

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

😊 : Target for fiscal 2023 achieved 😐 : Target for fiscal 2023 not achieved (achieved 90% or more) 😞 : Target for fiscal 2023 not achieved (achieved less than 90%)

■ Mitigating and Adapting to Climate Change

Challenge ZERO	Management indicator (KPI)	2021 results	2022 results	2023 targets	2023 results	2024 targets	2026 targets	Pages
(1) Challenge ZERO for CO ₂ in community development	GHG emissions reduction rate derived from use of product (total) vs FY2015	29.4% reduction	39.3% reduction	45% reduction	52.2% reduction 😊	54% reduction	58% reduction	021, 125
	ZEH rate	53%	86%	90%	97% 😊	90%	90%	022, 126
	ZEH-M rate for rental housing	3%	14.2%	20%	48.7% 😊	50%	50%	022, 126
	ZEH-M rate for condominiums	35%	67.5%	70%	90.5% 😊	100%	100%	022, 126
	ZEB rate	38%	65.7%	70%	68.5% 😐*1	73%	80%	023, 126
	ZEH-renovation equivalent	1,478	1,472	3,200	3,789 😊	3,800	4,000	023, 127
	Sales of electricity generated by the company-owned renewable-energy power stations	121GWh	366GWh	635GWh	696GWh 😊	—	—	127
(2) Challenge ZERO for CO ₂ in business activities	GHG emissions reduction rate derived from business operations (total) vs FY2015	20.8% reduction	33.5% reduction	50% reduction	26.3% increase 😞*2	52% reduction	55% reduction	021, 131
	Promotion of Electric—Introduction rate of clean energy cars (Company vehicles)	0.3%	2.8%	7%	6.3% 😐*3	13%	30%	026, 136
	Promotion of Electric—Introduction rate of clean energy cars (Privately owned vehicles)		1.0%	2%	2.0% 😊	4%	10%	026, 136
	Energy efficiency (EP100) vs FY2015	Up 1.47 times	Up 1.50 times	Up 1.61 times	Up 1.81 times 😊	Up 1.83 times	Up 1.90 times	025, 132
	Renewable energy utilization rate (RE100)	18.2%	41.5%	100%	81.8% 😞*4	100%	100%	025, 133
(3) Challenge ZERO for CO ₂ in the supply chain	Setting rate of principal suppliers' SBT standard* ^a GHG reduction targets	34.0%	65.9%	60%	57.7% 😐*5	80%	90%	027, 137
	The number of contracts for renewable energy and energy-efficiency solutions (The number of cases of support) (cumulative)	—	9	15	15 😊	25	50	027, 137

Self-assessment (reasons for not achieving targets, future actions)

- *1 In fiscal 2023, we achieved a ZEB ratio of 68.5%, falling short of our 70% target due in part to the decline in the construction start area for large logistics centers, which have high ZEB ratios. In the future, we will work to lift the overall ZEB ratio by strengthening ZEB proposals for other such purposes as offices, factories, retail stores and nursing care facilities.
- *2 In fiscal 2023, GHG emissions (total) increased by 23.6% compared with fiscal 2015 due to the use of coal at the thermal power station that was made a Group company in January 2023, and thus we failed to reach our target for a 50% reduction. We will strive to reduce our GHG emissions by having the plant burn just biomass after switching from biomass-coal combined power generation.
- *3 In fiscal 2023, the introduction rate of company electric vehicles was 6.3%, missing our 7% target on a lack of progress with switching over vehicles stemming from poor travel distances for clean energy vehicles. In the future, we will continue to push ahead with adopting clean energy vehicles by making the switch when leases finish for company vehicles.
- *4 In fiscal 2023, in addition to the increase in self-consumed electricity (non-renewable energy) at the thermal power plant, we were no longer able to offset non-renewable energy (switch to renewable energy) for Daiwa Resort, which left the Group in July. As a result, the renewable energy utilization rate came to 81.8%, falling short of our target of 100%. In the future, we will transition the thermal power plant to solely burn biomass, as well as switch to renewable energy plans and purchase non-fossil certificates.
- *5 In fiscal 2023, we encouraged suppliers to set more ambitious targets through decarbonization dialogues by raising the required level of GHG reduction targets to WB2°C. However, the percentage of suppliers that have set SBT-level GHG reduction targets came to 57.7%, missing our target of 60%. In the future, for suppliers not achieving target levels, we will strengthen engagement, focusing on decarbonization dialogues, as well as provide support for target achievement using proposals based on the Group's renewable energy and renewable energy solutions.
- *^a Through fiscal 2022, we set a target at the 2°C level (annual reduction in GHG emissions of 1.23% or more), but from fiscal 2023 we raised the target to the WB2°C level (reduction of 2.5% or more). (WB2°C, or well-below 2°C, is a GHG reduction target to keep the increase in the global temperature to well below 2°C compared to pre-industrial levels.)

■ Harmony with the natural environment (Preservation of biodiversity)

Challenge ZERO	Management indicator (KPI)	2021 results	2022 results	2023 targets	2023 results	2024 targets	2026 targets	Pages
(4) Challenge ZERO Deforestation	Rate of C-ranked timber in procurement	2.7%	3.1%	3.0%	1.0% 😊	1%	0%	036, 141
	Setting rate of zero deforestation policy (primary suppliers)	—	6.1%	30%	45.6% 😊	70%	90%	036, 141
	Setting rate of zero deforestation policy (secondary suppliers and beyond)	—	0%	5%	2.6% 😞*6	30%	50%	036, 141
(5) Challenge ZERO Harm to Biodiversity	Eco-friendly surface area of green spaces (cumulative)	—	257,000m ²	400,000m ²	464,000m² 😊	600,000m ²	1,000,000m ²	037, 142
	Rate of formulation and implementation of protection and management plans of significant sites within premises of the company's facilities	—	Assessing priority Levels Primary screening completed Assessment of priority levels in progress	Development of management and maintenance plans	11.4% —	14%	100%	039, 143
	Promotion of the Daiwa Plastics Smart Project—Rate of replacement of plastic goods for distribution (offices, etc.)	Daiwa House Industry: 81% All Group: 92%	Daiwa House Industry: 83% All Group: 74%	100%	Daiwa House Industry: 90.9% All Group: 92.6% 😐*7	100%	100%	039, 143

Self-assessment (reasons for not achieving targets, future actions)

- *6 In fiscal 2023, we visualized the supply chain and primary suppliers that have already set zero deforestation policies and also sought support for zero deforestation policies for secondary suppliers and further, but we were unable to gain support through the entire supply chain. As a result, the rate of zero deforestation policies set (among secondary suppliers and further) ended at 2.6%, failing to achieve our target of 5%. In the future, we will broaden the scope of mapping for the supply chain and work to achieve uptake of zero deforestation policies among secondary suppliers and further with the assistance of primary suppliers.
- *7 In fiscal 2023, we switched disposable plastic products to other non-plastic materials for new purchases and switched to paper wrapping for company gifts, but the use of some disposable plastic products from our inventory resulted in rates of 90.9% for replacement with plastic-free materials (offices, etc.) on our own and 92.6% 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 guidelines.

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

Challenge ZERO	Management indicator (KPI)	2021 results	2022 results	2023 targets	2023 results	2024 targets	2026 targets	Pages	
(6) Challenge ZERO Waste and Reuse	Number of assets subject to effective use	3,989	4,276	4,200	3,289	🟢*8	2,900	3,100	048, 144
	Number of buildings subject to durability extension	3,246	8,984	9,000	8,929	🟡*9	7,045	7,150	048, 144
	Improving the recycling rate of waste plastics material (production)	10.9%	16.8%	19%	21.6%	🟢	22%	30%	049, 144
	Promotion of the Daiwa Plastics Smart Project Reduction rate of amenities that are plastic-containing products specified in law (hotels) vs FY2021	—	3.0% increase	20% reduction	8.2% reduction	🔴*10	17% reduction	50% reduction	049, 145
	Promotion of the Daiwa Plastics Smart Project Recycling rate of amenities that are plastic-containing products specified in law (hotels)	—	0%	5%	0.03%	🔴*10	1%	50%	049, 145
	Achievement of zero waste emissions targets by principal suppliers	34.5%	34.6%	50%	41.8%	🔴*11	70%	90%	049, 145
—	Construction waste emissions: Production (per unit of sales)	57.5kg/million yen	53.8kg/million yen	60kg/million yen	50.8kg/million yen	🟢	60kg/million yen	60kg/million yen	147
	Construction waste emissions: Construction (per m²)	20.0kg/m²	19.0kg/m²	19kg/m²	18.9kg/m²	🟢	19kg/m²	19kg/m²	147
	Construction waste recycling rate	97.7%	97.9%	97%	97.6%	🟢	98%	99%	146
(7) Challenge ZERO Water- Associated Risks	Water-saving device adoption rate (housing and hotels)	89.8%	96.8%	97%	98.3%	🟢	99%	99%	051, 148
	Water consumption reduction rate (per unit of sales) vs FY2012	46.8% reduction	42.7% reduction	37% reduction	42.3% reduction	🟢	43% reduction	45% reduction	052, 148
	Implementation rate of water risk surveys by principal suppliers	—	85.5%	90%	93.9%	🟢	97%	100%	052, 150

Self-assessment (reasons for not achieving targets, future actions)

- *8 In fiscal 2023, the number of assets subject to effective use came to 3,289, which meant we missed our target of 4,000. Despite working to improve awareness of purchases/resale by the Livness business by using actual buildings for which we have increased value, including by replacing insulation, into model houses, the number fell due to the larger size of projects. In the future, we will promote the effective use of assets by working for further market penetration by the Livness brand as well as increase employees for the brokerage business for existing buildings and vitalize trade in such buildings. We will lower our fiscal 2024 and fiscal 2026 targets in light of the fiscal 2023 result.
- *9 In fiscal 2023, we conducted inspections and diagnoses on houses that we have sold in the past and carried out maintenance work for warranty extension. Additionally, in rental housing, we promoted warranty extension work by partnering with management companies. As a result, the number of buildings subject to durability extension was 8,929, narrowly missing our target of 9,000. In the future, we will work to gain the understanding of owners about the merits of mitigating the aging process by extending the life of buildings through warranty extension work and to minimize the volume of resources used and waste by avoiding rebuilds. We will lower our fiscal 2024 and fiscal 2026 targets in light of the fiscal 2023 result.
- *10 In fiscal 2023, we stopped the introduction of amenity bars in hotels and the distribution of amenities as well as introduced bamboo tooth brushes, but the specified amenity plastic product reduction rate (hotels) was down by just 8.2% compared with fiscal 2021, thus failing to achieve the target of 20% reduction. In addition, while we undertook material recycling for amenity plastic products in some hotels, it will take some time to establish the scheme on a large scale. As a result, the material recycling rate for specific amenity plastic products (hotels) was 0.03%, thus we were unable to achieve the target of 5%. In the future, we will promote further reductions in disposable plastics and material recycling by sharing success stories at various hotels and establishing a scheme for large-scale deployment. We will lower our fiscal 2024 targets in light of the fiscal 2023 results.
- *11 In fiscal 2023, we aimed to confirm the status of waste disposal by suppliers and raise their recycling target levels by conducting zero emitter dialogues that strive to raise awareness of zero emissions. However, among our principal suppliers, those that set zero waste emission targets accounted for 41.8%, thus we were unable to achieve our target of 50%. In the future, in addition to continuing zero emissions dialogues and strengthening engagement, we will more closely investigate waste disposal by suppliers, get a grasp of recycling situations and work for higher target levels.

■ Prevention of chemical pollution

Challenge ZERO	Management indicator (KPI)	2021 results	2022 results	2023 targets	2023 results	2024 targets	2026 targets	Pages	
—	Compliance with voluntary standards for indoor air quality	96%	97.1%	100%	90.0%	 *12	100%	100%	054
	Release and transfer reduction rate of PRTR (per unit of sales) vs FY2012* ^b	69.3% reduction	70.4% reduction	65% reduction	74.2% reduction		0.1% reduction* ^b	0.3% reduction* ^b	054, 151
	VOC emission reduction rate (per unit of sales) vs FY2013	38.5% reduction	35.9% reduction	32% reduction	39.6% reduction		35% reduction	35% reduction	054, 151

Self-assessment (reasons for not achieving targets, future actions)

- *12: In fiscal 2023, compliance with voluntary standards for indoor air quality was 90.0%, 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. 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.

*^b: Due to subject substances for fiscal 2023 revised following amendments to the PRTR Law, assessments through fiscal 2023 are for substances the same as fiscal 2012. For fiscal 2024 onward, fiscal 2023 will be the new base year, with revised PRTR-listed substances subject to assessments.

■ Environmental management

Challenge ZERO	Management indicator (KPI)	2021 results	2022 results	2023 targets	2023 results		2024 targets	2026 targets	Pages
—	Sales of environmental contribution businesses	—	1,276.2 billion yen	1,350.0 billion yen	1,581.4 billion yen	😊	1,550.0 billion yen	1,600.0 billion yen	009, 121
	Number of those who acquired the Eco Test	19,033	25,080	28,000	28,134	😊	30,000	38,000	014, 122
	Green purchasing ratio	95.6%	97.5%	95%	99.0%	😊	95%	95%	021, 123
	Implementation status of measures for adopting to climate change	—	Implementing	—	Implementing	—	—	Completing implementation	028