warming Countermeasures. For purchased electric power, we use market-based values for purchases in Japan (alternative values for purchases from unknown power companies) and alternative values in Japan for overseas purchases.

· Purchasing power	0.441 t-CO <sub>2</sub> /MWh (alternative value)	· 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

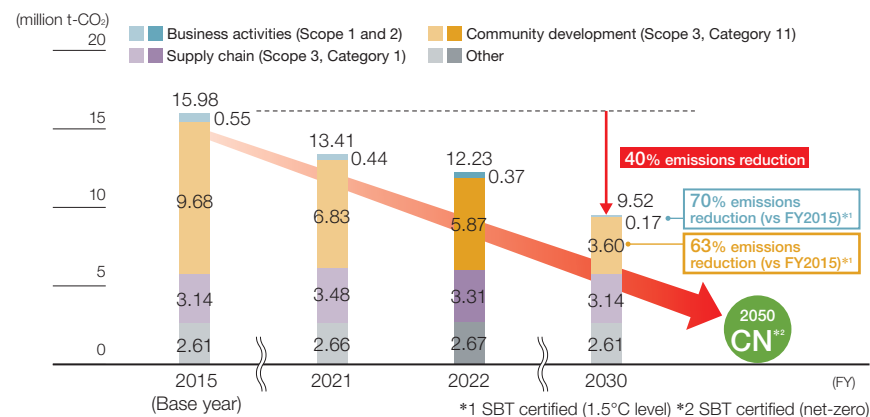
## Environmental Data | Progress of Carbon neutrality Strategy

Measures for Carbon neutrality Strategy	Indices	Unit	FY2021 results	FY2022 results	FY2026 targets	FY2030 targets
Decarbonization throughout the value chain	Reduction rate of GHG emissions throughout the value chain (compared to FY2015)	%	-16.1	-23.5	—	-40
Contributing to the spread of renewable energy	Renewable energy generation equipment construction results (EPC) * Cumulative values since FY2011	MW	2,526	2,706	4,200	5,000
	Renewable energy power plants development and operating results (IPP) * Operating capacity at the end of each fiscal year, excluding on-site consumption.	MW	561	602	1,550	2,500

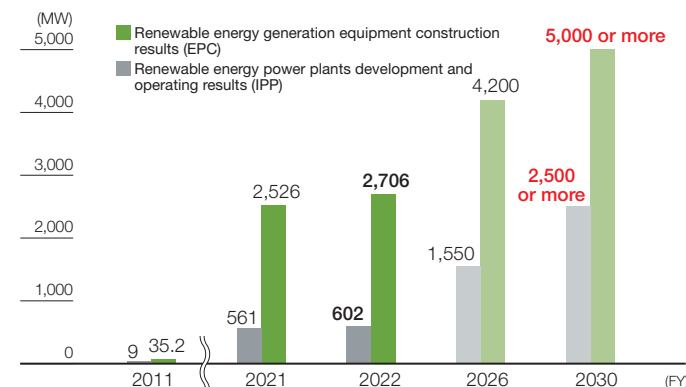
EPC: Contracting of facility construction work as a project that integrates Engineering, Procurement, and Construction.

IPP: Abbreviation for Independent Power Producer. An independent power producer is a company that owns power generation facilities and sells the power it generates.

### ■ Target for GHG emissions across the entire value chain (SBT certified)



### ■ Supply results of renewable energy (EPC/IPP)



### Calculation method and scope of coverage of environmental data

#### ■ Target for GHG emissions across the entire value chain

##### ◇ Scope of coverage and Calculation methods

For Scopes 1 and 2, please refer to the calculation methods and scope of coverage for "GHG emissions" on p. 150 and p. 151.  
For Scope 3, Category 11, please refer to the calculation methods and scope of coverage for "GHG emissions derived from use of products" on p. 142.

For Scope 3, Category 1 and Others, please refer to the calculation methods and scope of coverage for "Reducing GHG emissions in the value chain" on p. 156.

### Calculation method and scope of coverage of environmental data

#### ■ Renewable energy generation equipment construction results (EPC)

##### ◇ Overview

Daiwa House Group's installation, construction, and renovation work of renewable energy-based generation equipment based on customer orders, as well as construction of renewable energy-based generation equipment attached to the Group's self-developed buildings for sale in the future.

\* The results include cases where the installation of renewable energy-based generation equipment was planned at the time construction began for a property for which the Group was contracted to design and construct the main body of the building, and only the installation of renewable energy-based generation equipment was executed by another company for the customer's convenience.

##### ◇ Scope of coverage

The company and six Group companies (Daiwa Lease, Fujita, Cosmos Initia, Daiwa Energy, Eneserve, and Daiwa House Reform)

#### ■ Renewable energy power plants development and operating results (IPP)

##### ◇ Overview

Renewable energy-based power plants developed and operated by the Group for the power generation business.

\* The results include cases in which we acquired renewable energy-based power generation plants planned or developed by other companies (secondary properties).


\* Exclude renewable energy-based power generation equipment that is consumed in-house at the Group's business facilities.


##### ◇ Scope of coverage

The company and 16 Group companies (Daiwa Energy, Daiwa Lease, Eneserve, Daiwa House Realty Management, Daiwa Logistics, Daiwa Living, KOUYAMAUNYU, DesignArc, Fujita, FUJITA BUILDING MAINTENANCE, Royal Home Center, Wakamatsu KONPOU UNYU SOKO, Sports Club NAS, Yuasa Logitec, Daiwa House Life Support, and Daiwa Life Next)















## ■ Results and self-assessment of the Environmental Action Plan (Endless Green Program 2026)

 : Target for fiscal 2022 achieved

 : Target for fiscal 2022 not achieved (achieved 90% or more)

 : Target for fiscal 2022 not achieved (achieved less than 90%)

### ■ Mitigating and Adapting to Climate Change

Challenge ZERO	Management indicator (KPI)	2021 results	2022 targets	2022 results		2023 targets	2026 targets	Pages
(1) Challenge ZERO for CO <sub>2</sub> in community development	GHG emissions reduction rate derived from use of product (total) in comparison to FY2015	29.4% reduction	35% reduction	<b>39.3% reduction</b>		45% reduction	54% reduction	033, 142
	ZEH rate	53%	80%	<b>86%</b>		90%	90%	034, 143
	ZEH-M rate for rental housing	3%	10%	<b>14.2%</b>		20%	50%	034, 143
	ZEH-M rate for condominiums	35%	15%	<b>67.5%</b>		70%	100%	034, 143
	ZEB rate	38%	40%	<b>65.7%</b>		70%	80%	035, 143
	ZEH-renovation equivalent	1,478	1,750	<b>1,472</b>	 *1	3,200*3	3,500	035, 144
	Sales of electricity generated by the company-owned renewable-energy power stations	121GWh	150GWh	<b>366GWh</b>		635GWh	702GWh	144
(2) Challenge ZERO for CO <sub>2</sub> in business activities	GHG emissions reduction rate derived from business operations (total) in comparison to FY2015	20.8% reduction	25% reduction	<b>33.5% reduction</b>		50% reduction	55% reduction	033, 148
	Promotion of Electric—Introduction rate of clean energy cars (Company vehicles)			<b>1.5%</b>		7%	30%	035, 153
	Promotion of Electric—Introduction rate of clean energy cars (Privately owned vehicles)	0.3%	1%	<b>1.0%</b>		2%	10%	038, 153
	Energy efficiency (EP100) in comparison to FY2015	Up 1.47 times	Up 1.54 times	<b>Up 1.50 times</b>	 *2	Up 1.61 times	Up 1.90 times	037, 149
	Renewable energy utilization rate (RE100)	18.2%	30%	<b>41.5%</b>		100% of purchased electricity converted into renewable energy	100%	037, 150
(3) Challenge ZERO for CO <sub>2</sub> in the supply chain	Setting rate of principal suppliers' SBT standard GHG reduction targets	34%	40%	<b>65.9%</b>		60%*4	90%	033, 154
	The number of contracts for renewable energy and energy-efficiency solutions (The number of cases of support)	—	5	<b>9</b>		15	50	040, 154

#### Self-assessment (reasons for not achieving targets, future actions)





\*1: Although the overall number of energy-saving renovations increased in fiscal 2022, the total amount of annual primary energy reductions decreased due to a decrease in the amount of primary energy reduction per project, resulting in a total of 1,472 buildings (Note) renovated to ZEH (equivalent to ZEH Oriented) specifications, failing to achieve the target of 1,750 buildings. From fiscal 2023, Daiwa House Chintai Reform and Daiwa Living will be added to the target organizations to promote retrofitting to high-efficiency water heaters and LED lighting fixtures.

Note: The number of buildings equivalent to ZEH-renovated ones is an index that represents "the annual effect of energy-efficiency retrofits, in terms of reduction in primary energy consumption as a result of various insulation and energy-saving retrofits for each building, by converting the reduction into that achieved by the assumed number of existing model houses renovated into the ZEH specifications."

\*2: In fiscal 2022, due to the recovery from the COVID-19 pandemic, energy consumption at resorts, sport facilities, hotels, and nursing care facilities increased, resulting in an energy efficiency of 1.50 times, slightly short of the target of 1.54 times. In the future, we will promote the conversion of newly constructed facilities to ZEB, as well as promote energy-saving activities such as energy-saving investments and operational improvements.

\*3, 4: The scope of coverage and calculation criteria have been revised (For details, see p. 144 and p. 154).

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

Challenge ZERO	Management indicator (KPI)	2021 results	2022 targets	2022 results		2023 targets	2026 targets	Pages
(4) Challenge ZERO Deforestation	Ratio of C-ranked timber in procurement	2.7%	3%	<b>3.1%</b>	 *5	3%	0%	046, 158
	Setting rate of zero deforestation policy (primary suppliers)	—	30%	<b>6.1%</b>	 *6	30%	90%	047, 048, 158
	Setting rate of zero deforestation policy (secondary suppliers and beyond)	—	5%	—	—	5%	50%	047, 048, 158
(5) Challenge ZERO Harm to Biodiversity	Eco-friendly surface area of green spaces (cumulative) in comparison to FY2021	—	+ 200,000m <sup>2</sup>	<b>+ 257,000m<sup>2</sup></b>		+ 400,000m <sup>2</sup>	+ 1,000,000m <sup>2</sup>	046, 159
	Rate of formulation and implementation of protection and management plans of significant sites within premises of the company's facilities	—	Assessing priority levels	<b>Primary screening completed Assessment of priority levels in progress</b>	—	Development of management and maintenance plans	100%	051, 160
	Promotion of the Daiwa Plastics Smart Project—Rate of replacement of plastic goods for distribution (offices, etc.)	Daiwa House Industry: 81% All Group: 92%	100%	<b>Daiwa House Industry: 82.9% All Group: 74.4%</b>	 *7	100%	100%	046, 160

#### Self-assessment (reasons for not achieving targets, future actions)

\*5: In fiscal 2022, the C-rank timber ratio was 3.1%, failing to reach the target of 3% due to the impact of the global wood shock and the failure to implement the spread of the procurement policy for suppliers in the medium- and high-rise rental housing sector, as we began surveying the policy in fiscal 2022. Going forward, we will seek improvements from the suppliers of C-rank timber and promote efforts to improve the content of timber procurement for the entire Group.


\*6: In fiscal 2022, as the rate of the zero deforestation policy (primary suppliers) ended at 6.1% and we failed to achieve our target of 30% as we were unable to fully disseminate the need to establish the zero deforestation policy to our suppliers. In the future, we will encourage timber suppliers that have not yet established a policy to do so and establish a membership system to share the policy. In addition, for those suppliers that have already established the policy, we will expand the policy to secondary suppliers and further.

\*7: In fiscal 2022, although we switched disposable plastic products to paper for new purchases, the use of some disposable plastic products from our inventory resulted in 83% in the rate of replacement with plastic-free materials (offices, etc.) on our own and 74% for all principal Group companies excluding ours. As a result, we were unable to achieve our target of 100%. We will continue to promote the proper use of plastic products by thoroughly disseminating the guidelines and promote the proper use of plastic products.















## ■ Results and self-assessment of the Environmental Action Plan (Endless Green Program 2026)

 : Target for fiscal 2022 achieved

 : Target for fiscal 2022 not achieved (achieved 90% or more)

 : Target for fiscal 2022 not achieved (achieved less than 90%)

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




Challenge ZERO	Management indicator (KPI)	2021 results	2022 targets	2022 results		2023 targets	2026 targets	Pages
(6) Challenge ZERO Waste and Reuse	Number of assets subject to effective use	3,989	4,000	4,276		4,200	4,500	053, 161
	Number of buildings subject to durability extension	3,246	4,500	8,984		9,000	9,150	053, 161
	Recycling rate of waste plastics material (production)	10.9%	10%	16.8%		19%	30%	054, 161
	Promotion of the Daiwa Plastics Smart Project Reduction rate of amenities that are plastic-containing products specified in law (hotels) in comparison to FY2021	—	10% reduction	2.9% Increase	 *8	20% reduction	50% reduction	051, 162
	Promotion of the Daiwa Plastics Smart Project Recycling rate of amenities that are plastic-containing products specified in law (hotels)	—	3%	0%	 *8	5%	50%	051, 162
	Achievement of zero waste emissions targets by principal suppliers	34.5%	50%	34.6%	 *9	50%	90%	053, 162
—	Construction waste emissions: Production (per unit of sales)	57.5kg/million yen	60kg/million yen	53.8kg/million yen		60kg/million yen	60kg/million yen	164
	Construction waste emissions: New construction (per m <sup>2</sup> )	20.0kg/m <sup>2</sup>	20kg/m <sup>2</sup>	19.0kg/m <sup>2</sup>		19kg/m <sup>2</sup>	19kg/m <sup>2</sup>	164
	Construction waste recycling rate	97.7%	97%	97.9%		97%	99%	163
(7) Challenge ZERO Water-Associated Risks	Water-saving device adoption rate (housing and hotels)	89.8%	93%	96.8%		97%	98%	165
	Water consumption reduction rate (per unit of sales) in comparison to FY2012	46.8% reduction	36% reduction	42.7% reduction		37% reduction	40% reduction	053, 165
	Implementation rate of water risk surveys by principal suppliers	—	60%	85.5%		90%	100%	058, 167

#### Self-assessment (reasons for not achieving targets, future actions)

\*8: In fiscal 2022, we implemented measures to introduce amenity bars in the hotels operated by our Group, but the effect of the reduction was not sufficient. Furthermore, due to the switch to biomass-based amenity products with larger product weight in some hotels, the specified amenity plastic product reduction rate (hotels), which is weight-based, increased by 2.9%, thus failing to achieve the target of 10% reduction. In addition, although we searched for a place to recycle specified plastic products (amenity products) after use, the material recycling rate for specific amenity plastic products (hotels) was 0%, thus we were unable to achieve the target of 3% because there were few precedents in the industry and each company failed to implement material recycling. Note that only in cases where material recycling is implemented after use, the biomass blended amount shall be accounted for as a reduction. In the future, we will promote outsourcing to material recyclers to improve the reduction rate and the material recycling rate.

\*9: In fiscal 2022, as we were unable to fully disseminate the need to set zero waste emission targets to suppliers, among our principal suppliers, those that set zero waste emission targets accounted for 34.6%, thus we were unable to achieve our target of 50%. In the future, we will organize waste issues by industrial sector, clarify the target level required of suppliers, and conduct working sessions specifically for zero waste emissions in order to disseminate the target level.




### ■ Prevention of chemical pollution

Challenge ZERO	Management indicator (KPI)	2021 results	2022 targets	2022 results		2023 targets	2026 targets	Pages
—	Compliance with voluntary standards for indoor air quality	96.2%	100%	97.1%	 *10	100%	100%	060
	Release and transfer reduction rate of PRTR (per unit of sales) in comparison to FY2012	69.3% reduction	63% reduction	70.4% reduction		65% reduction	65% reduction	060, 168
	VOC emission reduction rate (per unit of sales) in comparison to FY2013	38.5% reduction	31% reduction	35.9% reduction		32% reduction	35% reduction	060, 168

#### Self-assessment (reasons for not achieving targets, future actions)

\*10: In fiscal 2022, the voluntary indoor air quality standard compliance rate was 97.1%, failing to achieve the target of 100%, due to the fact that the voluntary indoor air quality standard values were exceeded in some properties of apartment complexes built using the conventional construction method. We will continue to promote the use of low-formaldehyde emitting building materials and strengthen our efforts in the future, including thorough ventilation during construction.

### ■ Environmental management

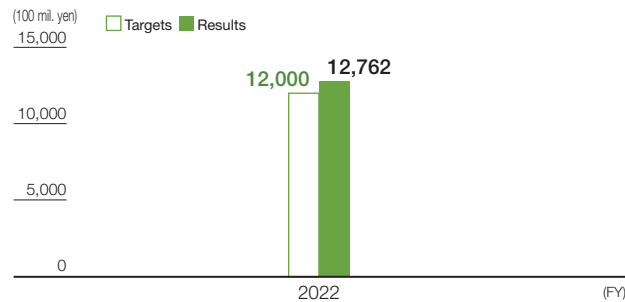
Challenge ZERO	Management indicator (KPI)	2021 results	2022 targets	2022 results		2023 targets	2026 targets	Pages
—	Sales of environmental contribution businesses	—	1,200.0 billion yen	1,276.2 billion yen		1,300.0 billion yen	1,600.0 billion yen	022, 138
	Number of those who acquired the Eco Test	19,033	21,000	26,135		28,000	38,000	026, 139
	Green purchasing ratio	95.6%	95%	97.5%		95%	95%	140
	Implementation status of measures for adopting to climate change	—	—	Implementing	—	—	Completing implementation	040

# Environmental Data | Strengthening the Foundation of Environmental Management

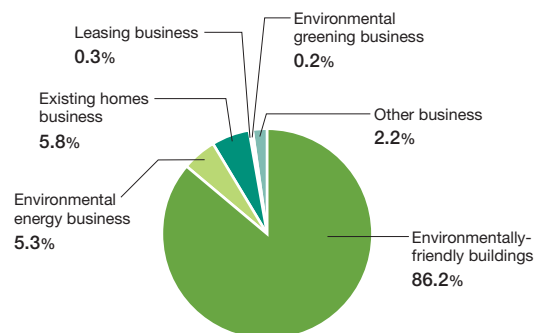
## General

### Expansion of sales of environmental contribution businesses

#### ■ Sales of environmental contribution businesses



#### ■ 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 (Domestic only)  
\* However, only companies with businesses that match definitions of environmental businesses

Segment		Definition	
Environmentally-friendly buildings	Single-family housing business	Buildings that meet BELS five-star rating (BEI standard value by intended use)	
	Rental housing business	Application	BEI value
	Condominium business	Housing	0.8 or less
	Commercial and office buildings business	Hotels, hospitals, department stores, restaurants, assembly halls, etc. Offices, schools, factories, etc.	0.7 or less 0.6 or less
Environmental energy business		Electricity retailing*1, sales of power fueled by renewable energy, PPA*2 business, contract work to install renewable energy facilities / energy-efficient equipment, energy-efficiency solutions, non-fossil fuel energy certificates brokerage	
Existing homes business	Home renovation business	Solar power generation systems, storage batteries, energy-efficiency renovation	
	Purchase and resale	Resale of existing houses with renovation	
Leasing business		Leasing of energy-efficient equipment, leasing of electric vehicles	
Environmental greening business		Overall environmental greening business, Park- Private Finance Initiative (Park-PFI)*3 business	
Other business		Sales of LED lighting systems, energy-efficient air conditioners and blackout curtains	

\*1 Electricity retail business: Sales of renewable energy-based electricity and electricity with an emission factor of 0.388 kg/kWh or less  
\*2 PPA: A system in which electricity generated by photovoltaic power generation equipment installed by a company, which owns and manages such equipment, on land or roofs provided by building owners is provided to electricity users in the building for a fee.  
\*3 Park-PFI (Publicly solicited installation and management system): A system for publicly soliciting and selecting private operators to develop parks in order to improve the attractiveness and convenience of urban parks.

## 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	Companywide* (100%) * No overseas offices, only domestic offices
Fujita	Company-wide* (100%) * Obtained only at domestic offices

(as of end- March, 2023)

### ■ 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
Fujita	Company-wide (only domestic offices)	Japan Testing Center for Construction Materials	RE0002	November 30, 2023	August 15, 1997

(as of end- March, 2023)

### ■ Compliance with environmental laws and regulations

	2021	2022
Environmental violation fines	0 yen	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

### Supply chain management (Environment)

#### ■ Status of dialog with suppliers (FY2022)

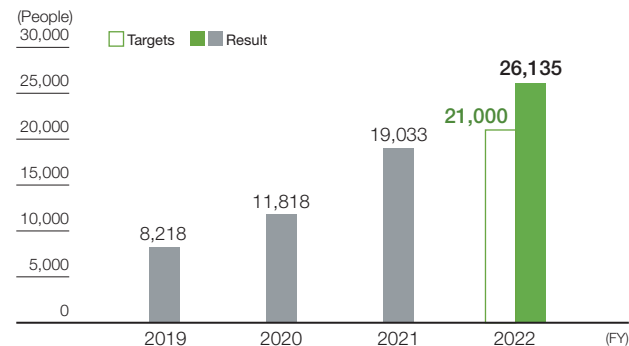
Company/ organization name	Activity name	Details of main activity	No. of participating companies (No. of participants/ No. of frequency)
Daiwa House Industry (The Trillion Club)	Carbon-free working group	Sharing climate change problems, support for setting targets for CO <sub>2</sub> reduction	4 companies (10 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	5 companies (12 attendees)
	Training and education activities	Lectures on climate change issues and the Daiwa House Group's initiatives, video streaming	Twice Played 163 times
Daiwa House Industry (The Setsuwa Club)	Carbon-free working group	Sharing climate change problems, support for setting targets for CO <sub>2</sub> reduction	4 companies (7 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 (4 attendees)
	Training	Lecture on climate change issues and the Daiwa House Group's initiatives	3 times
Daiwa Lease	Training	Lecture on climate change issues and the Daiwa House Group's initiatives	Once

### Environmental education

#### ■ Environmental education provided (FY2022)

	Category	Contents	Number of participants and frequency
Specialized education	Waste management	e-learning	534 attendees in 4 courses
	Asbestos-related management	e-learning	233 attendees in 4 courses
	Soil contamination countermeasures	e-learning	170 attendees in 1 course
	ZEB design	e-learning	1,423 attendees in 2 courses
	Proposing indigenous species	e-learning	384 attendees in 1 course
	ZEB	Training	190 attendees in 6 courses
	ZEH, ZEH-M	Training	915 attendees in 22 courses
	Soil contamination countermeasures	Training	1,265 attendees in 3 courses
Grade-specific education	Environmental education	e-learning	32,232 attendees in 2 courses
	Newly appointed manager education	e-learning	296 attendees
	Mid-carrier recruit education	e-learning	220 attendees
	Basic education for new employees	e-learning	561 attendees
	Training for candidates to succeed branch managers	Training	315 attendees
	Training for technical employees (yearly, by rank)	Training	1,600 attendees in 26 courses
	General training for new technical employees	Training	428 attendees in 6 courses
	General training for new sales employees	Training	504 attendees in 4 courses
	Mid-carrier recruit training	Training	99 attendees in 6 courses
	Disaster preparedness and environment management section manager training	Training	Once: 23 attendees
	Disaster preparedness and environment management section staff training	Training	Once: 50 attendees
	Overseas administration division managers training	Training	Once: 53 attendees
Supplier education	Carbon-free working group	Training	8 times: 17 attendees
	Decarbonization dialog	Training	6 times: 16 attendees
	Training	Training	6 times: 400 attendees
		Video streaming	Played 163 times

#### ■ Number of those who acquired the Eco Test certification



#### Calculation method and scope of coverage of environmental data

##### ■ Number of those who acquired the Eco Test certification

###### ◇ Reporting organizations

Daiwa House Industry and 23 Group companies (Daiwa Lease, DesignArc, Daiwa Logistics, Daiwa Resort, Royal Home Center, Daiwa House Realty Management, Sports Club NAS, Fujita, Daiwa House Reform, Daiwa Life Next, Daiwa Energy, Daiwa Royal Golf, Osaka Marubiru, Daiwa Lantec, Nihon Jyutaku Ryutu, Daiwa Living, Daiwa House Life Support, Daiwa House Parking, Eneserve, Nishiwaki Royal Hotel, Cosmos Initia, Wakamatsu KONPOU UNYU SOKO, Daiwa House Chintai Reform) (Domestic only)

#### ■ Number of participants in environmental education for children

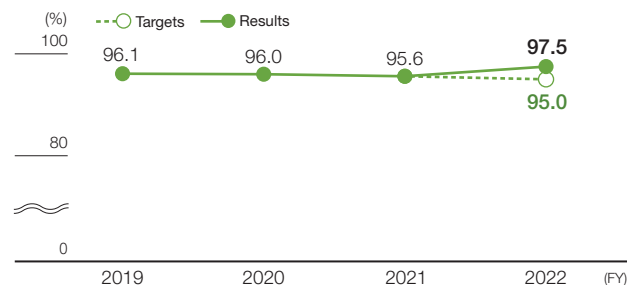
	~2019	2020	2021	2022
Eco Workshop for Children	7,028	20	80	178
The King and His House	304	0	0	0
Total	7,332	20	80	178
Cumulative	7,332	7,352	7,432	7,610

Unit: People

## 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	The Company and 23 Group companies*.	Domestic worksites (Head Office, branches, offices, sales offices)

\* Refer to P139 (Organizations for the number of those who acquired the Eco Test certification).

#### ■ 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 listed in the GPN database*2.
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

#### FY2022

Application	Number of properties	Area	GHG emissions				Energy consumption		Water consumption	
			Total			Intensity	Total	Intensity	Total	Intensity
			t-CO <sub>2</sub>			kg-CO <sub>2</sub> /m <sup>2</sup>				
			Scope1	Scope2	Scope1 and 2	Scope1 and 2	GJ	MJ/m <sup>2</sup>	m <sup>3</sup>	ℓ/m <sup>2</sup>
Offices	1	911	0	42	42	46.29	934	1,024.45	767	841.65
Commercial buildings	146	2,370,505	4,256	126,382	130,638	55.11	2,884,954	1,217.02	1,387,097	623.86
Logistics center	3	11,781	0	319	319	27.10	7,066	599.80	764	64.85
Total	150	2,383,198	4,256	126,743	130,999		2,892,954		1,388,629	

#### FY2021

Application	Number of properties	Area	GHG emissions				Energy consumption		Water consumption	
			Total			Intensity	Total	Intensity	Total	Intensity
			t-CO <sub>2</sub>			kg-CO <sub>2</sub> /m <sup>2</sup>				
			Scope1	Scope2	Scope1 and 2	Scope1 and 2	GJ	MJ/m <sup>2</sup>	m <sup>3</sup>	ℓ/m <sup>2</sup>
Offices	1	911	0	87	87	95.29	1,871	2,053.06	686	752.64
Commercial buildings	191	2,620,921	2,651	128,941	131,592	50.21	2,831,219	1,080.24	1,320,412	591.11
Logistics center	5	22,585	0	698	698	30.90	15,037	665.79	2,933	129.86
Total	197	2,644,418	2,651	129,726	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

We surveyed the energy and water consumption of the entire buildings of the real estate properties we own in Japan that are leased for profit, leased for square footage, and non-residential properties, and calculated the annual GHG emissions (total amount) and GHG emissions per square meter (intensity). The CO<sub>2</sub> emission factor and heat conversion factor are the same as for the amounts of GHG emissions and energy consumption shown above. However, GHG emission factors for electricity are based on the location-based method, and alternative values to the emission factors by electricity business operator based on the national "GHG emissions accounting, reporting and disclosure system (the SHK system)" are used.

##### ◇ Scope of coverage

The Company and four Group companies that primarily engage in the rental real estate business (Daiwa Lease, Daiwa House Realty Management, Daiwa Logistics, and Daiwa Living)

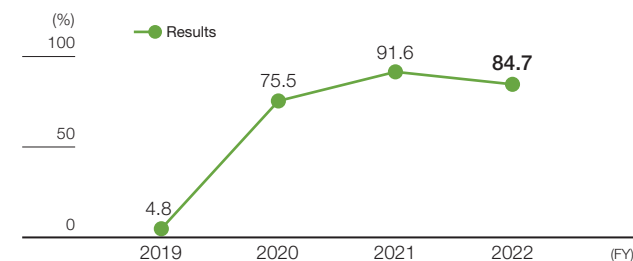
##### ◇ Calculation formula

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 ÷ 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 ÷ total floor area

Water consumption intensity (ℓ/m<sup>3</sup>) = water consumption ÷ total floor area

### ■ Rate of Green Building Certification obtained



### ■ Green building certified area/total area

Unit: m<sup>2</sup>

Segment	2019	2020	2021	2022
Certified area	16,822	434,961	1,501,047	1,478,442
Total area	349,556	576,054	1,638,375	1,746,288

### 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

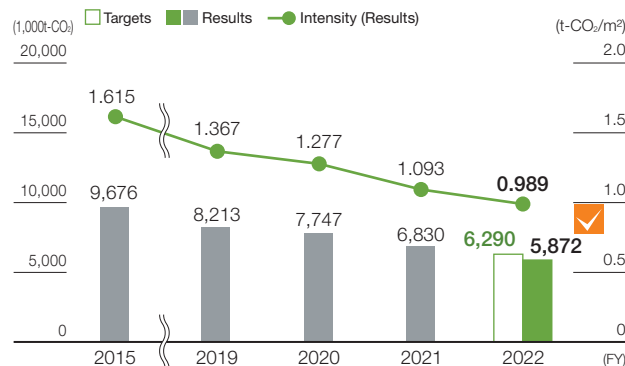
Percentage of properties certified as green buildings (%)  
 = Total floor area of our self-developed properties that have acquired certification [m<sup>2</sup>] ÷ Total floor area of our self-developed properties [m<sup>2</sup>]

## Environmental Data | Mitigating and adapting to climate change

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

#### 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.

### Green Building Certification

#### ■ Number of Green Building Certifications acquired

Unit: Units

Name of certification	Application	2019	2020	2021	2022
Long-term excellent housing	Single-family houses	6,430	5,724	5,854	4,910
BELS certification	Single-family houses Rental housing Condominiums Commercial and office buildings	1,288	1,659	1,899	4,017

#### 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 Industry, Daiwa Lease, Fujita, and Cosmos Initia (all for domestic use only)

###### ◇ Calculation formula

GHG emissions derived from use of products =  
Design primary energy consumption × CO<sub>2</sub> emission factor for each energy type × useful life

##### ■ 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

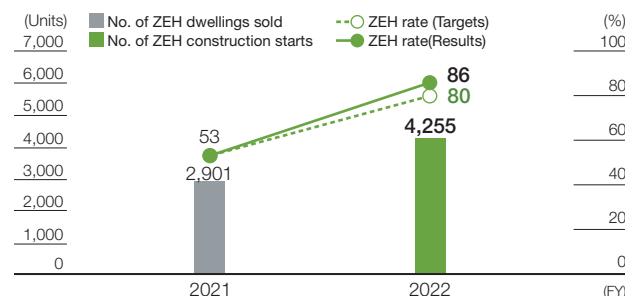
Daiwa House Industry

Purpose of use	Reporting organizations	Scope	Target property	Design primary energy consumption	Electricity generated by solar power facilities	Energy composition ratio	Useful life
Single-family houses	Daiwa House Industry Single-Family Houses Division	Construction starts (Domestic only)	Single-family houses Contracted houses, built-for sales houses	Calculation results for the dwelling unit portion using the "Program compliant with the energy conservation standards for houses" of the Building Research Institute, a national research and development agency	Calculation results for the dwelling unit portion using the "Program compliant with the energy conservation standards for houses" of the Building Research Institute, a national research and development agency	Based on individual calculations	Single-family houses 30 years
Rental housing (low-rise)	Daiwa House Industry Rental Housing Division	Construction starts (Domestic only)	Apartment houses Tenement houses Dwelling houses combined with other uses (Rental housing parts only) Contracted houses, built-for sales houses				Rental housing (low-rise) 30 years
Rental housing (medium- and high-rise)	Daiwa House Industry Rental Housing Division Commercial Facilities Division Logistics, Business & Corporate Facilities Division	Construction starts (Domestic only)	Contracted houses, built-for sales houses			(1) For fully electrified properties Electricity: 100% (2) In other cases Electricity: 72%, gas: 28%	Rental housing (medium- and high-rise) 60 years
Other Apartment	Daiwa Lease Fujita						
Condominiums	Daiwa House Industry Condominiums Division Cosmos Initia	Construction starts (Domestic only)	Self-developed properties JV-managed properties			Annual power generation [kWh/year] is calculated by multiplying the installed capacity [kW] by 1000.	Condominiums 60 years
Non-residential	Daiwa House Industry Rental Housing Division Commercial Facilities Division Logistics, Business & Corporate Facilities Division  Daiwa Lease Fujita	Construction starts (Domestic only)	Contracted, self-developed (sold) Total floor area of 300 m <sup>2</sup> or more (For Daiwa Lease, those less than 300 m <sup>2</sup> are included)	Calculated by multiplying the BEI after excluding the effect of solar power generation, as calculated by the Building Research Institute's "Program compliant with the energy conservation standards for non-housing", by the actual statistics of primary energy consumption based on the 2016 edition CASBEE - Building (new construction) and floor area		CASBEE - Building (new construction) Based on actual primary energy consumption statistics from the FY2016 edition	Offices 60 years Hospitals, medical/nursing care facilities 60 years Hotels 60 years Schools 60 years Meeting places 60 years Retail stores 30 years Restaurants 30 years Factories, warehouses 30 years Solar power systems 20 years

## Environmental Data | Mitigating and adapting to climate change

### ZEH rate

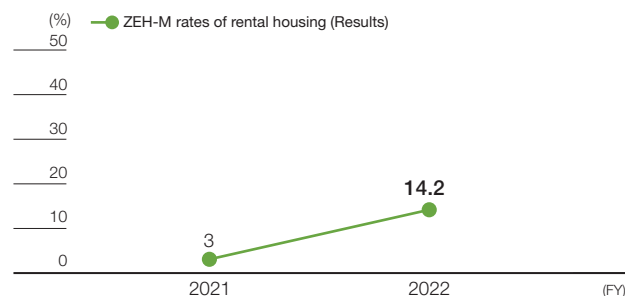
#### ■ ZEH rate



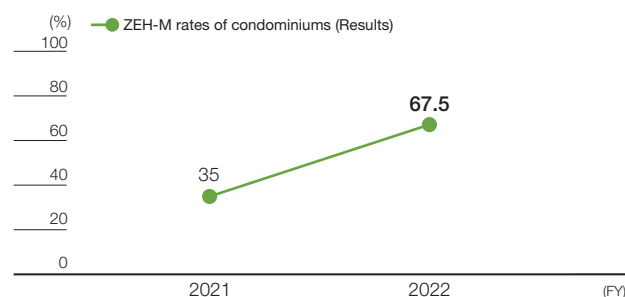
\* Result for fiscal 2021 is based on order, while that for fiscal 2022 is based on construction start

### ZEH-M rate

#### ■ ZEH-M rate (Rental housing)

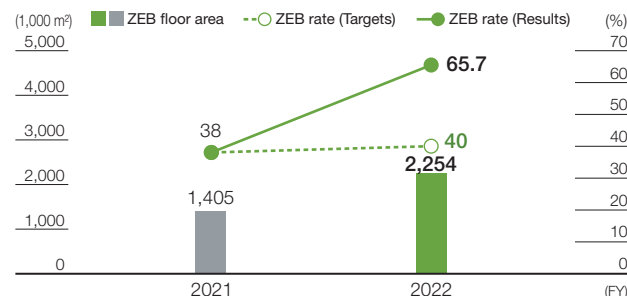


#### ■ ZEH-M rate (condominiums)

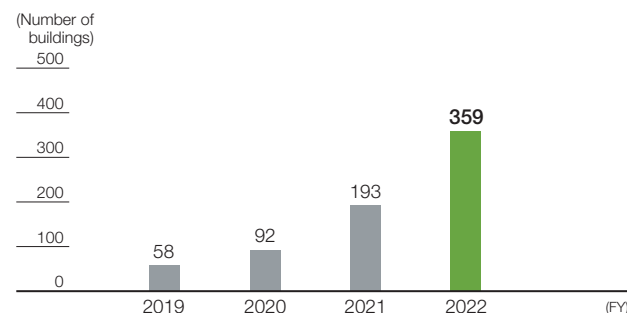


### ZEB rate

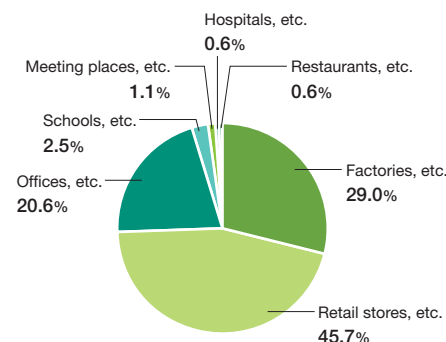
#### ■ ZEB rate



#### ■ ZEB units



#### ■ Breakdown of ZEB units by intended use (FY2022)



### Calculation method and scope of coverage of environmental data

#### ■ ZEH rate

◇ Reporting organizations  
Daiwa House Industry (Single-Family Houses Division)

◇ Uses of buildings  
Single-family houses

◇ Scope of coverage  
Contracted and built-for sales properties (domestic only\*; the FY2021 results are based on orders received; the FY2022 results are based on construction starts)  
\* Excluding the results in Hokkaido

◇ Calculation formula  
ZEH rate (%) = ZEH units achieved ÷ total units built  
ZEH judgment: Properties that have achieved the requirements for the definition of ZEH ("ZEH", Nearly ZEH, and ZEH Oriented)

#### ■ ZEH-M rate

◇ Reporting organizations  
Daiwa House Industry (Single-Family Houses Division, Condominiums Division), Cosmos Initia

◇ Uses of buildings  
Apartments, Condominiums

◇ Scope of coverage  
Rental housing: Contracted and built-for sales or self-developed properties (domestic only, based on construction starts)  
Condominiums: Self-developed properties, JV projects (only those managed by the Company) (domestic only, based on construction starts)

◇ Calculation formula  
ZEH-M rate (%) = Total number of dwelling units that have achieved the ZEH-M requirements ÷ total number of dwelling units in all properties  
ZEH-M judgment: Properties that have achieved the ZEH-M standards defined by the government ("ZEH-M", Nearly ZEH-M, ZEH-M Ready, and ZEH-M Oriented)

#### ■ ZEB rate/ZEB units

◇ Reporting organizations  
Daiwa House Industry (Commercial Facilities Division, Logistics, Business & Corporate Facilities Division), Daiwa Lease, and Fujita

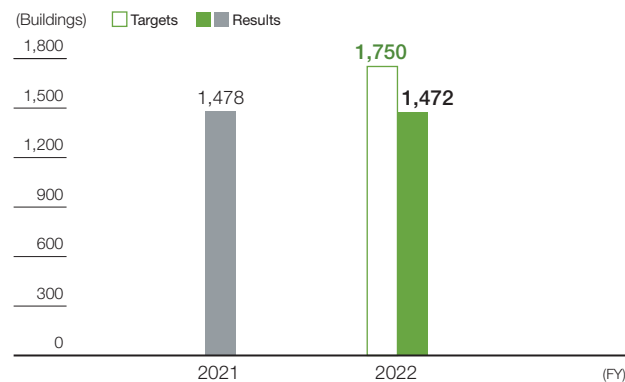
◇ Uses of buildings  
All uses of non-residential properties

◇ Scope of coverage  
New in-house designed and newly self-developed properties (domestic only, based on construction starts)  
Properties with total floor area of 300 m² or more (For Daiwa Lease, those less than 300 m² are included)

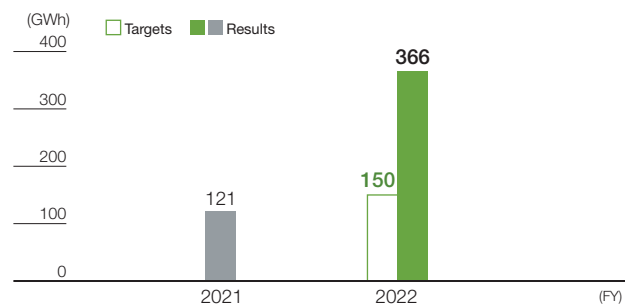
◇ Calculation formula  
ZEB rate (%) = ZEB property floor area (m²) ÷ Total property floor area (m²)  
ZEB judgment: Properties that have achieved the requirements for the definition of ZEB ("ZEB", Nearly ZEB, ZEB Ready, and ZEB Oriented)

## Environmental Data | Mitigating and adapting to climate change

### ■ ZEH-renovation equivalent



### ■ Sales of electricity generated by the company-owned renewable-energy power stations



### Calculation method and scope of coverage of environmental data

#### ■ ZEH-renovation equivalent

##### ◇ Overview

The number of buildings equivalent to ZEH-renovated ones is an index that represents "the annual effect of energy-efficiency retrofits, in terms of reduction in primary energy consumption as a result of various insulation and energy-saving retrofits for each building, by converting the reduction into that achieved by the assumed number of existing model houses renovated into the ZEH specifications (equivalent to ZEH Oriented)."

##### ◇ Scope of coverage

Target	Eligible energy-saving retrofits
Daiwa House Reform*	<ul style="list-style-type: none"> <li>· Insulation remodeling</li> <li>· Bathroom remodeling</li> <li>· Water heater remodeling</li> <li>· Lighting remodeling</li> <li>· Remodeling of warm-water washing toilet seats</li> </ul>

\* The scope of coverage will be expanded from fiscal 2023.

##### ◇ Calculation formula

The number of buildings equivalent to ZEH-renovated ones = 
$$\frac{\text{Total amount of primary energy reduction obtained through insulation and energy conservation retrofits [MJ] (excluding renewable energy)}}{\text{Primary energy reduction obtained by energy-saving renovation of one existing model house fitted for the ZEH specifications (equivalent to ZEH Oriented) [MJ] (18,635 [MJ])}}$$

#### ■ Sales of electricity generated by the company-owned renewable-energy power stations

##### ◇ Overview

Renewable energy-based electricity sales volume is a value indicating the sales volume of renewable energy-based electricity and renewable energy value that fall under the following categories.

- Electricity retailing that can be counted as zero CO<sub>2</sub> emissions under the Global Warming Law (excluding non-fossil fuel energy certificates derived from nuclear power generation)
- Electricity retailing compliant with the RE100 technical requirements
- Renewable energy-based electricity supplied by PPA projects (on-site and off-site)
- Sales of renewable energy value (J-credits, non-fossil fuel energy certificates, and green power certificates designated for renewable energy)

##### ◇ Reporting organizations

Daiwa House Industry and two Group companies engaged in the environmental energy business (Eneserve and Daiwa Energy)

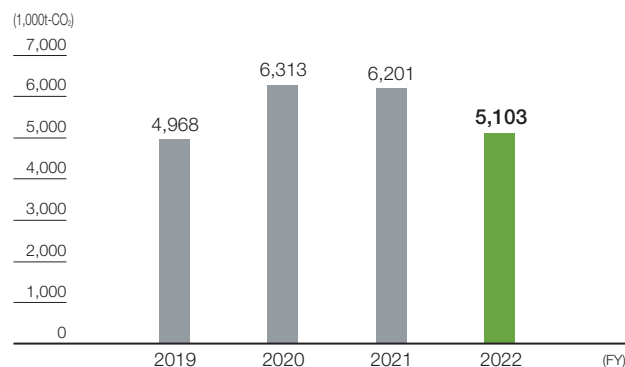
Reporting organizations	Main items for sale
Daiwa House Industry's environmental energy business	Electricity retailing (PPS), sale of renewable energy-based electricity under the PPA model, and brokerage of non-fossil fuel energy certificates
Eneserve	Electricity retailing (PPS)
Daiwa Energy	Electricity retailing (PPS), sale of renewable energy-based electricity under the PPA model



## Environmental Data | Mitigating and adapting to climate change

### Contribution to GHG reduction

#### ■ Contribution to GHG reduction (Groupwide)



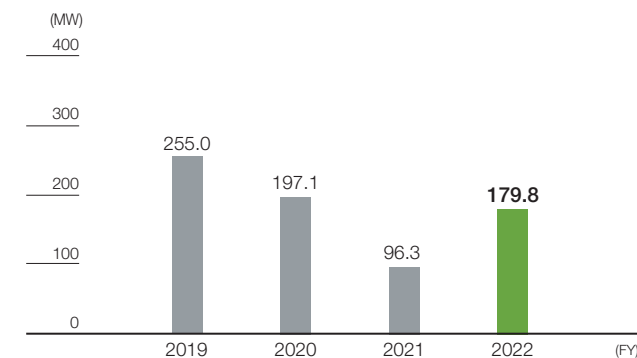
#### ■ Contribution to GHG reduction (by segment)

Unit: 1,000t-CO<sub>2</sub>

Segment	2019	2020	2021	2022
Single-family housing business	301	300	358	302
Rental housing business	341	346	360	421
Existing homes business	60	46	38	42
Condominium business	136	114	87	128
Commercial and office buildings business	2,206	2,647	3,535	3,091
Environmental energy business	1,924	2,860	1,824	1,121

### 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-CO<sub>2</sub>) =  $\{ \sum (\text{Annual GHG emissions (t-CO}_2\text{/year) in the usage or operation stages of the products being compared} - \sum (\text{Annual GHG emissions (t-CO}_2\text{/year) in the usage or operation stage of products offered during the fiscal year}) \times \text{Number of assumed years of use(year)} \}$

###### Method ② (New buildings):

contribution to GHG reduction (t-CO<sub>2</sub>) =  $\{ \sum (\text{Total floor area (m}^2\text{)} \times \text{Annual energy consumption per unit of floor area by application or scale (MJ/m}^2\text{-year)} \times \text{Energy reduction rate (\%)} \times \text{CO}_2\text{ emission factor (t-CO}_2\text{/MJ)} \times \text{Estimated number of years of use (year)} \}$   
Note: Energy reduction rate (%) =  $1 - \text{BEI}^*$  \*Design energy consumption (MJ/year) ÷ Reference energy consumption (MJ/year)

###### Method ③ (Energy generation facility):

contribution to GHG reduction (t-CO<sub>2</sub>) =  $\sum (\text{Annual renewable energy generated (kWh/year)} \times \text{CO}_2\text{ emission factor (t-CO}_2\text{/kWh)} \times \text{Estimated number of years of use (year)} \}$   
Note: Includes power sales

###### Method ④ (Energy efficiency improvement):

contribution to GHG reduction (t-CO<sub>2</sub>) =  $\{ (\text{Annual GHG emissions (t-CO}_2\text{/year) before energy-efficiency retrofits} - \text{Annual GHG emissions (t-CO}_2\text{/year) after energy-efficiency retrofits} \times \text{Estimated number of years of use (year)} \}$

###### Method ⑤ (Electricity retailing):

contribution to GHG reduction (t-CO<sub>2</sub>) =  $\{ (\text{Adjusted emission factor of general electric power supplier (t-CO}_2\text{/kWh)} - \text{Adjusted CO}_2\text{ emission factor in current fiscal year (t-CO}_2\text{/kWh)}) \times \text{Supplied electric energy (kWh)} \}$

###### Example of base method for existing home

contribution to GHG reduction (t-CO<sub>2</sub>/year) =  $\{ (\text{Annual GHG emissions (t-CO}_2\text{/year) of comparable facilities} - (\text{Annual GHG emissions (t-CO}_2\text{/year) of equipment subject to ESCO services provided during year}) \}$

#### ■ Trend in installed capacity of solar power generation systems (by segment)

Unit: kW

Segment	2011-2018	2019	2020	2021	2022
Single-family housing business	184,808	15,409	17,793	17,277	18,570
Rental housing business	143,696	3,997	877	1,004	9,676
Existing homes business	156,767	3,400	898	208	1,540
Condominium business	470.0	0	0	14	18
Commercial and office buildings business	131,515	15,190	9,788	15,509	43,333
Environmental energy business	1,360,209	217,048	167,719	62,330	106,704
Total	1,977,465	255,044	197,075	96,342	179,841
Cumulative	1,977,465	2,232,509	2,429,584	2,525,926	2,705,768

## 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] (all for domestic use only)

Reporting organizations	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 ①-③ Calculation tool used: Energy Consumption Performance Calculation Program	Building Energy Efficiency Act /Buildings compliant with the 2016 standard specifications	Single-family housing: 30 years Solar power generation: 20 years
	Rental housing business	All newly built houses in rental housing business (low-rise)			Rental housing (low-rise): 30 years Solar power generation: 20 years
		All newly built houses of the rental housing business (medium- and high-rise)			Rental housing (medium- and high-rise): 60 years Solar power generation: 20 years
	Condominium business	All housing starts of condominium business			Condominiums: 60 years Solar power generation: 20 years
	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 method ②-③ Calculation tool used: Energy Consumption Performance Calculation Program	Example of energy-efficiency solutions: Before implementation of energy-efficiency retrofit Example of energy-generation solution: Before introduction of energy-generating facility	Store, warehouse, factories: 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 method ③-④ Calculation of power generation amount/energy-saving effect: Calculated with our proprietary simulation tool (in combination with trial calculations by the manufacturer).		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), and installation of solar power generation systems	Calculation method: Flow base method ②-③ Calculation tool used: Energy Consumption Performance Calculation Program	Building Energy Efficiency Act /Buildings compliant with the 2016 standard specifications	Store, warehouse, factories: 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			Store, warehouse, factories: 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 method ③-④ Calculation tool used: Energy Consumption Performance Calculation Program (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]

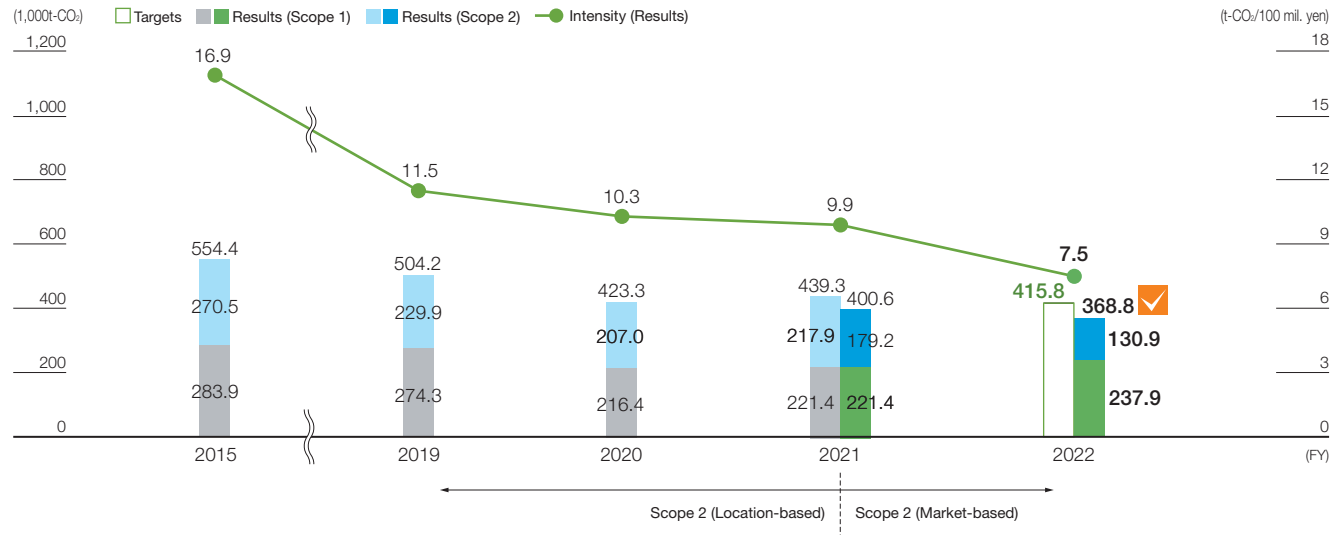
Reporting organizations	Segment	Scope	Calculation criteria		
			Calculation methods and calculation tools	Comparison	Estimated number of years of use
Cosmos Initia	Condominium business	All housing starts of condominium business	Calculation method: Flow base method ①・③ Calculation tool used: Energy Consumption Performance Calculation Program	Building Energy Efficiency Act /Buildings compliant with the 2016 standard specifications	Condominiums: 60 years Solar power generation: 20 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

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

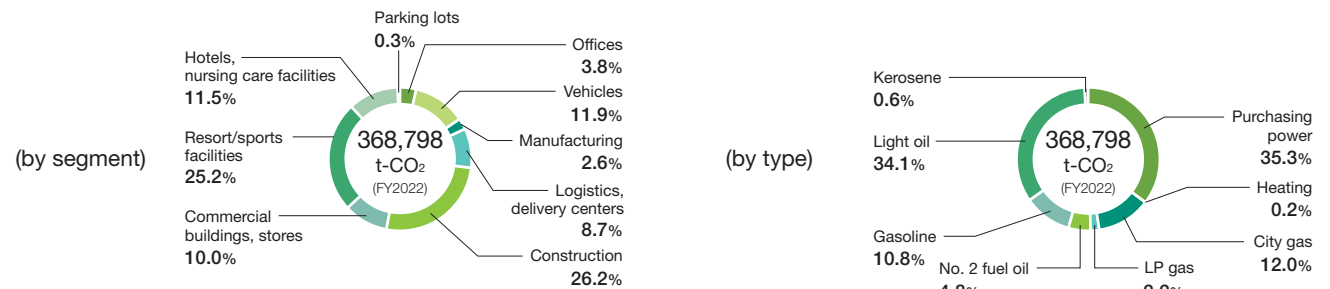
#### GHG emissions

##### ■ GHG emissions and intensity



\* Since FY2022, the Scope 2 calculation method has been revised to a market-based method. Accordingly, the results for FY2021 have been recalculated and are shown together with the previous location-based results.

##### ■ Breakdown of GHG emissions



##### ■ GHG emissions (by segment)

Unit: t-CO<sub>2</sub>

	2015	2019	2020	2021	2022
Offices	36,619	31,486	29,607	29,576	13,916
Vehicles	55,265	46,584	41,393	47,075	43,707
Manufacturing	36,094	29,898	26,795	28,647	9,469
Logistics, delivery centers	37,426	35,075	33,978	33,594	32,004
Construction	148,840	146,368	113,091	98,752	96,705
Commercial buildings, stores	69,072	54,209	53,075	58,797	36,787
Resort/sports facilities	137,337	115,068	86,023	94,810	92,982
Hotels, nursing care facilities	30,954	42,883	36,508	45,120	42,273
Parking lots	2,790	2,637	2,853	2,943	957

##### ■ GHG emissions (by type)

Unit: t-CO<sub>2</sub>

	2015	2019	2020	2021	2022
Scope 2					
Purchasing power	270,504	229,344	206,402	217,318	130,049
Heating	0	596	553	548	854
Scope 1					
City gas	34,522	40,859	33,528	39,592	44,227
LP gas	9,147	8,460	6,382	6,929	7,976
No. 2 fuel oil	25,348	21,113	13,911	16,208	17,645
Gasoline	55,765	45,020	40,053	40,531	39,929
Light oil	153,894	156,813	120,394	115,968	125,777
Kerosene	5,216	2,002	2,099	2,220	2,341

##### ■ GHG emissions (Japan, outside Japan)

Unit: t-CO<sub>2</sub>

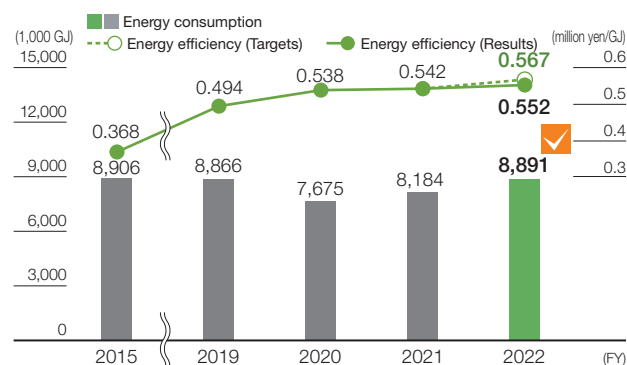
	2015	2019	2020	2021	2022
Japan	538,663	484,350	411,963	421,217	352,352
Outside Japan	15,734	19,858	11,358	18,096	16,447



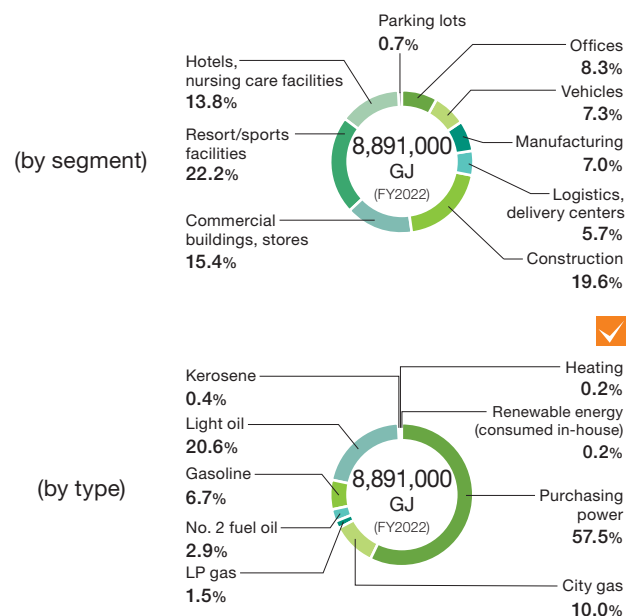
## Environmental Data | Mitigating and adapting to climate change

### Energy consumption

#### ■ Energy consumption and energy efficiency (EP100)



#### ■ Breakdown of energy consumption



#### ■ Energy consumption (by segment)

Unit: 1,000 GJ

	2015	2019	2020	2021	2022
Offices	628	635	616	644	735
Vehicles	823	693	616	699	650
Manufacturing	604	582	538	592	619
Logistics, delivery centers	570	567	556	556	505
Construction	2,227	2,221	1,762	1,533	1,746
Commercial buildings, stores	1,179	1,085	1,102	1,263	1,369
Resort/sports facilities	2,288	2,174	1,676	1,880	1,974
Hotels, nursing care facilities	541	855	750	953	1,225
Parking lots	47	53	59	63	66

#### ■ Energy consumption (by type)

Unit: 1,000 GJ

	2015	2019	2020	2021	2022
Purchasing power	4,534	4,587	4,286	4,682	5,111
City gas	692	819	672	794	887
LP gas	155	143	108	117	135
No. 2 fuel oil	366	305	201	234	255
Gasoline	831	671	597	604	595
Light oil	2,244	2,287	1,756	1,691	1,834
Kerosene	77	30	31	33	35
Heating	0	14	13	13	20
Renewable energy (consumed in-house)	7	10	10	15	19

#### ■ Energy consumption (Japan, outside Japan)

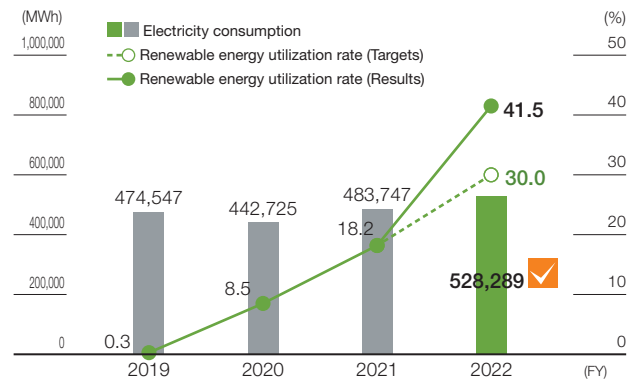
Unit: 1,000 GJ

	2015	2019	2020	2021	2022
Japan	8,683	8,554	7,481	7,880	8,599
Outside Japan	223	312	193	303	292

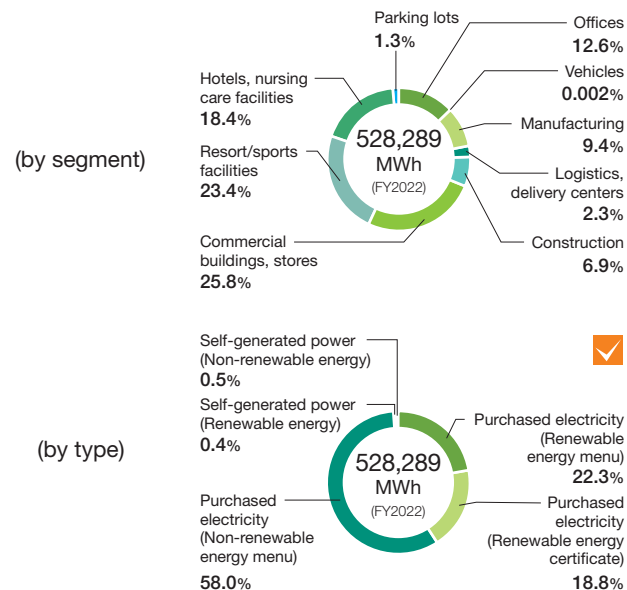
## Environmental Data | Mitigating and adapting to climate change

### Electricity consumption

#### Electricity consumption and renewable energy utilization rate (RE100)



#### Breakdown of electricity consumption



#### Electricity consumption (by segment)

Unit: MWh

	2019	2020	2021	2022
Offices	56,788	55,310	58,117	66,432
Vehicles	0	0	0	9
Manufacturing	47,123	43,939	48,060	49,412
Logistics, delivery centers	20,864	20,442	20,978	12,361
Construction	32,712	38,688	29,226	36,189
Commercial buildings, stores	108,330	108,071	124,392	136,251
Resort/sports facilities	135,318	107,265	118,030	123,780
Hotels, nursing care facilities	68,010	62,940	78,448	97,197
Parking lots	5,403	6,070	6,496	6,748

#### Electricity consumption (by type)

Unit: MWh

		2019	2020	2021	2022
Purchasing power	Renewable energy menu	415	36,642	81,940	118,043
	Renewable energy certificate*	0	0	4,650	99,345
	Other	469,552	402,511	393,141	306,288
Self-generated power	Renewable energy	1,000	1,075	1,558	1,925
	Non-renewable energy	3,580	2,498	2,459	2,687

\* Non-fossil certificates with tracking (purchased by consumers)

#### Electricity consumption (Japan, outside Japan)

Unit: MWh

	2019	2020	2021	2022
Japan	466,390	433,692	472,709	514,593
Outside Japan	8,158	9,033	11,038	13,696

### 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

GHG emissions (t-CO<sub>2</sub>) =  $\sum \{(\text{Annual consumption of electricity and fuel}) \times (\text{GHG emission factor for each type of energy})\}$

Energy consumption (GJ) =  $\sum \{(\text{Annual consumption of electricity and fuel}) \times (\text{Energy conversion factor for each type of energy})\}$

GHG emissions intensity (t-CO<sub>2</sub>/100 mil. yen) =  $\sum (\text{GHG emission}) \div \text{consolidated net sales}$

Energy efficiency (million yen/ GJ) =  $\text{Consolidated net sales} \div \sum (\text{Energy consumption})$

Electricity consumption (MWh) =  $\sum \{ \text{Annual purchased electricity} + \text{electricity generated by self-consumption generation (including renewable energy)} \}$

Renewable energy utilization rate (%) =  $\text{renewable energy utilization}^* \div \text{electricity consumption}$

\* Out of electricity consumption, total of self-generated power (renewable energy), purchased power (renewable energy menu), and purchased power (renewable energy certificates)

## Environmental Data | Mitigating and adapting to climate change

### ◇ Scope and calculation criteria (Japan)

Segment	Target	Scope (Number of locations as of end- March, 2023)			Calculation criteria	
Offices	Daiwa House Group	All offices (Head Office, affiliates, branches and sales offices), research labs, training centers and housing exhibition		Total	1,055 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	882 locations	
				Research laboratories	2 locations	
				Training centers	4 locations	
				Housing exhibition	167 locations	
Vehicles	Daiwa House Group	All company vehicles and privately owned permitted vehicles		Total	13,229 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.
Factories	Daiwa House Group	All production sites		Total	28 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	785 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	90 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	Daiwa House Group	Construction sites for new houses and buildings and civil engineering works (excluding demolition/renovation)		Construction area: Total	6,752,000 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. * We estimate data by application
				Housing construction	2,247,000 m <sup>2</sup>	
				Building construction	4,506,000 m <sup>2</sup>	
				Civil engineering	154 locations	
Commercial buildings, stores	Daiwa House Group	Commercial buildings and shops operated by our company		Total	880 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	819 locations	
				Home improvement centers	61 locations	
Resort/sports facilities	Daiwa House Group	Resort hotels, golf courses, fitness clubs, warm bathing facilities and restaurants operated by our company		Total	109 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	67 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	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.
				Urban hotels	102 locations	
				Nursing care facilities	10 locations	
Parking lots	Daiwa House Group	Parking lots operated by our company		Total	2,926 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.

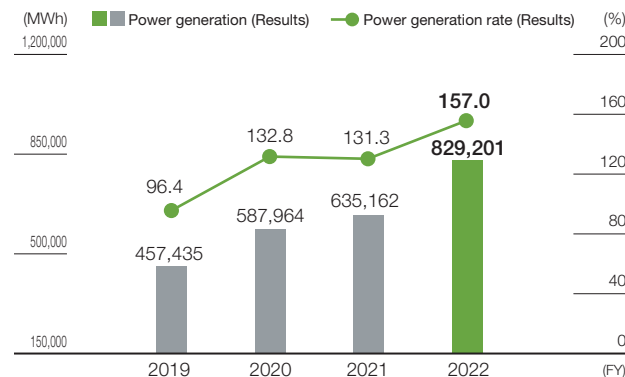
### ◇ Scope and calculation criteria (Outside Japan)

Segment	Target	Scope		Calculation criteria
Offices	Daiwa House Group	Offices	130 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. * At some sites, based on estimates from amount billed and space in use
Vehicles	Daiwa House Group	Company vehicles	424 vehicles	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	4 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	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.
Construction	Daiwa House Group	Construction sites for new houses and buildings (excluding demolition/renovation)	6 companies	We calculate the total estimate by multiplying the energy consumption per floor space (or per unit of sales) in domestic sample properties for each application by floor space sold for each application (sales amount). The total estimate is then multiplied by the respective CO <sub>2</sub> emission factors
Logistics, delivery centers	Daiwa House Group	All Logistics, delivery centers	3 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.

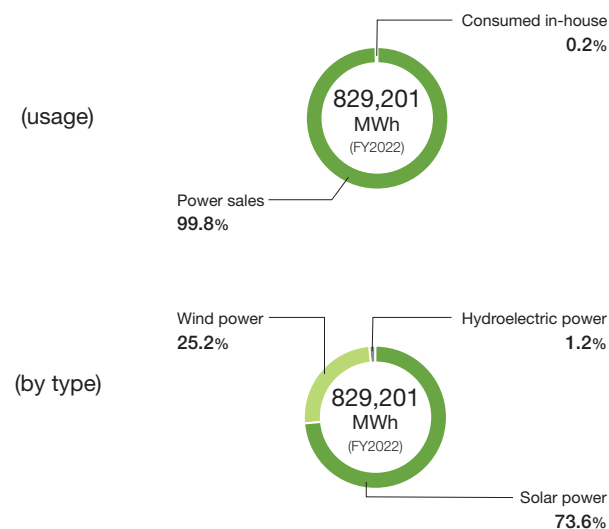
## Environmental Data | Mitigating and adapting to climate change

### Renewable energy

#### Renewable energy-based power generation and renewable energy rate



#### Breakdown of renewable energy-based power generation



#### Renewable energy-based power generation (usage)

	2019	2020	2021	2022
Power sales	456,435	586,889	633,604	827,276
Consumed in-house	1,000	1,075	1,558	1,925

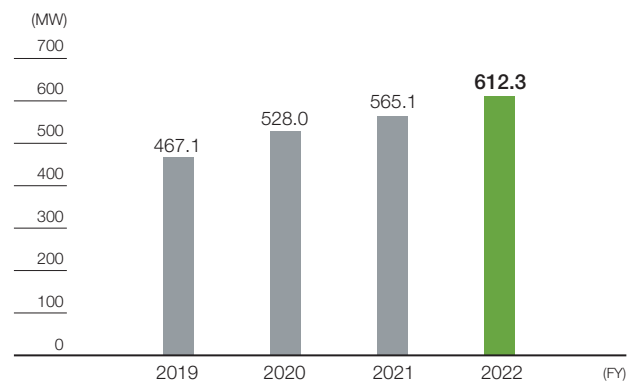
#### Renewable energy-based power generation (by type)

	2019	2020	2021	2022
Solar power	421,017	525,598	574,083	610,568
Wind power	30,088	54,013	49,519	208,855
Hydroelectric power	6,330	8,353	11,560	9,779

#### Renewable energy-based power generation (Japan, outside Japan)

	2019	2020	2021	2022
Japan	457,435	587,964	635,162	829,201
Outside Japan	0	0	0	0

#### Installed generation capacity of renewable energy-based power generation equipment



#### Installed generation capacity of renewable energy-based power generation equipment (usage)

	2019	2020	2021	2022
Power sales	463.5	524.3	560.9	601.6
Consumed in-house	3.6	3.7	4.2	10.7

### Calculation method and scope of coverage of environmental data

#### Generated volume and installed capacity of renewable energy-based power generation equipment

##### ◇ Overview

Generated volume and Installed capacity of renewable energy-based power generation equipment is the total of 1) Consumed in-house and 2) Power sales 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 rate

##### ◇ Calculation formula

Renewable energy rate (%) = renewable energy-based power Generation ÷ electricity consumption

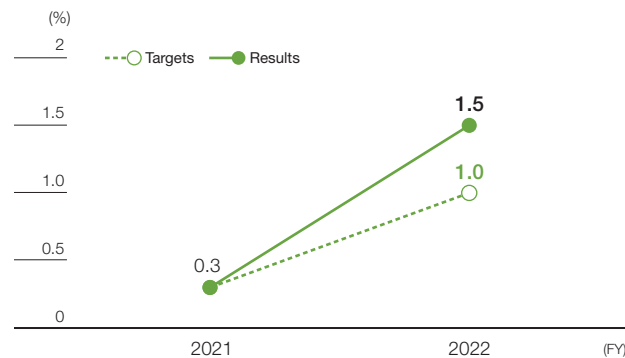
##### ◇ Scope of coverage

All Daiwa House Group companies



## Environmental Data | Mitigating and adapting to climate change

### ■ Introduction rate of clean energy cars



#### Calculation method and scope of coverage of environmental data

##### ■ Introduction rate of clean energy cars

###### ◇ Overview

The target for the introduction of vehicles fueled by clean energy (clean energy vehicles) is calculated for the 13 domestic companies in our Group that own 30 or more company vehicles.

\* Definition of clean energy vehicles: EVs (electric vehicles), PHVs (plug-in hybrid vehicles) and FCVs (fuel cell vehicles). Gasoline-fueled HVs (hybrid vehicles) are not included.

###### ◇ Reporting organizations

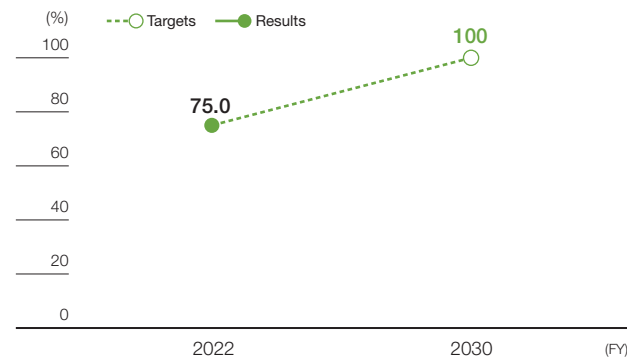
Daiwa House Industry and 12 Group companies (Daiwa Lease, DesignArc, Daiwa Logistics, Fujita, Daiwa House Reform, Daiwa Life Next, Daiwa Lantec, Daiwa House Real Estate, Daiwa Living, Daiwa House Parking, Eneserve, and Daiwa House Chintai Reform)

###### ◇ Calculation formula

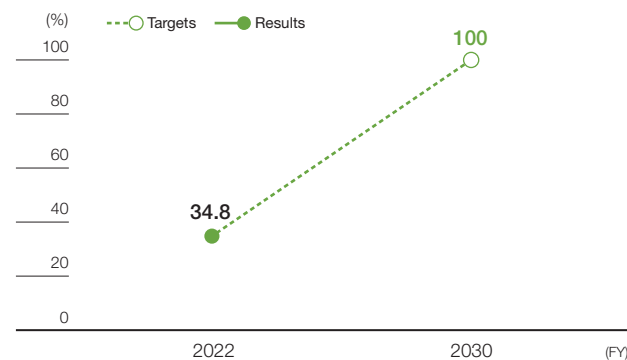
Clean energy vehicle adoption rate (%) =  $\frac{\text{Number of clean energy vehicles}}{\text{number of (company vehicles + type 1 privately owned permitted vehicles)}}$

\* Type 1 privately owned permitted vehicles: Private vehicles with permission that their owners are able to continuously use them for commuting and work (in case of Daiwa House Industry)

### ■ ZEB rate for the company's newly constructed facilities



### ■ Percentage of the company's newly constructed facilities with solar power generation equipment



### ■ ZEB conversion projects at the company and Group facilities (new construction)

Project	Date of construction start	Application	Gross floor space	Number of Stories	Environmental performance
Daiwa House Industry, Chiba Chuo Branch	January 2022	Offices	10,001m <sup>2</sup>	Twelve floors	BEI:0.46 ZEB Ready BELS ★★★★★ Total heat exchangers, LED sensors (presence detection, perimeter dimming, etc.), ultra-high efficiency transformers, and high thermal insulation Building materials (roofing, exterior walls, and glass)
Daiwa Logistics, Fukushima Distribution Center	August 2022	Logistics centers	11,687m <sup>2</sup>	Three floors	BEI: 0.32 (excluding PV) ZEB Ready LED and total heat exchangers
Wakamatsu KONPOU UNYU SOKO, Mikawa Joint Distribution Center for Beverages	May 2022	Logistics centers	6,419m <sup>2</sup>	Two floors	BEI: 0.37 (excluding PV) ZEB Ready LED

#### Calculation method and scope of coverage of environmental data

##### ■ ZEB rate for the company's newly constructed facilities, Percentage of the company's newly constructed facilities with solar power generation equipment

###### ◇ Overview

The term "the Company's facilities" refers to facilities in which the Group conducts business operations (subject to GHG emissions reporting), and includes not only facilities owned and occupied by the Company, but also facilities that the Company rents on its own use or sub-leases to tenants. These facilities do not include asset buildings that are leased to tenants in their entirety, such as whole convenience store buildings leased to their tenants.

###### ◇ Reporting organizations

Daiwa House Industry and 23 Group companies\*.

\* Refer to p. 139 (Organizations reporting the number of those who acquired the Eco Test certification).

###### ◇ Scope of coverage

Company facilities whose construction started in FY2022 (domestic only)  
Properties with a floor area of 300 m<sup>2</sup> or more

###### ◇ Calculation formula

ZEB rate for the Company's newly constructed facilities (%)  
=  $\frac{\text{ZEB property floor area (m}^2\text{)}}{\text{Total property floor area (m}^2\text{)}}$   
ZEB judgment: Properties that have achieved the requirements for the definition of ZEB ("ZEB", Nearly ZEB, ZEB Ready, and ZEB Oriented)

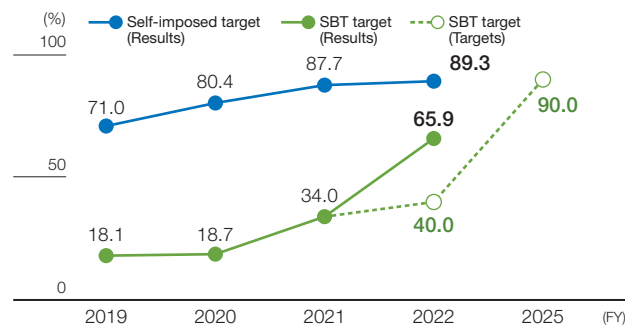
Percentage of the Company's newly constructed facilities with solar power generation equipment  
=  $\frac{\text{Number of buildings with solar power generation equipment [buildings]}}{\text{Number of eligible properties with solar power generation equipment [buildings]}}$

## Environmental Data | Mitigating and adapting to climate change

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

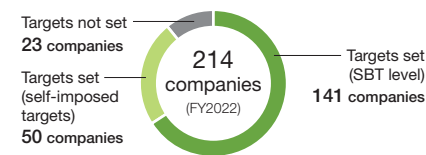
#### Principal suppliers' GHG emissions reduction

##### Principal suppliers' GHG emissions reduction target setting rate

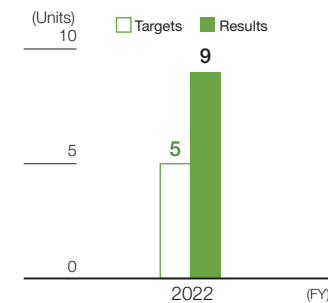


\* The target has been set at the 2°C level (reduction of GHG emissions by at least 1.23% annually), but we plan to raise the target to the WB2°C level (reduction of at least 2.5% annually) in FY2023 and beyond (WB2°C refers to the greenhouse gas reduction target to hold the increase in the global temperature to a level well below 2°C above pre-industrial levels).

##### Breakdown of principal suppliers' GHG emissions reduction target



##### The number of contracts for renewable energy and energy-efficiency solutions (The number of cases of support)



#### Calculation method and scope of coverage of environmental data

##### Setting rate of principal suppliers' SBT standard GHG reduction targets

###### ◇ Overview

The rate of principal suppliers' SBT standard GHG reduction targets is set based on data from the following principal suppliers: 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., as well as Fujita Corporation's sources of procurement.

###### ◇ Scope of coverage

Reporting organizations	Scope of coverage
Daiwa House Industry (The Trillion Club)	Among sources of centralized purchasing, approx. 90% of companies with the top transaction amounts (78 companies)
Daiwa House Industry (The Setsuwa Club)	Companies with membership in the Setsuwa Club, excluding sales companies and those with less than 100 employees (91 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	Companies that account for 2/3 of materials purchases of major construction types (25 companies)

###### ◇ Calculation formula

Setting rate of principal suppliers' SBT standard GHG reduction targets (%) = Number of principal suppliers that have already set a standard SBT targets ÷ Number of principal suppliers

#### Calculation method and scope of coverage of environmental data

##### The number of contracts for renewable energy and energy-efficiency solutions (The number of cases of support)

###### ◇ Overview

Targeting the members of the Trillion Club, which supplies our materials, and the Setsuwa Club, which supplies our facility equipment, we have proposed solutions to help our principal suppliers, which have set SBT standard GHG reduction targets, to achieve the targets. The number of solutions contracts signed is calculated on a cumulative basis.

###### ◇ Scope of coverage

Reporting organizations	Scope of coverage
Daiwa House Industry (The Trillion Club)	Among sources of centralized purchasing, approx. 90% of companies with the top transaction amounts (78 companies)
Daiwa House Industry (The Setsuwa Club)	Companies with membership in the Setsuwa Club, excluding sales companies and those with less than 100 employees (91 companies)

###### ◇ Calculation criteria

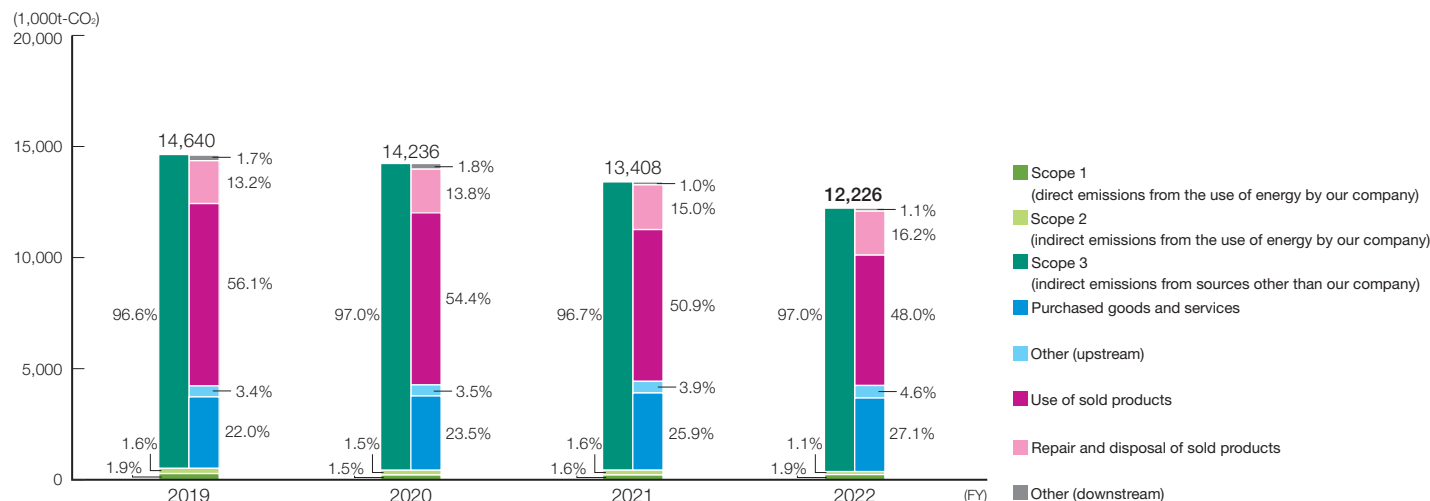
Number of solutions contracts to help principal suppliers to reduce GHG emissions

###### ◇ Management indicators

Cumulative number of contracts (FY2022–FY2026)

## 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			FY2019	FY2020	FY2021	FY2022	Percentage of total
Scope 1			274	216	221	238	1.9%
Scope 2			230	207	218	131	1.1%
			14,136	12,696	12,969	11,858	97.0%
Scope 3	Upstream	1 Purchased goods and services	3,227	3,347	3,479	3,312	27.1%
		2 Capital goods	287	286	301	368	3.0%
		3 Fuel- and energy-related activities (not included in scope 1 or scope 2)	41	41	43	41	0.3%
		4 Upstream transportation and distribution	31	31	34	33	0.3%
		5 Waste generated in operations	130	130	130	101	0.8%
		6 Business travel	4	4	5	11	0.09%
		7 Employee commuting	9	9	8	13	0.11%
		8 Upstream leased assets	0.3	0.3	0.3	0.3	0.003%
	Downstream	9 Downstream transportation and distribution	—	—	—	—	—
		10 Processing of sold products	—	—	—	—	—
		11 Use of sold products	8,213	7,747	6,830	5,872	48.0%
		12 End-of-life treatment of sold products	1,939	1,963	2,006	1,976	16.2%
		13 Downstream leased assets	255	255	133	131	1.07%
		14 Franchises	—	—	—	—	—
		15 Investments	—	—	—	—	—
Total			14,640	14,236	13,408	12,226	100.0%

\* Since FY2022, the Scope 2 calculation method has been revised to a market-based method. (See p. 148)

\* The figures for Scope 3 emissions in FY2021 have been revised due to a minor review of the scope and method of aggregation (Categories 1, 11, and 12).

# 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 150 and 151. 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.

#### ◇ Target businesses (Scope 3)

Construction and real estate businesses of the Company and its Group companies

#### ◇ Calculation formula

$$\text{GHG emissions (t-CO}_2\text{)} = \sum \{(\text{Amount of activity}) \times (\text{CO}_2 \text{ emissions per amount of activity})\}$$

#### ◇ Source (Secondary data used)

- ① Emission intensity database (ver. 3.3, 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 non-residential buildings (inside Japan)	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 energy (those not included in scope 1 or 2)	Purchased energy consumption	Intensity per unit of 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 (domestic only)	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 (domestic only)	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 (inside Japan, 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.	Design primary energy consumption × CO <sub>2</sub> emission factor for each energy type × useful life * Same as "GHG emissions derived from use of products" on p. 142	
	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 (inside Japan)	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 | 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-creating a Brighter Future" for humanity and the natural world.

#### Biodiversity Action Guidelines

##### 1. 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.

##### 2. 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.

##### 3. 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.

##### 4. 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.

##### 5. 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.

### Supply Chain Sustainability Guidelines

(Revised April 1, 2023)

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

#### (2) Corporate Activity Guidelines

#### (3) Guidelines for Products

#### Chemical Substance Management Guidelines [Basics]

#### Biodiversity Guideline [Timber Procurement]

- (1) Confirmation of legality
- (2) Confirmation of sustainability

#### Biodiversity Guideline [Development & Community Creation]



P061 Implementation of the Chemical Substance Management Guidelines



Supply Chain Sustainability Guidelines

### Biodiversity Guideline [Timber Procurement]

"To achieve zero deforestation, we procure timber, whose legality and sustainability are confirmed by us, or 100% recycled timber from suppliers that have a zero-deforestation policy and human rights and labor policies"

#### (1) Confirmation of legality

- (a) Ensure the source of supply has been clearly identified (traceable to the logging site).
- (b) Confirm that the cutting rights have been secured.
- (c) Confirm compliance with forestry laws and other relevant rules.

#### (2) Confirmation of sustainability

- (d) The logging method avoids large-scale logging of natural forests.
- (e) The logged timber is not an endangered species.
- (f) Endangered species and natural environment in the logging areas and surrounding areas have been considered for conservation.
- (g) The timber is not produced in a disputed region.
- (h) Working conditions are in compliance with the local government.
- (i) The forest reserves can be maintained
- (j) The timber is Japanese domestic timber.

### Biodiversity Guideline [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 indigenous species 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 adopting indigenous species in the area and taking the scope of travel of living creatures into account.

#### 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.

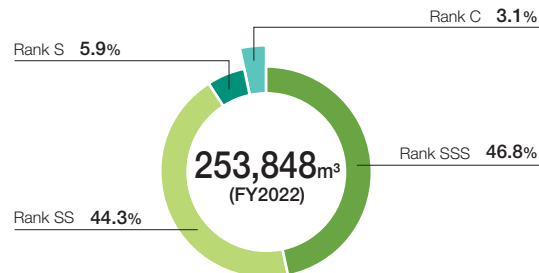
#### 6. Pay adequate consideration to ecological maintenance and management

In order to maintain a good biological environment, we will plan and propose facilities and management policies necessary for maintaining and managing green spaces.

## Environmental Data | Harmony with the natural environment

### (4) Challenge ZERO Deforestation Eco-friendly timber procurement

#### ■ Ratio of C-ranked timber in procurement



#### ■ Setting rate of zero deforestation policy

Unit: company

	2021	2022
Eligible primary suppliers	Sharing the zero-deforestation policy	150
Primary suppliers with policies in place		9 (6.1%)
Primary suppliers with policies in place for secondary suppliers and further		0 (0%)

#### ■ Volume of timber procured

Unit: m³

	2019	2020	2021	2022
Single-family housing business	215,372	185,317	172,687	159,734
Rental housing business (medium-rise rental houses)	—	—	—	13,893
Condominium business	5,533	5,416	13,394	4,263
Commercial and office buildings business	27,260	52,629	52,440	51,245
Existing homes business	—	—	146	266
Other	39,485	39,097	31,148	24,446
Total	287,650	282,458	269,815	253,848

### Calculation method and scope of coverage of environmental data

#### ■ Ratio of C-ranked timber in procurement

##### ◇ Overview

We have established the assessment criteria for legality and sustainability based on the Biodiversity Guideline [Timber Procurement]. Once a year, we conduct a fact-finding survey of delivered timber to our timber suppliers to confirm conformity to the assessment criteria, and rate the timber on four levels: SSS, SS, S, and C grades.

##### ◇ Calculation formula

Composition of C-ranked timber (%) =  $\frac{\text{amount of C-ranked timber procured (m}^3\text{)}}{\text{Total amount of timber procured (m}^3\text{)}}$

Note: Statistics for SSS, SS, and S-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), medium-rise rental housing (RC/steel frame)
Condominium business	Daiwa House Industry, Cosmos Initia	Condominiums sold
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

\* Each department covers only domestic operations

Note: Target materials include construction materials, framing/crosspieces, wood used below grade, plywood, and flooring.

#### ■ Setting rate of zero deforestation policy

##### ◇ Overview

The rate of zero deforestation policy is calculated for primary suppliers (timber suppliers, general contractors, and builders) with an annual timber procurement volume of 50 m³ or more, and their domestic secondary suppliers and further.

##### ◇ Scope of coverage

Same as the scope of coverage for the ratio of C-ranked timber

##### ◇ Calculation formula

Setting rate of zero deforestation policy (primary suppliers) (%)  
=  $\frac{\text{Number of primary suppliers that have established a zero-deforestation policy with minimum procurement of 50 m}^3\text{/year}}{\text{Number of primary suppliers with minimum procurement of 50 m}^3\text{/year}}$

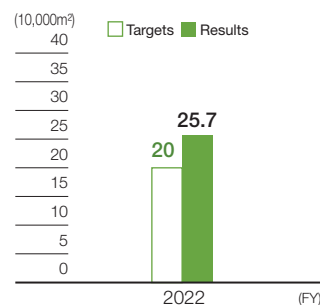
Setting rate of zero deforestation policy (secondary suppliers and further) (%)  
=  $\frac{\text{Number of primary suppliers that have completed the formulation of zero deforestation policy for their secondary suppliers and further}}{\text{Number of primary suppliers with minimum procurement of 50 m}^3\text{/year}}$

## Environmental Data | Harmony with the natural environment

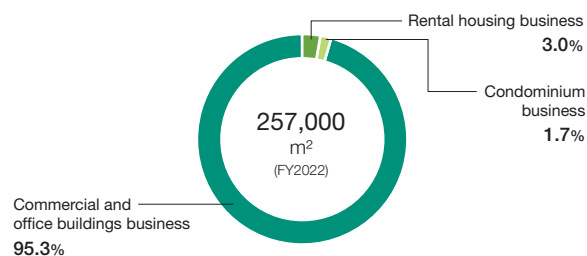
### (5) Challenge ZERO Harm to Biodiversity

#### Preservation of biodiversity in development and community development

##### ■ Eco-friendly surface area of green spaces (cumulative)



##### ■ Breakdown of Eco-friendly surface area of green spaces



#### Calculation method and scope of coverage of environmental data

##### ■ Eco-friendly surface area of green spaces (cumulative)

###### ◇ Overview

Eco-friendly surface area refers to the total green spaces, where more than half of the new trees (tall trees and shrubs) are planted with indigenous species that match the nature of each region, or the horizontal crown projection area of indigenous tree species, in the greening of the outer structures that the Company Group conducts in conjunction with the sale of built-for sale houses and implementation of construction contracts.

###### ◇ Calculation formula

Eco-friendly surface area of green spaces (m²)  

$$= \sum (\text{Eco-friendly surface area of green spaces of target properties in each project (m²)})$$

###### ◇ 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 m²
Condominium business	Daiwa House Industry	All construction starts (excluding JV non-managed units)
	Cosmos Initia	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 m²
	Daiwa Lease	[With greening regulations] All construction starts
	Fujita	[With greening regulations] All construction starts
Urban development business	Daiwa House Industry	All construction starts

\* Domestic properties only

## Environmental Data | Harmony with the natural environment

### (5) Challenge ZERO Harm to Biodiversity

#### ■ Initiatives for significant sites at Company facilities

	Number of locations	Surface area (ha)
Business activity area	869	5,190
Biodiversity impact evaluation	88	4,321
Sites in close proximity to important biodiversity	17	641
Sites that have biodiversity management plans	2	149

#### Calculation method and scope of coverage of environmental data

##### ■ Initiatives for significant sites at Company facilities

###### ◇ Overview

We have conducted self-evaluations to determine the degree of impact on biodiversity in our business activity areas\* and its impacts.

\* Business activity areas include the Company's offices, factories, research centers, and training centers, as well as all sites owned by the Company and forest housing under sale by the Company at the end of FY2021, and hotels, golf courses, and other business sites operated by the Group.

###### ◇ Scope of coverage

Target	Scope of coverage*
Daiwa House Group	Segments/companies that own large-scale properties such as company-owned forests or factories (10,000 m <sup>2</sup> or more)

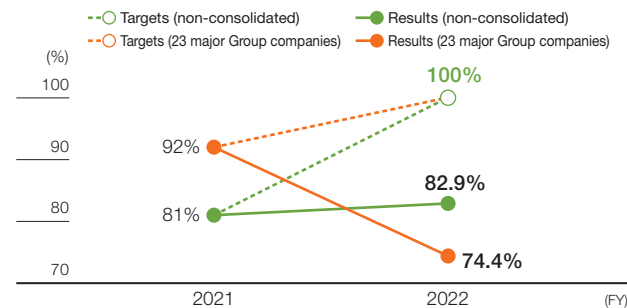
\* Domestic business sites only

The following are subject to evaluation regardless of requirements

Target company	Application
Daiwa House Industry	Factories, forest housing, company-owned forests, solar power generation plants
Fujita	Technological Center
Daiwa Lease	Factories, commercial facilities, solar power generation plants
DesignArc	Factories
Daiwa Resort	Hotel sites
Daiwa Energy	Solar power generation plants
Daiwa Royal Golf	Golf courses
Daiwa Logistics	Logistics facilities

#### Promotion of the Daiwa Plastics Smart Project

##### ■ Rate of replacement of plastic goods for distribution (offices, etc.)



##### ■ 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

##### ■ Rate of replacement of plastic goods for distribution (offices, etc.)

###### ◇ Overview

We surveyed 15 single-use plastic products that are expected to be provided free of charge to customers at domestic sites in four sectors (offices, restaurants, stores, and hotels) to determine if they are replaced with plastic-free ones in accordance with the Plastics Usage Guidelines.

###### ◇ Scope of coverage

Target	Scope of coverage
Daiwa House Industry and 23 major Group companies*.	15 single-use plastic products provided free of charge to customers. (1) Vinyl cases for company use (2) Paper bags for company use (3) Window envelopes (4) Vinyl envelopes for DM (5) Clear folders (6) Slide bar files for proposals (7) Transparent bags for flyers, etc. (8) Single-use ballpoint pens/pencils (9) Character balloons (10) Insert cups and holders (11) Plastic lids for hot beverages (12) Forks, spoons, and table knives (13) Plastic stirrers (14) Plastic straws (15) Laundry bags * Not applicable in the office and restaurant sectors

\* Refer to p. 139 (Organizations reporting the number of those who acquired the Eco Test certification).

###### ◇ Calculation formula

· Daiwa House Industry  
Rate of replacement of plastic goods for distribution with plastic-free materials (%)  
=  $\frac{\sum (\text{number of items with completed replacement per site})}{\sum (\text{number of target items per site})}$

· 23 major Group companies  
Rate of replacement of plastic goods for distribution with plastic-free materials (%)  
=  $\frac{\sum (\text{number of items with completed replacement per company})}{\sum (\text{number of target items per company})}$

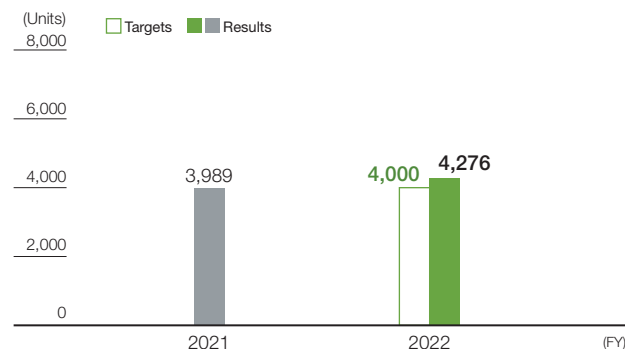
\* Four sectors



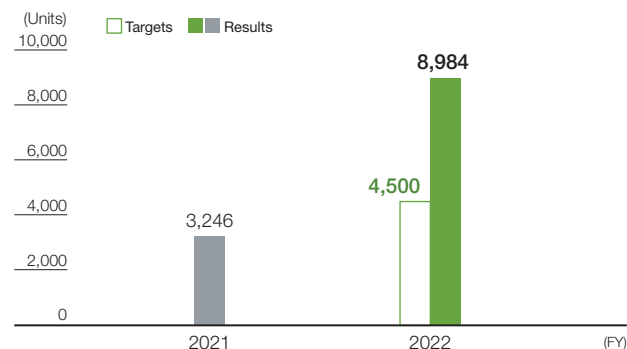
## Environmental Data | Closed-loop resource sourcing and conservation of aquatic environments

### (6) Challenge ZERO Waste and Reuse

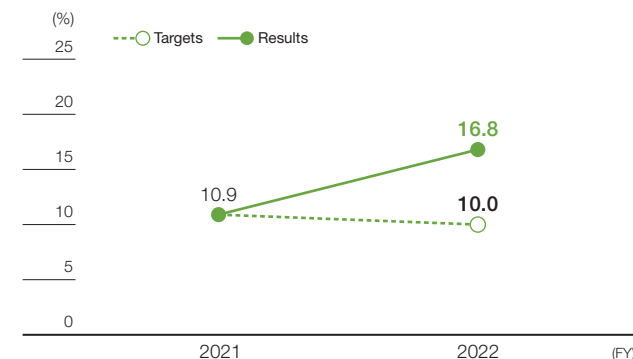
#### ■ Number of assets subject to effective use



#### ■ Number of buildings subject to durability extension



#### ■ Recycling rate of waste plastics material (Manufacturing)



#### Calculation method and scope of coverage of environmental data

##### ■ Number of assets subject to effective use

###### ◇ Overview

The number of buying single-family houses and rental houses for resale and reselling them and mediating purchase and sales of them in Japan is calculated.

###### ◇ Scope of coverage

Target	Scope of coverage
Daiwa House Industry	The number of buying single-family houses and rental houses for resale and reselling them and mediating purchase and sales of them in Japan
Daiwa House Real Estate	
Daiwa LifeNext	
Cosmos Initia	

###### ◇ Calculation formula

Number of assets subject to effective use (No.)  
= Purchase for resale and resale (No.) + Mediating purchases and sales (No.)

##### ■ Number of buildings subject to durability extension

###### ◇ Overview

We calculate the number of construction projects required to extend the warranty periods with respect to "structural strength," "prevention of rainwater infiltration," and "termite protection" for domestic single-family houses and rental housing constructed by the Company, as well as the number of other domestic seismic reinforcement and waterproofing projects.

###### ◇ Scope of coverage

Target	Scope of coverage
Daiwa House Reform	Work to extend the warranty periods on existing single-family houses and rental housing constructed by the Company in Japan, and other work related to seismic reinforcement and waterproofing of existing single-family houses and rental housing in Japan
Daiwa House Chintai Reform	
Daiwa House Real Estate	
Daiwa LifeNext	

###### ◇ Calculation formula

Number of buildings subject to durability extension (No.)  
= Number of construction projects for warranty extension (No.)  
+ Number of other construction projects than those for warranty extension related to seismic reinforcement and waterproofing (No.)

##### ■ Recycling rate of waste plastics material (Manufacturing)

###### ◇ Overview

The recycling rate of waste plastics material byproducts from the manufacturing sector is calculated on a weight basis. RPF (Refuse derived paper and plastics densified fuel) is not considered recycled waste plastics material.

###### ◇ Scope of coverage

Target	Scope of coverage
Daiwa House Industry	Waste plastics discharged in the production process at domestic factories and waste plastics discharged at construction sites of new single-family houses and apartment complexes (collected by the Factory Depot system)
Daiwa Lease	Waste plastics discharged in the production process of domestic factories
DesignArc	Waste plastics discharged in the production process of domestic factories

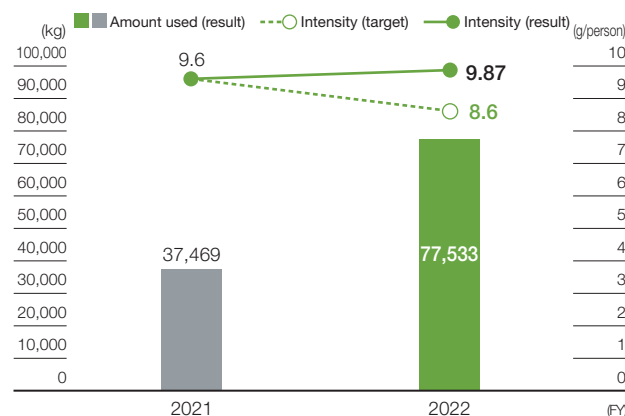
###### ◇ Calculation formula

Recycling rate of waste plastics material (%)  
= Amount of recycled plastic waste and valuable resources (kg)  
÷ Total amount of discharged plastic waste and valuable resources (kg)

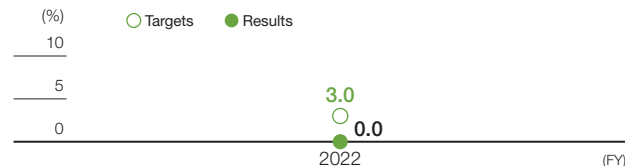
# Environmental Data | Closed-loop resource sourcing and conservation of aquatic environments

## (6) Challenge ZERO Waste and Reuse

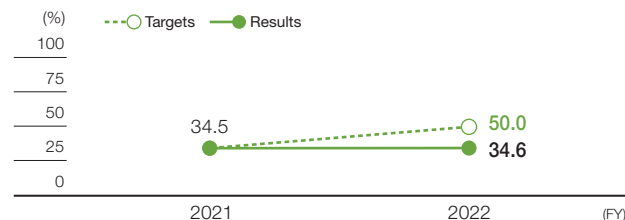
### ■ Purchase amount and intensity of amenities that are plastic-containing products specified in law



### ■ Recycling rate of amenities that are plastic-containing products specified in law (hotels)

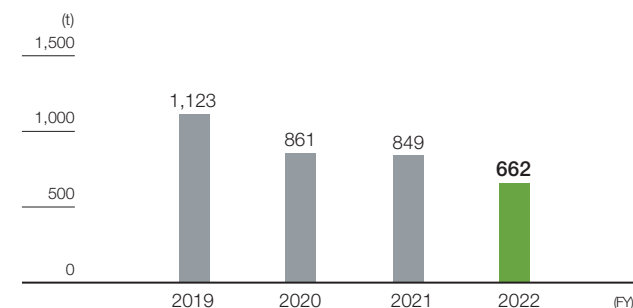


### ■ Setting rate of zero waste emissions targets by principal suppliers



## Materials

### ■ Paper consumption



### ■ Steel consumption

	2019	2020	2021	2022
Daiwa House Industry	187,963	171,024	177,438	179,566

Unit: t

## Calculation method and scope of coverage of environmental data

- Reduction rate of amenities that are plastic-containing products specified in law (hotels)
- Recycling rate of amenities that are plastic-containing products specified in law (hotels)

#### ◇ Overview

Of the five single-use plastic amenity products that are designated as specified plastic products for the lodging industry under the Plastic Resource Circulation Act, we calculated the intensity reduction rate per guest (compared to FY2021) and the recycling rate for the products that are distributed free of charge at our domestic sites.

#### ◇ Scope of coverage

Target	Scope of coverage
Nishiwaki Royal Hotel	Single-use products among the five products (hairbrushes, combs, razors, shower caps, and toothbrushes)
Daiwa House Realty Management	
Cosmos Initia	
Housing Complex Business Division (Daiwa Living)	designated as products using specified plastics, which will be distributed free of charge at domestic bases.

#### ◇ Calculation formula

Annual usage intensity of amenities that are plastic-containing products specified in law (g/person)  

$$= \frac{\sum (\text{annual purchases of amenities that are plastic-containing products specified in law})}{\sum (\text{annual number of overnight guests})}$$
 Recycling rate of amenities that are plastic-containing products specified in law (%)  

$$= \frac{\sum (\text{weight of recycled waste plastic material})}{\sum (\text{weight of the 5 distributed items})}$$

### ■ Setting rate of zero waste emissions targets by principal suppliers

#### ◇ Overview

The zero waste emission target rates by principal suppliers are set based on data from the following principal suppliers: The Trillion Club, which supplies our materials, the Settsuwa Club, which supplies our facility equipment, and the Gosen Club, the supply chain organization for Daiwa Lease Co., Ltd., a Group company, as well as Fujita Corporation's sources of procurement.

#### ◇ Scope of coverage

Target	Scope of coverage
Daiwa House Industry (The Trillion Club)	Among sources of centralized purchasing, approx. 90% of companies with the top transaction amounts (78 companies)
Daiwa House Industry (The Settsuwa Club)	Companies with membership in the Settsuwa Club, excluding sales companies and those with less than 100 employees (91 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	Companies that account for 2/3 of materials purchases of major construction types (25 companies)

#### ◇ Calculation formula

Zero waste emissions target setting rate (%)  

$$= \frac{\text{Number of principal suppliers that have set zero emission targets}^*}{\text{Number of principal suppliers}}$$
 \* Target of zero emissions or recycling rate of 99% or higher

### ■ 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)  

$$= \sum (\text{Purchased paper per type (m}^2\text{)} \times \text{weight per unit area (t/m}^2\text{)})$$

#### ◇ 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 in Japan 159 locations in total

### ■ Steel consumption

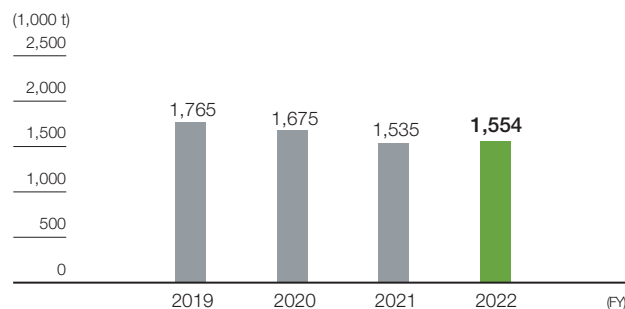
#### ◇ Scope of coverage

Segment	Target	Scope of coverage
Manufacturing	Daiwa House Industry	All production sites in Japan

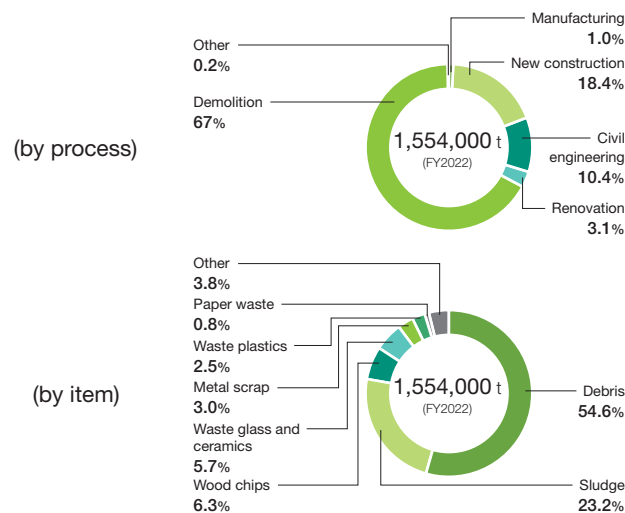
## Environmental Data | Closed-loop resource sourcing and conservation of aquatic environments

### 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)

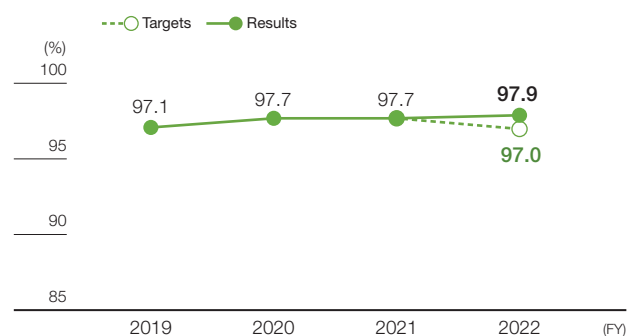
	2019	2020	2021	2022
Manufacturing	11,793	10,094	10,339	14,931
New construction	129,386	126,601	112,770	286,103
Civil engineering	214,366	243,384	208,700	160,886
Renovation	51,014	52,009	46,393	48,591
Demolition	1,103,062	883,764	995,697	1,040,338
Other	255,568	359,515	161,155	2,762

\* The classification method per stage was partly changed in FY2022.

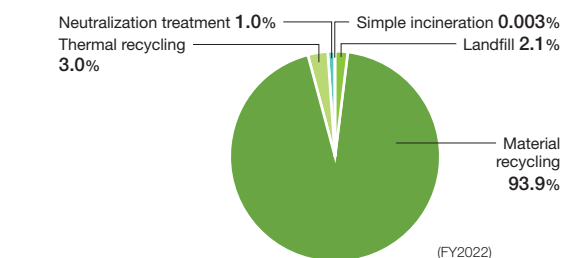
#### Overall Construction/demolition waste emissions (by item)

	2019	2020	2021	2022
Debris	984,097	848,000	878,828	848,063
Sludge	422,100	513,241	328,146	360,323
Wood chips	94,522	86,008	88,090	98,440
Waste glass and ceramics	96,191	92,473	89,304	88,217
Metal scrap	57,214	53,631	46,658	47,280
Waste plastics	37,263	35,166	35,527	39,248
Paper waste	11,482	12,657	12,417	13,014
Other	62,322	34,179	56,084	59,025

#### Overall Recycling rate of construction waste



#### Overall Breakdown of construction waste (by treatment)



#### Overall Recycling rate of construction waste (by treatment)

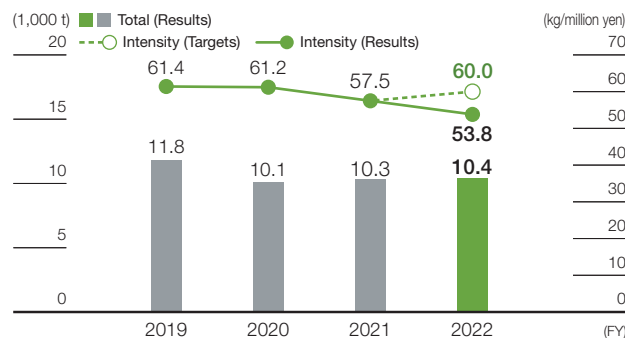
		2019	2020	2021	2022
Recycling	Material recycling	95.2	95.9	95.2	93.9
	Thermal recycling	1.8	1.6	2.1	3.0
	Neutralization treatment	0.2	0.1	0.4	1.0
Final disposal	Simple incineration	0.016	0.004	0.003	0.003
	Landfill	2.9	2.3	2.3	2.1

#### Overall Specially controlled industrial waste emissions (Daiwa House Industry)

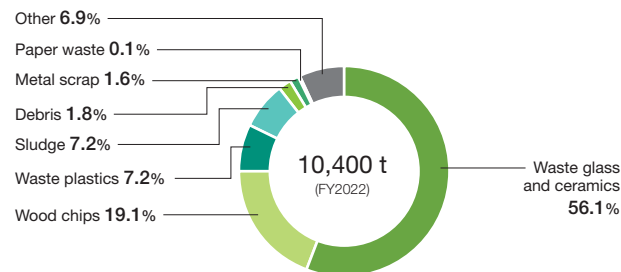
	2019	2020	2021	2022
Combustible waste oil	158.6	128.0	110.6	118.67
Corrosive waste acid, waste alkali	76.4	26.7	23.9	32.84
Specified hazardous industrial waste (e.g. waste asbestos, waste PCB, waste mercury)	96.0	252.9	197.9	95.38

## Environmental Data | Closed-loop resource sourcing and conservation of aquatic environments

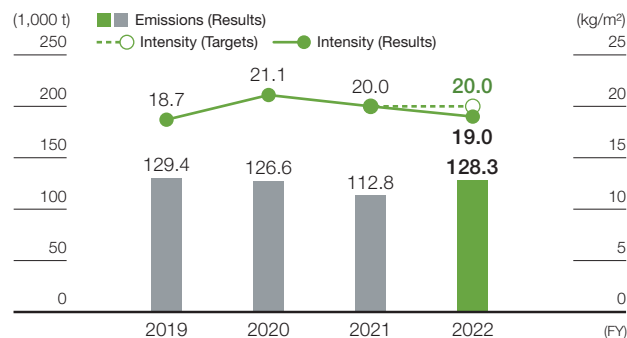
### ■ Manufacturing Waste emissions and intensity



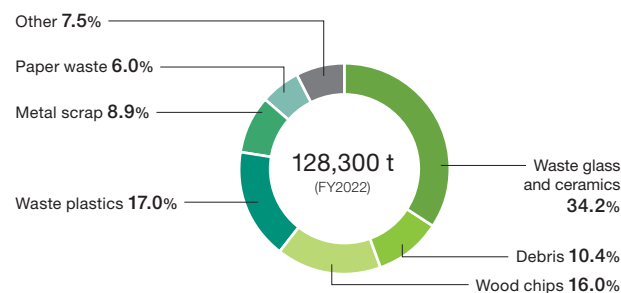
### ■ Manufacturing Breakdown of waste emissions (by item)



### ■ New construction Waste emissions and intensity



### ■ New construction Breakdown of waste emissions (by item)



### 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." Construction waste is defined as waste generated from the start of construction to the completion of the projects that were completed during the fiscal year. 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 of the manufacturing segment, and the total "sales area" of each site is used as the basic denominator of the construction segment.

##### ◇ Calculation formula (Emissions)

**Manufacturing** Construction waste emissions (t)  
= (Construction byproducts generated (t)  
– Sales of valuable resources (t))

**New construction** Construction waste emissions (t)  
= Construction byproducts generated (t)  
– Sales of valuable resources (t)  
– Construction sludge generated (t)

##### ◇ Calculation formula (Intensity)

**Manufacturing** Intensity (kg/million yen)  
= Construction waste emissions (kg) ÷ Factory sales (million yen)

**New construction** Intensity (kg/million yen)  
= Construction waste emissions (kg) ÷ Floor area (m²)

##### ◇ Calculation formula (Recycling rate)

Recycling rate of construction waste (%)  
= {Amount of material recycled (t) + Amount thermally recycled (t)  
+ Neutralization treatment amount (t)} ÷ 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 in Japan
New construction	Daiwa House Group	All new construction sites in Japan
Civil engineering	Fujita	All civil engineering sites in Japan
Renovation	Daiwa House Group	All renovation sites in Japan (except for some small-scale sites)
Demolition	Daiwa House Group	All demolition sites in Japan

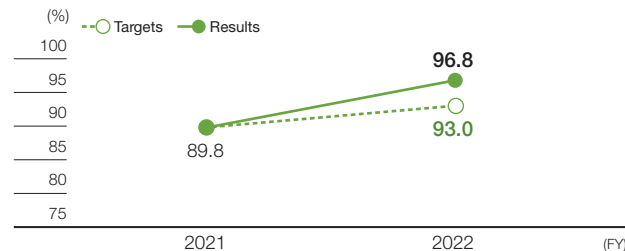


# Environmental Data | Closed-loop resource sourcing and conservation of aquatic environments

## (7) Challenge ZERO Water-Associated Risks

### Water-saving device adoption rate

#### Water-saving device adoption rate



#### Adoption rate by department (FY2022)

Department	Adoption rate
Single-family housing business	100.0%
Rental housing business	98.4%
Existing homes business	99.7%
Condominium business	99.1%
Commercial and office buildings business	75.5%

\* Only the hotel business and residential care facilities

### Calculation method and scope of coverage of environmental data

#### 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, residential care facilities, and existing homes business we have provided to customers.

##### ◇ Calculation formula

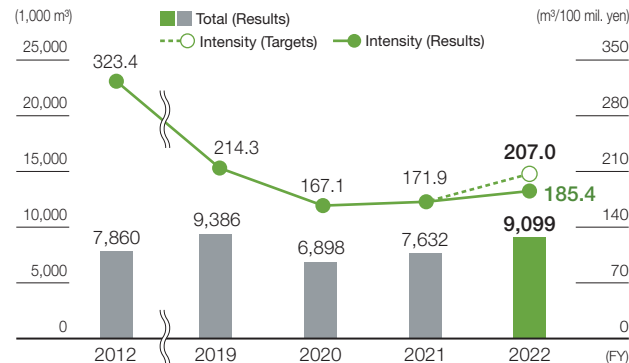
Water-saving equipment adoption rate (%)  

$$= \frac{\sum (\text{No. of installed water-saving equipment (showers + kitchen faucets + toilets)})}{\sum (\text{No. of relevant facilities installed (showers + kitchen faucets + toilets)})}$$
  
 Water-saving equipment: Building energy consumption performance standards:  
 Hot water-saving A1, Hot water-saving B1  
 The Japan Valve Manufacturers' Association's voluntary standards: Hot water-saving A, Hot water-saving B  
 Water-saving faucets in the low-carbon building certification standards

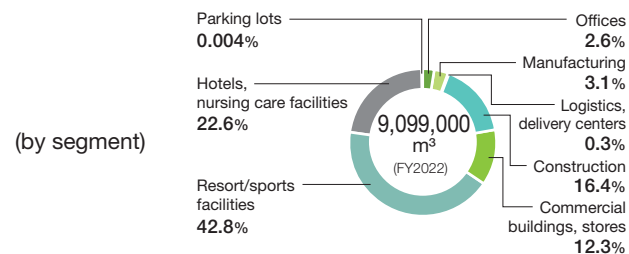
Segment	Target	Scope of coverage
Single-family housing business	Daiwa House Industry	All properties in Japan
Rental housing business	Daiwa House Industry	All properties in Japan
Condominium business	Daiwa House Industry, Cosmos Initia	All properties in Japan
Commercial and office buildings business	Daiwa House Industry, Fujita	Only for hotels and residential care facilities in Japan
Existing homes business	Daiwa House Reform	All properties in Japan

### Water consumption

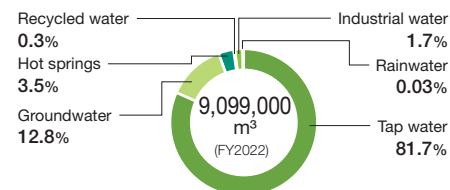
#### Trend in water consumption (water intake) and intensity



#### Breakdown of water consumption (water intake)



#### (by type)



#### Water consumption (water intake) (by segment)

Unit: 1,000 m³

	2019	2020	2021	2022
Offices	292	276	284	266
Manufacturing	283	273	288	292
Logistics, delivery centers	46	46	38	31
Construction	1,573	1,706	1,376	1,587
Commercial buildings, stores	1,132	858	1,029	1,090
Resort/sports facilities	4,458	2,886	3,354	3,826
Hotels, nursing care facilities	1,603	853	1,264	2,007
Parking lots	0.3	0.3	0.3	0.4

#### Water consumption (water intake) (by type)

Unit: 1,000 m³

	2019	2020	2021	2022
Tap water	7,593	5,607	6,092	7,458
Groundwater	1,230	809	994	1,138
Hot springs	359	291	324	309
Recycled water	33	26	55	31
Industrial water	168	161	164	161
Rainwater	3	3	3	3

#### Water consumption (water intake) (Japan, outside Japan)

Unit: 1,000 m³

	2019	2020	2021	2022
Japan	9,143	6,678	7,416	8,900
Outside Japan	243	220	217	199

### 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

Same as the scope of coverage of "GHG Emissions, Energy Use, and Electricity Consumption" on p. 151.

# Environmental Data | Closed-loop resource sourcing and conservation of aquatic environments

## Water conservation measures at each facility (FY2022)

Segment	Company name	Scale	Water conservation
Resort facilities	Nishiwaki Royal Hotel	6 rooms	Replaced bathroom faucet with single lever
	Sports Club NAS	2 stores	Installed water-saving devices for showers
Sports facilities	Sports Club NAS	7 stores	Installed water-saving devices in toilets
	Sports Club NAS	1 store	Installed waterless toilets
	Daiwa Royal Golf	2 Golf courses	Newly installed water-saving toilets and updated existing toilets to water-saving ones
	Daiwa Royal Golf	1 Golf course	Replaced with water-saving dishwashers
	Daiwa Royal Golf	1 Golf course	Installed ball washers
	Daiwa Royal Golf	7 Golf courses	Installed water-saving showerheads and water-saving equipment in bathrooms and water-saving equipment in kitchens
	Daiwa Royal Golf	7 Golf courses	Installed water-saving device in bathroom shower
Nursing care facilities	Daiwa House Life Support	6 facilities	Replaced with dry paint booths
Manufacturing	Daiwa Lease	1 factory	Replaced with dry paint booths
	Daiwa Lease	2 factories	Installed rainwater tanks
Commercial buildings, stores	Royal Home Center	19 stores	Changed the faucet in the bathroom to an automatic faucet
Offices	Daiwa House Industry	1 office	Changed the faucet in the bathroom to an automatic faucet

## Drainage discharge

### Drainage discharge (by point of discharge) (Japan)

Unit: 1,000 m<sup>3</sup>

	2019	2020	2021	2022
Rivers and lakes	972	701	762	900
Brackish water intake source/sea	398	205	253	360
Sewer system	5,875	3,861	4,566	5,603
Discharge to other areas	0	0	0	0

### Drainage discharge (by point of discharge) (Outside Japan)

Unit: 1,000 m<sup>3</sup>

	2019	2020	2021	2022
Rivers and lakes	0	0	0	0
Brackish water intake source/sea	0	0	0	0
Sewer system	15	33	40	40
Discharge to other areas	0	0	0	0

## Water data for key sites located in water risk areas (FY2022)



		Unit	Daiwa House Industry		
			Tochigi Ninomiya Factory	Nara Factory	Osaka Head Office
Water intake	Total amount	m³	74,131	25,536	27,224
Drainage discharge	Total amount	m³	25,016	24,806	19,744
Wastewater concentration (maximum value for the current FY)	pH		7.2	7.6	—
	BOD	mg/L	2.5	26	—
	COD	mg/L	7.2	12	—
	Suspended solids	mg/L	5.6	18	—
	Normal hexane extracted substance content [mineral Oil]	mg/L	ND	ND	—
	Normal hexane extracted substance content [animal and vegetable oils]	mg/L	ND	0.8	—
	Phenols content	mg/L	ND	—	—
	Copper content	mg/L	ND	—	—
	Zinc content	mg/L	0.11	0.13	—
	Soluble iron content	mg/L	0.03	0.03	—
	Soluble manganese content	mg/L	ND	0.03	—
	Chromium content	mg/L	ND	—	—
	Coliform group count	pcs/cm³	120	—	—
	Nitrogen content	mg/L	15.7	28	—
	Phosphorus content	mg/L	1.1	0.86	—
	Boron and its compounds	mg/L	—	ND	—
	Fluorine and its compounds	mg/L	ND	0.09	—
	Ammonia, ammonium compounds, nitrite compounds, nitrate compounds	mg/L	13.6	15	—
	Lead	mg/L	ND	—	—
	Arsenic	mg/L	ND	—	—
	Hexavalent chromium	mg/L	ND	—	—

—: No measurement is required.  
ND: Below the lower limit of determination

## Calculation method and scope of coverage of environmental data

### Drainage discharge

#### ◇ Overview

The total annual wastewater discharged to rivers and lakes, blackish water intake sources/seas, sewers, and other organizations. The amount is calculated based on measured data at each site, purchasing data, and, in the absence of data, estimates based on water intake. For the construction segment, all water used is assumed to evaporate or percolate into the ground, and the amount of wastewater discharged is assumed to be zero.

#### ◇ Scope of coverage

Same as the scope of coverage of "GHG Emissions, Energy Use, and Electricity Consumption" on p. 151.

### Water data for key sites located in water risk areas

#### ◇ Overview

We measure water intake, wastewater discharge, and wastewater concentration at each site (the maximum value for the current FY) at our factories and the Osaka Head Office building located in water risk areas.

#### ◇ Scope of coverage

Daiwa House Industry (Tochigi Ninomiya Factory, Nara Factory, Osaka Head Office)

# Environmental Data | Closed-loop resource sourcing and conservation of aquatic environments

## Water recycling

### Water recycling in each facility (FY2022)

Facility name	Recycling method	Recycled water volume (Recycling rate)
Daiwa House Industry Osaka Head Office	Reusing wastewater from air conditioners, etc. and rainwater for washing toilets after treating them for recycling.	3,573m <sup>3</sup> (13.1%)

## Number of regulatory violations concerning water

### Number of regulatory violations concerning water

	2019	2020	2021	2022
Number of violations	0	0	0	0

### Calculation method and scope of coverage of environmental data

#### Number of regulatory violations concerning water

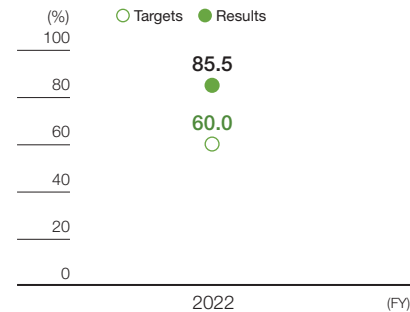
##### ◇ Overview

Wastewater 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 in Japan

### Implementation rate of water risk surveys by principal suppliers



### Calculation method and scope of coverage of environmental data

#### Implementation rate of water risk surveys by principal suppliers

##### ◇ Overview

In order to identify water risks (water depletion, water pollution, water damage, etc.) in the supply chain and implement countermeasures, the following are surveyed [Survey targets]  
Water intake, wastewater discharge, water-related issues, legal compliance status, water targets, results of hazard map checks at suppliers' domestic plants and status of water damage and countermeasures, results of assessment by the assessment tool Water Risk Filter for overseas plants, water-related issues, and improvement plans

##### ◇ Scope of coverage

Target	Scope of coverage
Daiwa House Industry (The Trillion Club)	Among sources of centralized purchasing, approx. 90% of companies with the top transaction amounts (78 companies)
Daiwa House Industry (The Setsuwa Club)	Companies with membership in the Setsuwa Club, excluding sales companies and those with less than 100 employees (91 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	Companies that account for 2/3 of materials purchases of major construction types (25 companies*) * Surveyed are 15 companies because 10 companies are overlapping within the Group.

##### ◇ Calculation formula

Percentage of principal suppliers subject to water risk survey (%)  
= Number of suppliers that responded to the water risk survey  
÷ Number of principal suppliers.

### Results of Water Risk Assessment at Group Facilities

Unit: locations

Segment	Country	Risk*1				
		(Low)			(High)	
		1	2	3	4	5
Factories	Japan	4	21	—	—	—
Golf courses	Japan	—	10	—	—	—
Resort facilities	Japan	—	23	1	—	—
Total water consumption for each risk level		5,000 m <sup>3</sup>	1,259,000 m <sup>3</sup> *2	50,000 m <sup>3</sup>	—	—

\*1 Risk levels. 1: Very low risk, 2: Low risk, 3: Moderate risk, 4: High risk, 5: Very high risk

\*2 As of end- March, 2022

### Water risk assessment results in timber-producing countries

	Japan	China	U.S.A.	Finland	Indonesia	Sweden	Other 17 countries	Other 4 countries	Unknown (recycled materials, etc.)
Ratio of procured timber	24.9%	14.7%	14.2%	9.8%	6.2%	4.4%	11.1%	0.3%	14.4%
Risk level	2020	1.66	2.40	3.17	0.54	2.07	1.60	—	—
	2030	2.31	3.29	3.24	1.72	2.96	1.62	Less than 3	3 or more
	2040	2.24	3.30	3.32	1.86	3.26	1.63	—	—

Risk levels 0 –1: low, 1–2: low to medium, 2–3: medium to high, 3–4: high, 4–5: very high

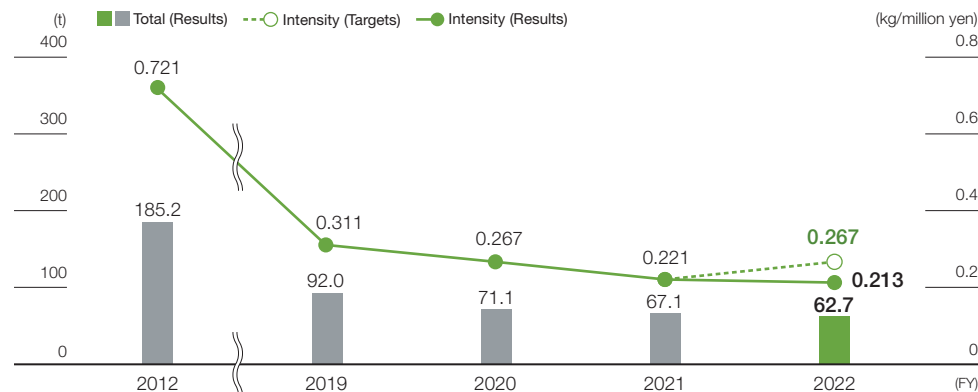
Source: Aqueduct Projected Water Stress Country Rankings

## 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)

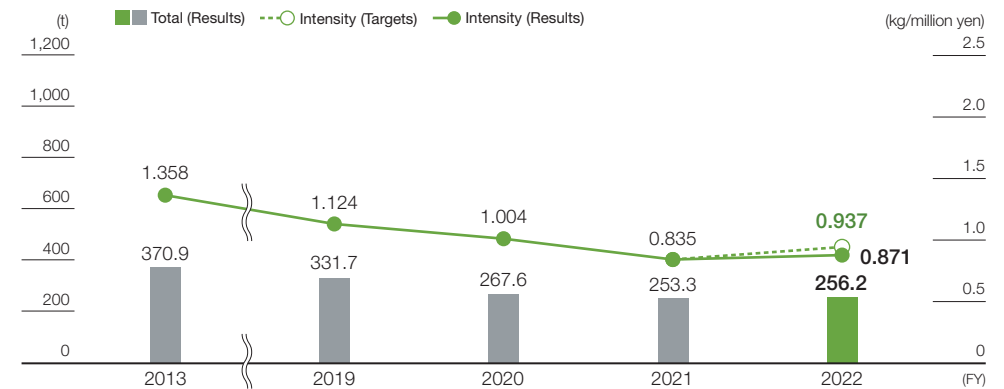
Breakdown by segment	2019	2020	2021	2022
Daiwa House Industry (housing)	23.3	17.0	16.9	17.6
Daiwa House Industry (construction)	15.5	11.1	11.0	8.7
Daiwa Lease	33.9	24.7	17.8	16.6
DesignArc	4.7	4.0	4.7	5.6

##### ■ Change in transfer of PRTR-listed substances (by company/segment)

Breakdown by segment	2019	2020	2021	2022
Daiwa House Industry (housing)	9.0	7.9	11.3	9.1
Daiwa House Industry (construction)	4.8	5.8	4.9	4.7
Daiwa Lease	0.8	0.7	0.5	0.4
DesignArc	0.01	0.002	0.004	0.002

### VOC emissions

##### ■ VOC emissions and intensity



\* Past results figures have been revised to reflect changes in the scope of VOC emissions.

##### ■ Change in release of VOC emissions (by company/ segment)

Breakdown by segment	2019	2020	2021	2022
Daiwa House Industry (housing)	155.2	128.3	130.7	118.4
Daiwa House Industry (construction)	30.5	20.6	26.6	32.0
Daiwa Lease	138.7	112.5	88.4	96.7
DesignArc	7.4	6.2	7.6	9.1

##### ■ NOx and SOx emissions in the manufacturing phase

	2019	2020	2021	2022
NOx emissions	0.15	0.20	0.15	0.14
SOx emissions	0.01	0.02	0.02	0



## 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

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	39,015	27,518	0	10,158	10,158	1,339	0	1,339	0
Xylene	17,263	0	0	225	225	16,951	0	16,951	87
Ferric chloride	17,006	0	0	0	0	0	0	0	17,006
Methylenebis (4,1-phenylene) = diisocyanate	15,342	15,251	0	91	91	0	0	0	0
Ethylbenzene	11,407	0	0	153	153	11,247	0	11,247	7
Toluene	9,118	0	0	109	109	8,918	0	8,918	91
Water-soluble zinc compounds	6,813	5,339	21	1,313	1,333	0	141	141	0
1,2,4-trimethylbenzene	6,702	0	0	96	96	6,532	0	6,532	74
Molybdenum and its compounds	3,158	1,866	0	1,293	1,293	0	0	0	0
1,3,5-trimethylbenzene	2,083	0	0	30	30	2,053	0	2,053	0
39 other substances	3,827	1,411	0	740	740	1,270	0	1,270	406
Grand total	131,734	51,386	21	14,207	14,228	48,310	141	48,451	17,670


[Supply Chain Sustainability Guidelines](#)

### Calculation method and scope of coverage of environmental data

#### ■ Release and transfer of PRTR-listed substances and intensity

##### ◇ 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 in Japan (Total 29 locations*)

\* Factories that are required to make release and transfer registration according to the PRTR law

#### ■ VOC emissions and intensity

##### ◇ Overview

Emissions of 100 volatile organic compounds selected by the Ministry of the Environment and calculated based on purchasing data at each site.

##### ◇ Scope of coverage

Segment	Target	Scope of coverage
Manufacturing	Daiwa House Group	All production sites in Japan (Total 29 locations*)

\* Factories that are required to make release and transfer registration according to the PRTR law

#### ■ NOx emissions/ SOx emissions

##### ◇ Overview

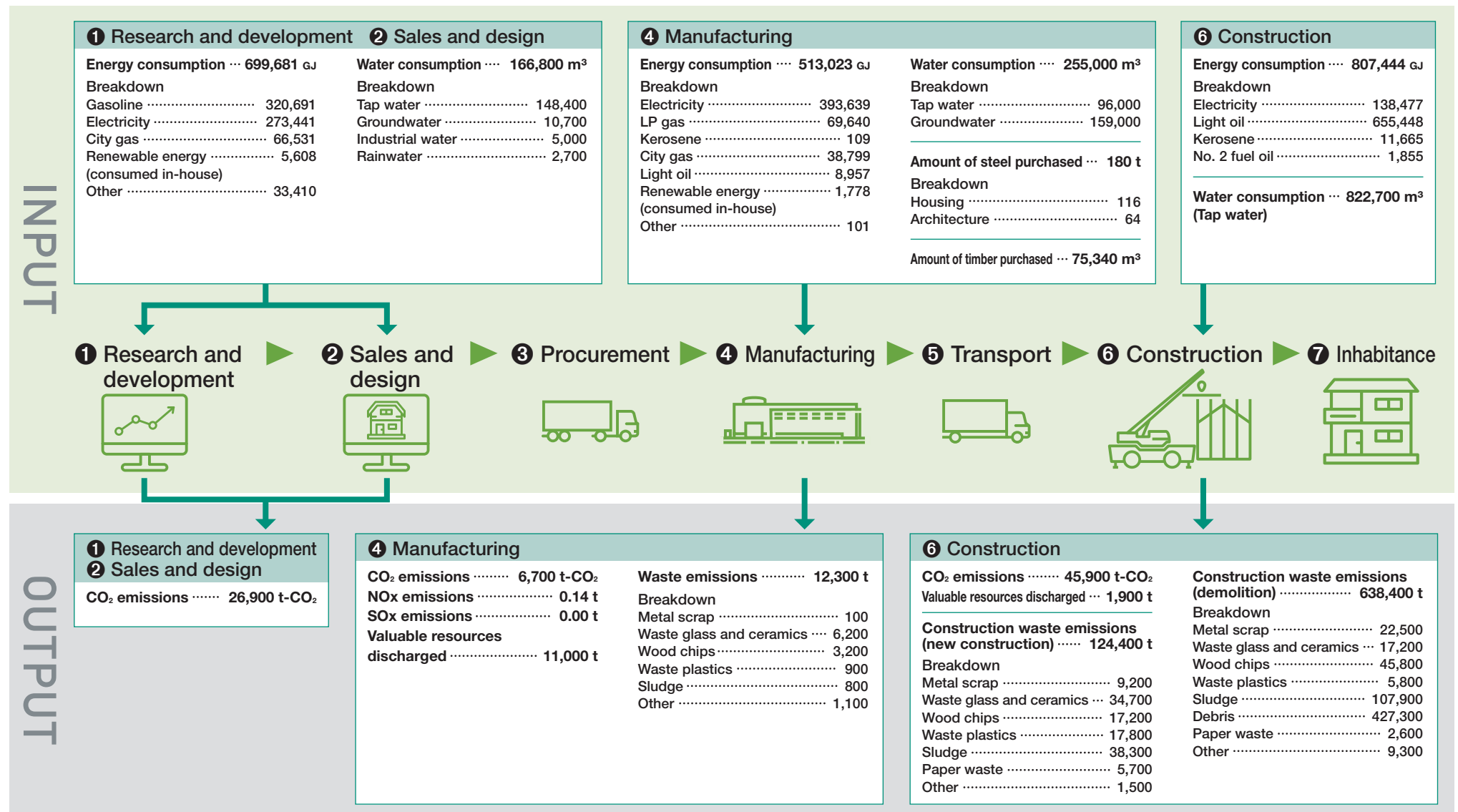
Calculated based on "Environmental Report Guidelines (2018 edition)" by the Ministry of the Environment.

##### ◇ Scope of coverage

Segment	Target	Scope of coverage
Manufacturing	Daiwa House Industry	All production sites in Japan (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	FY2019	FY2020	FY2021	FY2022
		Amount invested			Amount invested
Cost within business area	Cost of measures to control pollution related to air, water, and noise	205,182	51,719	6,215	12,244
	Cost of prevention of global warming (energy efficiency)	60,366	163,427	154,457	32,629
	Cost of waste reduction measures	60	4	2,038	2,237
	Cost of reducing water consumption	5,553	1,885	1,175	3,345
Upstream/downstream costs	Green purchasing fees, cost of purchasing returnable boxes	3,467	4,230	115,923	88,067
Administrative costs	Environmental education costs, EMS maintenance expenses, etc.	108	376	11	0
Total		274,736	221,641	279,819	138,522

### ② Environmental preservation effect

Effect		Item	Unit	FY2019	FY2020	FY2021	FY2022
Business area	Effect on input resources	Energy consumption, calorie equivalent (production system)	GJ	516,665	480,196	506,958	513,023
		Energy consumption, calorie equivalent (distribution system)	GJ	570,623	453,484	501,727	476,951
	Effect on environmental load and waste	Waste generated	t	12,104	10,243	10,547	12,260
		CO <sub>2</sub> emissions (production system)	t-CO <sub>2</sub>	26,559	23,964	24,572	6,674
		CO <sub>2</sub> emissions (distribution system)	t-CO <sub>2</sub>	39,106	31,082	34,379	32,665
		Water resource consumption	m <sup>3</sup>	252,235	246,981	253,559	255,004

### ③ Economic effects of environmental preservation

Unit: 1,000 yen

Content		FY2019	FY2020	FY2021	FY2022
Revenue	Sales of valuable resources*	260	1,436	1	5,764
Cost savings	Cost savings from energy-efficiency efforts	29,713	58,858	54,825	16,736
	Cost savings from waste-reduction efforts	12,259	12,615	16,067	13,858
	Cost savings from water resource reduction efforts	9	3,382	69	5,451
	Total	42,241	76,291	70,961	41,809

\* 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, 2022 to March 31, 2023

###### ◇ Reporting organizations

Daiwa House Industry Co., Ltd. (Non-consolidated): Inside Japan only

###### ◇ 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 P134 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 2026.

##### ■ Environmental accounting

###### ◇ Report period

April 1, 2022 to March 31, 2023

###### ◇ Reporting organizations

Daiwa House Industry Co., Ltd. (Non-consolidated): Domestic only

###### ◇ Scope of coverage

9 factories in total

###### ◇ Referential guidelines

"Environmental Accounting Guidelines 2005 Edition" by the Ministry of the Environment

## Social Data

### Scope of social data

#### ◇ Scope of coverage

Non-consolidated: Only Daiwa House Industry Co., Ltd. (Data on human capital base exclude those on employees who work overseas)

Consolidated A: 15 Daiwa House Group companies [Data coverage\*: 69.3%].

(Daiwa House Industry Co., Ltd., Cosmos Initia Co., Ltd., DesignArc Co., Ltd., Fujita Corporation, Global Community Co., Ltd., Sports Club NAS Co., Ltd., Daiwa House Chintai Reform Co., Ltd., Daiwa House Real Estate 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 Living Co., Ltd., Royal Home Center Co., Ltd.)

Consolidated B: 18 Daiwa House Group companies [Data coverage\*: 74.3%].

(15 companies in consolidated A, Kouyama UNYU Co., Ltd., Daiwa Resort Co., Ltd., Daiwa Roynet Hotels Co., Ltd.)

\* Based on the number of employees as of April 1, 2023.

## Social Data | Human rights management

### 0-1 The results of the whistleblowing system operation

	FY2020	FY2021	FY2022
Corporate Ethics and Human Rights Hotline (of which consultation on harassment)	138 (44)	* 99 (24)	—
Power Harassment Prevention Hotline	68	* 45	—
Human Rights Hotline (of which consultation on harassment)	—	* 125 (51)	<b>219 (95)</b>
Risk Information Hotline	34	69	<b>77</b>
Partners Hotline	22	28	<b>23</b>
Lawyer Hotline	2	5	<b>7</b>
Global Whistleblowing System	0	0	<b>0</b>

\* The numbers for the Corporate Ethics and Human Rights Hotline and the Power Harassment Prevention Hotline were those accepted by the hotlines by September 2021. In October 2021, these two hotlines were integrated into the Human Rights Hotline, which has been open for consultation.

### 0-2 Conditions of human rights awareness-raising training (non-consolidated)

Number of participants	Total training hours*
18,379	9,190 hours

\* Training hours per person are counted as 0.5 hour



## Social Data | Human resources base

## 1-1 Basic information

Theme	Indicators	Coverage	Unit	FY2020 (2021/4/1)	FY2021 (2022/4/1)	FY2022 (2023/4/1)
Personnel composition (by age group)	Number of regular employees	Non-consolidated	People	16,712	16,535	16,615
	Under 30 years old			4,533	4,305	4,277
	Of which, number of women			1,238	1,166	1,152
	Percentage of female employees		%	27.3	27.1	26.7
	30–39 years old		People	3,886	3,891	3,780
	Of which, number of women			1,009	1,028	1,027
	Percentage of female employees			26.0	26.4	27.2
	40–49 years old		People	4,587	4,232	4,059
	Of which, number of women			912	888	925
	Percentage of female employees			19.9	21.0	22.8
	50–59 years old		People	3,207	3,541	3,783
	Of which, number of women			290	350	380
	Percentage of female employees			9.0	9.9	10.0
	60–64 years old		People	493	565	715
	Of which, number of women			27	38	57
	Percentage of female employees			5.5	6.7	8.0
	65 years old and over		People	6	1	1
	Of which, number of women			0	0	0
	Percentage of female employees			0	0	0
	Number of regular employees	Consolidated A	People	—	—	36,042
	Under 30 years old			—	—	8,526
	Of which, number of women			—	—	3,025
	Percentage of female employees		%	—	—	35.5
	30–39 years old		People	—	—	8,173
	Of which, number of women			—	—	2,736
	Percentage of female employees			—	—	33.5
	40–49 years old		People	—	—	8,675
	Of which, number of women			—	—	2,260
	Percentage of female employees			—	—	26.1
	50–59 years old		People	—	—	8,780
	Of which, number of women			—	—	1,221
	Percentage of female employees			—	—	13.9
	60–64 years old		People	—	—	1,871
	Of which, number of women			—	—	243
	Percentage of female employees			—	—	13.0
	65 years old and over		People	—	—	17
	Of which, number of women			—	—	2
	Percentage of female employees			—	—	11.8

## Social Data | Human resources base

## 1-1 Basic information

Theme	Indicators	Coverage	Unit	FY2020 (2021/4/1)	FY2021 (2022/4/1)	FY2022 (2023/4/1)
Personnel composition (by employment type)	Number of regular employees	Non-consolidated	People	16,712	16,535	16,615
	Number of recruits as new graduates			13,054	12,967	13,045
	Number of mid-career recruits (including others)			3,658	3,568	3,570
	Number of contractual employees			919	885	853
	Number of post-retirement specially commissioned employees			204	195	179
	Number of employees on probation			24	35	69
	Number of part-time employees			565	539	516

## Social Data | Human resources base

### 1-1 Basic information

Theme	Indicators	Coverage	Unit	FY2020 (annual result)	FY2021 (annual result)	FY2022 (annual result)
Employment	Average number of years worked (female)	Non-consolidated	Year	11.1	11.7	12.1
	Average number of years worked (male)			15.8	16.3	16.5
	Average overtime hours worked (annual)		Hours	—	—	267.4
	Percentage of paid leave taken		%	59.6	57.3	56.4
	Absentee rate			0.3	0.3	0.4
	Average number of years worked (female)	Consolidated A	Year	—	—	9.9
	Average number of years worked (male)		Hours	—	—	14.9
	Average overtime hours worked (annual)			—	—	223.0
Theme	Indicators	Coverage	Unit	FY2020 (2021/4/1)	FY2021 (2022/4/1)	FY2022 (2023/4/1)
Employment	Retention rate of young employees (in their third year of service)*1*2	Non-consolidated	%	78.6	76.6	76.6
	Retention rate of young employees (up to their third year of service)*3			86.8	85.1	86.6
	Retention rate of young employees (up to their third year of service)*3	Consolidated A	%	—	—	80.6

\*1 Retention rate for employees who joined the company three years prior to the base date; in the case of the FY2022 data, this refers to the retention rate for employees who joined on April 1, 2020.

\*2 The target retention rate for young employees (in their third year of service) is 85%.

\*3 Retention rate of employees who joined the company during the three years by the day before the base date; in the case of the FY2022 data, this refers to the retention rate of employees who joined between April 1, 2020 and March 31, 2023.

Theme	Indicators	Coverage	Unit	FY2020 (2021/4/1)	FY2021 (2022/4/1)	FY2022 (2023/4/1)
Recruitment	Number of recruits as new graduates	Non-consolidated	People	503	566	684
	Of which, number of women		%	118	146	170
	Percentage of female employees*			23.5	25.8	24.9
	Number of mid-career recruits		People	80	64	145
	Of which, number of women			14	13	40
	Percentage of female employees*			17.5	20.3	27.6
	Number of recruits as new graduates	Consolidated A	People	—	—	1,144
	Of which, number of women		%	—	—	365
	Percentage of female employees*			—	—	31.9

\* We aim to achieve a 30% female rate among our recruits as new graduates.

## Social Data | Human resources base

## 1-2 Diversity

Theme	Indicators	Coverage	Unit	FY2020 (2021/4/1)	FY2021 (2022/4/1)	FY2022 (2023/4/1)
Women exerting efforts	Number of regular employees	Non-consolidated	People	16,712	16,535	16,615
	Of which, number of women			3,476	3,470	3,541
	Percentage of female employees		%	20.8	21.0	21.3
	Number of executives*1		People	20	19	20
	Of which, number of women			2	2	2
	Percentage of female employees		%	10.0	10.5	10.0
	Number of directors		People	14	14	14
	Of which, number of women			2	2	2
	Percentage of female employees		%	14.3	14.3	14.3
	Number of auditors		People	6	5	6
	Of which, number of women			0	0	0
	Percentage of female employees		%	0	0	0
	Number of managers		People	3,975	4,389	4,518
	Of which, number of women			177	217	237
	Percentage of female employees*2		%	4.5	4.9	5.2
	Number of executive officers (excluding directors)		People	50	55	52
	Of which, number of women			0	1	1
	Percentage of female employees		%	0	1.8	1.9
	Number of general managers and deputy general managers		People	521	620	663
	Of which, number of women			8	11	11
	Percentage of female employees		%	1.5	1.8	1.7
	Number of chiefs		People	4,283	4,516	4,555
	Of which, number of women			767	867	968
	Percentage of female employees*3		%	17.9	19.2	21.3
	Number of construction personnel		People	3,039	3,013	3,085
	Of which, number of women			150	146	155
	Percentage of female employees		%	4.9	4.8	5.0
	Number of sales representatives		People	4,457	4,264	3,821
	Of which, number of women			441	434	433
	Percentage of female employees		%	9.9	10.2	11.3
Seniors	Rate of seniors who continue to be employed at age 60*4	Non-consolidated	%	88.2	93.0	92.5
	Rate of seniors who continue to be employed at age 65*5			60.0	60.9	49.4
Theme	Indicators	Coverage	Unit	FY2020 (annual result)	FY2021 (annual result)	FY2022 (annual result)
Seniors	Number of mid-career recruits at age 50 or older	Non-consolidated	People	15	13	12

\*1 Total of directors and auditors

\*2 We aim to achieve a target rate of 8% for the percentage of women in management positions (for April 1, 2027).

\*3 We aim to achieve a target rate of 25% for the percentage of women in the chief staff (for April 1, 2027).

\*4 Percentage of employees who became 60 years old in the previous fiscal year and have been continuously employed during the current fiscal year

\*5 Percentage of employees who became 65 years old in the previous fiscal year and have continuously been employed during the current fiscal year



## Social Data | Human resources base

## 1-2 Diversity

Theme	Indicators	Coverage	Unit	FY2020 (2021/4/1)	FY2021 (2022/4/1)	FY2022 (2023/4/1)
Women exerting efforts	Number of employees	Consolidated A	People	—	—	36,042
	Of which, number of women			—	—	9,487
	Percentage of female employees			—	—	26.3
	Number of executives*		People	—	—	125
	Of which, number of women			—	—	6
	Percentage of female employees			—	—	4.8
	Number of directors		People	—	—	96
	Of which, number of women			—	—	4
	Percentage of female employees			—	—	4.2
	Number of auditors	Consolidated B	People	—	—	29
	Of which, number of women			—	—	2
	Percentage of female employees			—	—	6.9
	Number of managers		People	—	—	8,590
	Of which, number of women			—	—	505
	Percentage of female employees			—	—	5.9
	Number of executive officers (excluding directors)		People	—	—	172
	Of which, number of women			—	—	2
	Percentage of female employees			—	—	1.2
	Number of general managers and deputy general managers		People	—	—	2,211
	Of which, number of women			—	—	62
	Percentage of female employees			—	—	2.8

\* Total of directors and auditors

## Social Data | Human resources base

### 1-3 Childbirth and childcare support

Theme	Indicators	Coverage	Unit	FY2020 (annual result)	FY2021 (annual result)	FY2022 (annual result)
Childbirth & childcare	Childcare leave uptake (Female) (%)	Non-consolidated	%	91.6	92.4	100.7
	Childcare leave uptake (Male) (%) <sup>*1</sup>			42.4	41.9	62.2
	Lump-sum payment program for fostering the next generation <sup>*2</sup>		Million yen	637	636	643
	Number of users of shorter working hour system for childbirth & childcare		People	494	467	514
	Childcare leave uptake (Female) (%)	Consolidated B	%	—	—	100.4
	Childcare leave uptake (Male) (%)			—	—	44.3

<sup>\*1</sup> The target for the childcare leave uptake rate (male) is 80% (for FY2026).

<sup>\*2</sup> We provide a one-off payment of one million yen to employees to whom a child is born.

### 1-4 Health management

Theme	Indicators	Coverage	Unit	FY2020 (annual result)	FY2021 (annual result)	FY2022 (annual result)	Targets (FY2024)	Remarks
Periodic medical examinations	Percentage of employees receiving periodic medical examinations	Non-consolidated	%	100	100	100	Early achievement of 100% of the rate of employees receiving medical examinations	
		Consolidated A		—	—	98.4	—	
	Percentage of follow-up testing of patients who were required to receive detailed tests or medical treatment	Non-consolidated		99.0	91.0	95.3	Early achievement of 100% of the rate of employees receiving medical examinations	
	Percentage of employees receiving specific health guidance	*1		12.6	12.4	21.4 (planned)	55.0	
Stress checks	Percentage of employees who receive stress checks	Non-consolidated		90.5	91.3	91.4	90.0 or more	
	Percentage of employees who are identified as high stress receiving			10.7	12.1	11.4	10.0	
Lifestyle habits*2	Exercise			24.7	25.2	26.2	30.0	Percentage of those who engaged in light, sweaty exercise for 30 minutes or more for two days or more per week for at least one year
	Meals			62.8	62.0	61.3	70.0	Percentage of those who have breakfast at least four times a week
	Sleep			62.8	68.6	70.4	75.0	Percentage of those who get enough rest through sleep
	Smoking			28.0	27.1	26.5	18.0 (FY2027)	Percentage of habitual smokers
Lifestyle-related diseases Percentage of people at risk*2	Percentage of people with obesity risk			39.3	38.9	39.3	38.0	Percentage of those whose BMI is 25 kg/m² or more or whose abdominal circumference is 85 cm or more for men and 90 cm or more for women
	Percentage of people with blood pressure risk			26.4	23.9	25.2	24.0	Percentage of those with systolic 130 mm Hg or higher or with diastolic 85 mm Hg or higher
	Percentage of people with liver function risk			36.2	35.4	33.0	32.0	People with r-GT at 51U/L or higher, AST at 31U/L or higher, or ALT at 31U/L or higher
	Percentage of people with abnormal lipid risk			57.4	58.5	55.6	54.0	People with neutral fat of 150 mg/dL or more, HDL of less than 40 mg/dL, or LDL of 120 mg/dL or more
	Percentage of people with blood sugar risk			20.0	21.8	21.0	20.0	People whose HbA1c is 5.6% or higher
	Percentage of people with metabolic syndrome			25.7	25.5	25.6	24.0	Including potential patients
Other	Presenteeism			—	—	81.8	83.4	SPQ of the University of Tokyo (Measured since FY2022)
	Implementation rate of health promotion activities			13.2	15.9	61.4	80.0	

<sup>\*1</sup> 60 Daiwa House Group companies as members of the Daiwa House Industry Health Insurance Association

<sup>\*2</sup> The results of initiatives in FY2023 are scheduled to be checked in periodic health examinations in FY2024

## Social Data | Human resources base

### 1-5 Investment in human resource development

Theme	Indicators	Coverage	Unit	FY2020 (annual result)	FY2021 (annual result)	FY2022 (annual result)
Education and training	Number of multi-experiential career support program users	Non-consolidated	People	—	—	23
	Number of participants in the succession planning program (D-Succeed)			21	274	313
	Number of employees who have completed the program for training and enhancement candidates*1			21	20	0
	Of those who had completed the program, the number of those who were appointed later as branch managers or presidents of group companies*2			7	9	2
	Number of participants in the Daiwa House Juku*3			0*3	11	—
	Number of participants in the external management leadership course*3			3	5	14
	Education program for high school graduates			7	12	12
	Number of users of the career design support system			17	94	29

\*1 Selected from among participants in the succession planning program (D-Succeed)

\*2 Number of people who have been appointed as business managers or group company presidents out of those who had completed the program for training and enhancement candidates. Number of people appointed as of April 1 of the following year.

\*3 The Daiwa House Juku ended in FY2021 and was replaced by an expansion of external courses for executive candidates (external courses for management leaders) from FY2022

### 1-6 Indicators related to motivation\*1

Theme	Indicators	Coverage	Unit	FY2020 (annual result)	FY2021 (annual result)	FY2022 (annual result)
Motivation	Degree of realization regarding motivation among all generations of employees*2	Non-consolidated	%	71	77	—
	Percentage of employees who feel motivated*3		%	—	—	82

\*1 The calculation method for indicators related to motivation has been changed since FY2022.

\*2 Calculated from questions on motivation in the Sustainability Survey.

\*3 Total percentage of respondents who answered "strongly agree," "agree," or "somewhat agree" in the Engagement Survey (questions about motivation).

## Social Data | Human resources base

## 1-7 Gender pay gap

Theme	Indicators	Coverage	Unit	FY2020 (annual result)	FY2021 (annual result)	FY2022 (annual result)
Average salary	Company-wide (all workers)	Non-consolidated	Yen	—	—	7,503,814
	Average of male salaries (all workers)			—	—	8,196,993
	Average of female salaries (all workers)			—	—	5,024,708
	Average female salary as percentage of male			—	—	61.3
	Company-wide (regular employees)		Yen	8,678,000	8,842,493	9,282,702
	Average of male salaries (regular employees)			—	9,619,994	10,092,094
	Average of female salaries (regular employees)			—	5,842,910	6,204,630
	Average female salary as percentage of male			—	60.7	61.5
	Company-wide (non-regular employees)		Yen	—	—	5,680,865
	Average of male salaries (non-regular employees)			—	—	6,307,833
	Average of female salaries (non-regular employees)			—	—	4,567,730
	Average female salary as percentage of male			—	—	72.4
	Median of company-wide salaries (all workers)		Yen	—	—	8,417,806
	Median of male salaries (all workers)			—	—	9,341,264
	Median of female salaries (all workers)			—	—	5,983,221
	Median of company-wide salaries (regular employees)			—	—	8,692,387
	Median of male salaries (regular employees)			—	—	9,561,208
	Median of female salaries (regular employees)			—	—	6,157,430
	Median of company-wide salaries (non-regular employees)			—	—	5,403,242
	Median of male salaries (non-regular employees)			—	—	5,870,614
	Median of female salaries (non-regular employees)			—	—	4,645,295
	Average of male salaries (all workers)	Consolidated B	Yen	—	—	7,049,559
	Average of female salaries (all workers)			—	—	3,917,084
	Average female salary as percentage of male		%	—	—	55.6
	Average of male salaries (regular employees)			—	—	8,602,474
	Average of female salaries (regular employees)		Yen	—	—	5,087,637
	Average female salary as percentage of male			—	—	59.1
	Average of male salaries (non-regular employees)		Yen	—	—	3,177,622
	Average of female salaries (non-regular employees)			—	—	2,134,851
	Average female salary as percentage of male		%	—	—	67.2

\* The average salary includes bonuses and non-standard wages.



## Social Data | Customer base

### 2-1 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
Opened in April 2023	Fukuoka City, Fukuoka Prefecture	Project for constructing Next-generation R & D base in Kyushu University New Town, Fukuoka City
Opened in April 2023	Osaka City, Osaka Prefecture	Designated management of Ogimachi Park in Osaka City
Construction scheduled to be completed for early fall of 2024	Omura City, Nagasaki Prefecture	Project to develop city land adjacent to Shin-Omura railway station

### 2-2 Examples of local community support

Property name	Location	Development area	Facility description and number of lots	Details of initiatives
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	Aso City, Kumamoto Prefecture	1,274,680m <sup>2</sup>	Number of lots: 371	<ul style="list-style-type: none"> <li>Started in 1999 as the 11th Forest housing</li> <li>In April 2020, the ASONOHARA lots went on sale. Established "environmental preservation regulations." The roadside of each residential lot is designated as a meadowland restoration area to realize a meadowland villa area.</li> <li>Awarded two environmental certifications: a JHEP AAA certification and an ABINC certification. In April 2023, it received the "Special Prize" in the third ABINC Awards.</li> <li>Opened "Kurasu Mori Aso Sharing Salon," a communication space, in 2022. Strengthening cooperation between residents, the local community, and the local government.</li> <li>Started the meadowland nurturing project. Monitoring by experts and residents was conducted.</li> <li>Made compost from wild grass and set up honeybees' housing, BEEHOTEL, together with residents to grow more flowers.</li> <li>In the meadowland, we confirmed the nests of the Japanese grasshopper mouse and the main meadowland plant species, such as <i>kusafuji</i>, <i>yamahakka</i>, <i>tsukushiazami</i>, and <i>nokongiku</i>.</li> <li>In the meadowland, we also confirmed <i>nagaminotsurukikeman</i> (<i>Corydalis raddeana</i>) as a species on the Red List of the Ministry of the Environment and Kumamoto Prefecture (important species).</li> </ul>
Cocolan House orchid growing facility	Miki City, Hyogo Prefecture	5,152.18m <sup>2</sup> (Site area)	Growing facilities: 4 Garden: 949 m <sup>2</sup>	<ul style="list-style-type: none"> <li>In January 2019, we built the Cocolan House orchid growing facility.</li> <li>Every year since 2019, Cocolan has been presented to the graduation and entrance ceremonies of all elementary schools in Miki City.</li> <li>The company accepted pupils from a special needs school in Hyogo Prefecture for hands-on training.</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>Established Daiwa House Bloom Co., Ltd. in April 2021 as a subsidiary mainly for the purpose of employment of disabled people. * Conducts contracted cultivation of Cocolan.</li> <li>In January 2022, obtained class A MPS certification (an international certification system for flower growers) for the environmental sustainability of the flower cultivation process.</li> <li>In June 2022, Daiwa House Bloom acquired certification as a special subsidiary.</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>In March 2023, Cocolan Base was constructed as an office with a community space for employees.</li> <li>Monthly market held in inclusive garden.</li> <li>The HANAiku Project was implemented jointly with the Sustainability Planning Department.</li> </ul>

## Social Data | Customer base

### 2-3 Major examples of cooperation agreements with local governments \* Agreements concluded/renewed in and after January 2021

Date of renewal (date of agreement)	Local governments	Contents of agreement
Concluded in March 2023	Hanamaki City, Iwate Prefecture	Agreement on cooperation in the accumulation of goods in the event of an earthquake or other disasters
Concluded in January 2023	Miyashiro, Saitama Prefecture	Agreement on the use of temporary evacuation facilities in the event of a disaster
Concluded in September 2022	Ikata Town, Nishiuwa-gun, Ehime Prefecture	Agreement on community development and cooperation in the event of a disaster
Concluded in August 2022	Nara City, Nara Prefecture	Agreement on comprehensive cooperation
Concluded in May 2022	Tsuyama City, Okayama Prefecture	Business collaboration agreement on attracting businesses
Concluded in April 2022	Kanagawa Prefecture	Agreement on storage of goods in the event of a disaster

Date of renewal (date of agreement)	Local governments	Contents of agreement
Renewed in April 2022 (Concluded in January 2020)	Yokohama City, Kanagawa Prefecture	Agreement on sustainable community development of suburban detached residential complexes
Concluded in March 2022	Chikuma City, Nagano Prefecture	Agreement on accepting evacuees in the event of a disaster, etc.
Concluded in February 2022	Maebashi City, Gunma Prefecture	Cooperation agreement on CCRC project
Concluded in February 2021	Kitakami City, Iwate Prefecture	Agreement on cooperation in the accumulation of goods in the event of an earthquake or other disasters
Concluded in January 2021	Akaiwa City, Okayama Prefecture	Agreement on support and cooperation in the event of a disaster

### 2-4 Achievements related to community co-creation activities (FY2022)

Item		Unit	Achievement
Investment in communities through community co-creation activities	Community co-creation activities by worksites converted into monetary value based on personnel expenses, donation amounts, etc.	Yen	45,397
	Daiwa Sakura Aid fundraising results		8,465,929
	(Breakdown)		
	Donation for cherry trees on-site on Mt. Yoshino		875,366
	Vending machines with donation function		3,675,520
	Donations at concerts and events		1,275,043
	Donations based on hotel stays (OSAKA DAI-ICHI HOTEL)		48,000
	Donations via shareholder special benefits		2,592,000
	Support results by Endless Donations Program (Number of supported organizations)	Organizations	12
	(Amount)	Yen	12,000,000
	Number of Group companies with donation systems in place*	Companies	19
Results of community co-creation activities (Examples of social impacts)	Number of employees registered with donations systems (Non-consolidated)	People	3,242
	(Consolidated)		3,778
	Number of community co-creation activities	Number of cases	465
	Number of activities conducted at Mt. Yoshino (Replanting of saplings and improvement of soil environment at planting sites)	Times	5
	Number of saplings planted in the "cherry tree orchard" at Mt. Yoshino	Seeds	About 1,500
	Cherry blossom project results	—	(FY2022 results) Held at 8 locations, a total of 1,625 children participated, and 22 cherry trees were planted (Cumulative total to date) Held at 325 locations, a total of 94,112 children participated, and 781 cherry trees were planted

\* Including Daiwa House Industry Co., Ltd.

## Social Data | Technology and manufacturing bases

### 3-1 Major business collaborations and validation experiments to create for innovation and to solve social issues

Start date	Alliance partners	Content
December 2022 – June 2023	Hitachi Transport System, Ltd, YRP Ubiquitous Networking Laboratory	Held “Daiwa House Industry Smart Logistics Open Data Challenge,” a logistics data utilization contest
January 2023	Fujita Corporation	Launches “refreshing air rooms” for commercial facilities and hotels
November 2022	Autodesk Inc.	Signed a memorandum of understanding for new strategic collaboration to further accelerate digital transformation (DX) initiatives (Phase 3)

### 3-2 Examples of major products for solving social issues

Product name	Main content
Teleworking style	Homes that offer a more enriching daily life and do not leave residents stressed when working from home
“Kaji (Chore) Share House Town”	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
Metaverse platform for companies	Supports online medical examinations and online education by adding the “LIVE” function by way of the volumetric video technology to WHITEROOM, a metaverse platform for corporations (developed by Nangok R/Studios)

## Social Data | Technology and manufacturing bases

### 3-3 Supply Chain Sustainability Guidelines Agreement collection rate/Self-check response rate/Conformance ratio

		2020	2021	2022
Agreement	Target companies	5,432	5,420	<b>5,420</b>
	Collection rate	84.7%	94.1%	<b>94.1%</b>
Self-assessment	Target companies	5,439	5,356	<b>5,224</b>
	Responding companies	2,366	2,426	<b>2,772</b>
	Response rate	43.5%	45.3%	<b>53.1%</b>
	Conformance rate	44.2%	44.9%	<b>43.9%</b>

\* Status of implementation for our business partners

### 3-4 Results of questionnaire surveys for business partners

	2020	2021	2022
Response rate	70.6%	79.8%	<b>77.0%</b>

\* Status of implementation for our business partners

### 3-5 Health and safety education

#### ■ Health and safety education

Asbestos-related e-learning*1	4 seminars 233 attendees
Safety management e-learning*1	11 seminars 7,133 attendees
Support for balancing medical treatment and work (e-learning)*2	16,015 attendees
Mental health training (training for developmentally disabled employees)*2	210 attendees
Mental health self-care training*2	145 attendees
Mental health line care training (e-learning)*2	259 attendees

\*1 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

\*2 Total number of participants

#### ■ Training including health and safety issues (non-consolidated)

Line-specific training at plants	Conducted 3 times with 87 participants
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### 3-6 Number of construction site industrial accidents

#### ■ Number of construction site industrial accidents (non-consolidated)\*1

	2020	2021	2022
Employees	—	—	<b>3</b>
Of which, construction sites	2	4	<b>1</b>
Contractors' employees (at construction sites)*2	28	35	<b>33</b>

\*1 Number of construction site industrial accidents requiring 4 or more days of missed work

\*2 Only those covered by our on-site workers' industrial accident insurance

#### ■ Number of fatalities in industrial accidents

	2020	2021	2022
Employees (non-consolidated)	0	0	<b>0</b>
Contractors' employees (at construction sites)*	0	1	<b>0</b>
Employees (Consolidated A)	—	—	<b>3</b>

\* Only those covered by our on-site workers' industrial accident insurance

#### ■ Frequency rate of industrial accidents (non-consolidated)\*1

	2020	2021	2022
Contractors' employees (at construction sites)*2	0.16	0.24	<b>0.31</b>

\*1 "Frequency rate" represents the number of industrial accidents that have occurred involving worker injury or death per one million hours worked.

\*2 Only those covered by our workers' industrial accident insurance.



## Governance Data

- Status of holding Corporate Governance Committee  
(Expected attendees: External Directors, External Auditors, Fulltime Auditors, CEO, CFO and Representative Directors)

FY2022	①	②
Month	Jul.	Jan.
Attendance rate	12/14 (86%)	14/14 (100%)

- Status of holding Joint Management Council  
(Expected attendees: Directors, Executive Officers and Auditors)

FY2022		①	②	③	④
Month		Aug.	Sept.	Dec.	Feb.
Attendance rate		100%	100%	100%	96%
Breakdown	Directors	15/15	15/15	15/15	14/15
	Auditors	6/6	6/6	6/6	5/6
	Executive Officers	52/52	52/52	52/52	51/52

- Status of holding Remuneration Advisory Committee  
(Expected attendees: External Directors, CEO, General Manager of Management Administration Headquarters)

FY2022	①	②
Month	May	Jun.
Attendance rate	7/7 (100%)	7/7 (100%)

- Status of holding Nomination Advisory Committee  
(Expected attendees: External Directors, CEO, General Manager of Management Administration Headquarters)

FY2022	①	②
Month	Apr.	Jun.
Attendance rate	7/7 (100%)	7/7 (100%)


## Governance Data

### ■ Status of holding Board of Directors (Expected attendees: Directors and Auditors)

FY2022	①	②	③	④	⑤	⑥	⑦	⑧	⑨	⑩	⑪	⑫	⑬	⑭	⑮	⑯
Month	Apr.	Extraordinary meeting in Apr.	May	Extraordinary meeting in May	Jun.	Jul.	Aug.	Sep.	Extraordinary meeting in Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Extraordinary meeting in Mar.
Keiichi Yoshii	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○
Takeshi Kosokabe	○	○	○	○	○	○	○	○	○	○	×	○	○	○	○	○
Yoshiyuki Murata	○	○	○	○	○	×	○	○	○	○	○	○	○	○	○	○
Hirotsugu Otomo	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○
Tatsuya Urakawa	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	×
Kazuhiro Dekura	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○
Yoshinori Ariyoshi	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○
Keisuke Shimonishi	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○
Nobuya Ichiki	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○
Toshiya Nagase	—	—	—	—	○	○	○	○	○	○	○	○	○	○	○	○
Kazuyoshi Kimura	○	○	○	○	—	—	—	—	—	—	—	—	—	—	—	—
Yutaka Shigemori	○	○	○	○	—	—	—	—	—	—	—	—	—	—	—	—
Yukiko Yabu	○	×	○	○	○	○	○	○	○	○	○	○	○	○	○	○
Yukinori Kuwano	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○
Miwa Seki	○	○	○	○	○	○	○	○	○	×	○	○	○	○	○	○
Kazuhiro Yoshizawa	—	—	—	—	○	○	○	○	○	○	○	○	○	×	○	○
Yujiro Ito	—	—	—	—	○	○	○	○	○	○	○	○	○	○	○	○
Percentage of Directors in attendance	14/14	13/14	14/14	14/14	15/15	14/15	15/15	15/15	15/15	14/15	14/15	15/15	15/15	14/15	15/15	14/15
Tomoyuki Nakazato	○	×	○	○	○	○	○	○	○	○	○	○	○	○	○	○
Tadatoshi Maeda	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○
Yoshinori Hashimoto	—	—	—	—	○	○	○	○	○	○	○	○	○	○	○	○
Shonosuke Oda	○	○	○	○	○	×	○	○	○	○	○	○	○	○	○	○
Akihisa Watanabe	○	○	○	○	○	○	○	○	○	○	○	○	○	×	○	○
Tatsuji Kishimoto	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○
Percentage of Audit and Supervisory Board Members in attendance	5/5	4/5	5/5	5/5	6/6	5/6	6/6	6/6	6/6	6/6	6/6	6/6	6/6	5/6	6/6	6/6
Matters to be resolved	5	0	10	3	8	7	8	12	2	2	9	6	5	11	11	1
Matters to be reported and discussed	10	4	2	1	5	10	1	2	0	10	2	2	8	2	1	1
Time required	175 min.	80 min.	170 min.	35 min.	135 min.	150 min.	130 min.	150 min.	11 min.	110 min.	150 min.	120 min.	125 min.	140 min.	120 min.	70 min.

## ■ Third-Party Assurance Report

The sustainability information disclosed in the Sustainability Report 2023 has been assured by EY Ernst & Young ShinNihon LLC in order to improve the reliability of the information.

This report has been prepared with reference to the Japanese-language edition of our Sustainability Report 2023. The accuracy of the data regarding sustainability contained in that report was certified by third parties and an accompanying check mark  indicates all data subject to such certification.  
(See page 187 of the Japanese-language edition of the Sustainability Report 2023 for a third-party assurance report.)

## About the cover



The cover of Sustainability Report 2023 was co-created by people with disabilities and design students, using the Shibuya font that has transformed letters and drawings by people with disabilities into the font and patterns. Some of the data fees have been paid to facilities for the disabled to help them participate in society and become financially independent.

### Comment by creator

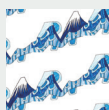
The design is based on the patterns of the Shibuya font which are associated with towns, nature, flying cars, and renewable energy. I arranged them on the big globe to express a sustainable worldview on a global scale.

(fukufukuplus corporation)



[WEB](#) [Shibuya font \(Japanese text only\)](#)

### Patterns used on the cover



#### Seigaiha

Artist: Taka Designer: Ruri Tokita

With reference to the works of Katsushika Hokusai, I created a brand-new big wave that mixes old things and new charm



#### Christmas

Artist: Hisako Komatsu Designer: Misaki Suenaga

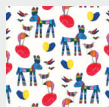
I drew this picture freehand, paying special attention to details. I tried some unique expressions, such as fruits playing a role of ornaments for the tree.



#### vehicles

Artist: Norihisa Ogiyama Designer: Tomoe Inoue

I drew vehicles such as flying taxis, which are likely to appear in Shibuya in the future. I feel they are about to fly from Shibuya right now.



#### Colorful Birds Party

Artist: Akiko Murakami Designer: Tsai Pei Qin

I expressed the dynamic and energetic atmosphere of Shibuya with innocent and natural colors and brushwork.



#### botanical shapes

Artist: Kenya Konishi Designer: Nozomi Soshizaki

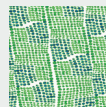
These are the plants that make use of the charm of the artist who draws delicate lines. I hope that a lot of women will like them.



#### Shibuya architectural drawing

Artist: AKAZUKI Designer: Risa Kuribayashi

I drew buildings standing around Shibuya station with a unique technique of lines. I believe that the picture shows the energetic atmosphere in Shibuya.





#### gringling green

Artist: CAMM creative team

Designer: Aoi Hashimoto  
I put some stress on the painting with a slightly wavy touch to express a dynamic note, avoiding being too monotonously.

## 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>
Coordination		<ul style="list-style-type: none"> <li>Integrated report</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>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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[www.daiwahouse.com](http://www.daiwahouse.com)



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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