

Third-Party Assessment / Data Section

CHAPTER

04

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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 participated 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, and voiced our support for its 10 principles. 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.

In addition, in June 2024, the Company participated in the Taskforce on Nature-related Financial Disclosures (TNFD) Forum and registered as a TNFD Adopter. In nature-related matters, we will work to proactively disclose information, reduce risks and create opportunities, with an aim to resolve issues related to the conservation of biodiversity.



[P029 Response to the Task Force on Climate-related Financial Disclosures \(TCFD\)](#)

[P040 Response to the Taskforce on Nature-related Financial Disclosures \(TNFD\)](#)

■ Initiatives and committees in which we participate

Initiatives, committees, etc.	Organizer
Participation in the Global Compact Network Japan (GCNJ) · Supply Chain Subcommittee · Environmental Management Subcommittee · ESG Subcommittee, etc.	UN Global Compact
· RE100 · EP100	The Climate Group, CDP
SBT	CDP and WRI (World Resources Institute), WWF (World Wildlife Fund), UN Global Compact
TCFD Participation in the TCFD Consortium · Information Disclosure Working Group	Financial Stability Board
Participation in the TNFD Forum Information disclosure based on the TNFD Recommendations	The British environmental NGO Global Canopy, the United Nations Development Programme (UNDP), the United Nations Environment Programme Finance Initiative (UNEP FI), the World Wildlife Fund (WWF)

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

Daiwa House Industry actively participates in validation projects for ZEH and ZEB and campaigns organized by the national government to provide feedback on their policies and we also cooperate in bringing awareness to environmental activities.

In addition, the Company has joined the Association on the Promotion of Standards for Long-Term Use of Housing Materials, which launched in 2008. This association's objective is to standardize the dimensions of housing parts and components to facilitate the long-term maintenance of housing. We are promoting this initiative in cooperation with existing housing-related industry associations.

■ Major programs the Group participates in

Organizer	Program
Ministry of Economy, Trade and Industry	<ul style="list-style-type: none"> · GX League · Smart Community Alliance · Association on the Promotion of Standards for Long-Term Use of Housing Materials · TCFD Consortium of Japan · Next Generation ZEH+ demonstration project (custom-built houses)
Ministry of the Environment	<ul style="list-style-type: none"> · Green Value Chain Platform · "Fun to Share" climate change campaign · Water Project · Plastic Smart · Decarbonizing Management Network · Company Research Committee for Responding to Climate Change Effects · Platform for Climate Change Information · Decokatsu (National Movement for New and Prosperous Lifestyles toward Decarbonization) · Eco First Program Promotion Council · Mori Sato Kawa Umi Project · 30by30 Alliance for Biodiversity · Nature Positive Declaration · Resilient ZEB Demonstration Project · Advanced energy efficient building demonstration project for ZEB realization · Low-rise ZEH-M promotion project · Project to support the acceleration of energy conservation and CO₂ reduction in residences by promoting the retrofitting of windows with heat insulation, etc.
Ministry of Land, Infrastructure, Transport and Tourism	<ul style="list-style-type: none"> · Children's Eco-Life Support Project

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 propel initiatives to 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 applying our views to the setting of targets concerning ZEH adoption rates and renewable energy usage rates, we are aligning our Group's strategy with the climate change strategy of the industry association.

The Company's sustainability departments disseminate information on the industry association's policies and strategy within the Company. If any discrepancies arise, we gather them together and report them to the industry association as feedback. If necessary, adjustments are then made in the various subcommittees and general assemblies.

■ 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 March 2024)	<ul style="list-style-type: none"> · Building Regulatory Rationalization Committee · Housing Performance Improvement Committee · Housing Stock Committee · Environmental Committee
Japan Prefabricated Construction Suppliers and Manufacturers Association (Our president is vice-chairman as of March 2024)	<ul style="list-style-type: none"> · Housing Committee / Environment Subcommittee · Housing Committee / Technology Subcommittee / Energy Saving WG · Housing Committee / Housing Stock Subcommittee, etc
Japan Chemical Industry Association	Chemical Risk Forum
Housing History Information Accumulation and Utilization Promotion Council	<ul style="list-style-type: none"> · 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"> · Research Committee on Environmental Assessment Methods · CASBEE Research & Development Committee · CASBEE Housing Subcommittee
Environmentally Symbiotic Housing Promotion Council	<ul style="list-style-type: none"> · Survey and Research Subcommittee Promotion · Subcommittee, etc.
Smart Wellness Community Council	Community Development Subcommittee, etc.
Consortium for Building Research & Development	<ul style="list-style-type: none"> · Research and Development Promotion Committee, etc.
Provision of Quality Housing Stock Association	<ul style="list-style-type: none"> · Planning & Administration Committee · Assessment Training Committee, etc.
Senior Housing Association	Research Committee on Living Spaces, etc.



■ 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 (JCLP), 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	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 (JCLP)	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
fukufukuplus corporation	Producing paintings of the <i>Miraimachi Sengen</i> (Futuretown Declarations) with artists with disabilities
Yoshinoyama Hoshokai	Cherry tree conservation activity at Mt. Yoshino
NPO NPO Chotto Shizen	Promoting biodiversity conservation activities in the regulating pond at our Mie Factory
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 for two years in a row. Received CDP's highest Supplier Engagement Rating for the fifth consecutive year.

The company was selected for the highest CDP climate change A List and for the CDP water security A List. It was the second year in a row for the Company to receive double recognition in these two categories and the sixth consecutive year to be recognized on the CDP Climate Change A list.

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 fiscal 2023, 346 companies were selected for the CDP climate change A List and 101 companies were for the CDP water security A List. The number of companies selected for the A Lists of both categories was 61. 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 2023, the Company received the CDP's highest Supplier Engagement Rating, listing on the Supplier Engagement Leaderboard for five years running.



-  **Double recognized as "CDP Climate Change A List" and "CDP Water Security A List," the highest ratings in both categories, for two years running (Japanese text only)**
- Recognized as the highest rated supplier in CDP's "Supplier Engagement Assessment" for five consecutive years (Japanese text only)**

■ Cooperating with Third Parties and Their Assessment

Company receives 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 Gold rating (a score in the top 5% in the global construction industry).

Awarded 4.5 stars in the fifth Nikkei SDGs Management Survey

In the fifth 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 889 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](#)

10th in CSR Corporate Ranking 2024 (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 10th overall in the 2024 edition released in February 2024.

Received the Minister of the Environment Award (Silver Prize) in the Environment Sustainable Category of the 5th ESG Finance Awards Japan

The Company received the Minister of the Environment Award (Silver Prize) in the Environment Sustainable Category of the 5th ESG Finance Awards Japan organized by the Ministry of the Environment. Following the receipt of the Bronze Prize in 2019, this marks the second time for the Company to receive a prize at the ESG Finance Awards.

The Company has established its Environmental Action Plan "Endless Green Program 2026" to achieve its Long-Term Environmental Vision, and has disclosed its key performance indicators (KPIs) and the progress of the program. In addition, the Company was recognized for its efforts to promote strategies to achieve its goals, including its incorporation of investments to achieve carbon neutrality in its strategic investments and the introduction of internal carbon pricing (ICP) as a criterion for investment decisions.

 [Received the Minister of the Environment Award \(Silver Prize\) in the Environment Sustainable Category of the 5th ESG Finance Awards Japan \(Japanese text only\)](#)



Received the Sustainability Website Awards 2024 Gold Award

In January 2024, the Company received the Gold Award (the top prize) in the Sustainability Website Awards 2024 for the depth of ESG information included on its website and the website operation in consideration of multi-stakeholders. The award looks at the websites of all listed companies and major non-listed companies in Japan, and ranks them based on the quality of their sustainability information, recognizing the websites that display overall excellence. In 2024, out of 4,043 companies that were judged, three companies, including the Company, won a Gold award. Following Gold awards in 2020 and 2021, this marks the third time the Company has won Gold at the Sustainability Website Awards.

We established our Sustainability website in October 2015 to communicate information that contributes to the enhancement of our corporate value, including the Group's "Hopes for the Future" (Purpose), the materialities (top priority issues) we have identified to achieve them, our targets, action plans, and other information. We revamped the website in March 2023 to allow a wide range of stakeholders, including investors, assessment bodies, customers, business partners, employees, and members of the local communities, to further deepen their understanding of our company.

 [Received the Sustainability Website Awards 2024 Gold Award \(Japanese text only\)](#)

The Company receives recognition for its medium- to long-term IR initiatives

In recognition of its continuous IR activities over the medium to long term and its efforts to improve the level of appropriate information disclosure and constructive dialogue, the Japan Investor Relations Association selected the Company for its "Greatest IR Improvement Premium Companies" award, and it was also commended by securities analysts for maintaining a high level of disclosure. In addition, our 2023 Integrated Report was named as an excellent integrated report for the eighth consecutive year by organizations that manage Japanese equities on behalf of the Government Pension Investment Fund (GPIF).

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■ Major ESG-related awards

Awarded category	Award name	Organizer	Reason for the award
ESG management	CDP Climate Change 2023 A (highest rating)	CDP	Climate change strategies and initiatives to reduce greenhouse gas emissions
	CDP Supplier Engagement 2023 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 2023 A (highest rating)		Promotion of water resources management
	CDP Forest 2023 A-		Conservation of forest resources
	Selected as 2024 Certified Health & Productivity Management Outstanding Organizations (25 Group companies)	Nippon Kenko Kaigi	Health management practices in partnership with health insurance associations
	PRIDE Index 2023 Gold Award (awarded to Daiwa House Industry) Bronze Award (awarded to Royal Home Center)	work with Pride	Diversity initiatives
	Received the Minister of the Environment Award (Silver Prize) in the Environment Sustainable Category of the 5th ESG Finance Awards Japan	Ministry of the Environment	Companies that incorporate “significant environmental opportunities and risks” into their business strategies aiming for the improvement of “corporate value” to create positive environmental benefits while also increasing corporate value.
Products and services	Received the Energy Conservation Center, Japan Chairman’s Award in the “Energy Conservation Grand Prize 2023 (Energy Conservation Case Study Category)”	The Energy Conservation Center, Japan	The Daiwa House Group MIRAI KACHI KYOSO Center, a training facility
	Received an award for excellence at the Japan Resilience Awards 2024	Association for Resilience Japan	Initiatives to raise energy self-sufficiency in order to raise disaster preparedness and environmental responsibility in single-family homes and community development
	Received the Good Design Award 2023	Japan Institute of Design Promotion	Shin-Sapporo Active Link, an overhead passageway Roetsu Ryushu Kaen, a condominium Atlas City Setagaya Funabashi, a condominium
	Received the award for excellence “Minister of State for Policies Related to Children Award” at the 17th Kids Design Awards	Kids Design Association	Freedom of Sound District, comfortable soundproof rooms and comfortable quiet rooms
Communication	Received the Sustainability Website Awards 2024 Gold Award	Association for Sustainability Communication	Depth of ESG information and website operation in consideration of multi-stakeholders

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Inclusion in main ESG indices







The Company has been selected and evaluated by the following ESG indices/evaluation organizations

 <p>FTSE4Good</p>	<p>FTSE4Good Index Series 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.</p>
 <p>FTSE Blossom Japan Index</p>  <p>FTSE Blossom Japan Sector Relative Index</p>	<p>FTSE Blossom Japan Index / FTSE Blossom Japan Sector Relative Index 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>MSCI ESG RATINGS</p> <p>CCC B BB BBB A AA AAA</p>	<p>MSCI World ESG Leaders Index / MSCI World SRI Index 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>MSCI Japan ESG Select Leaders Index The GPIF uses this as an investment target as it is an index that includes Japanese companies.</p>
 <p>MSCI Japan Empowering Women Index (WIN)</p>	<p>MSCI Japan Empowering Women (WIN) Select Index One of MSCI's ESG indexes containing companies that lead in promoting gender diversity within their sector based on their gender diversity scores and is adopted by GPIF as an investment target. 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>Morningstar GenDi J Japan ex-REIT Gender Diversity Tilt Index TOP CONSTITUENT 2024</p>	<p>Morningstar Japan ex-REIT Gender Diversity Tilt Index (GenDi J) Morningstar's Gender Equality Score, developed by Equileap in the Netherlands, is an index that focuses on companies that have a gender diversity policy as part of their corporate culture and that are committed to providing equal opportunities to their employees regardless of gender. The GPIF has adopted this index as an investment target. The companies are categorized into five groups in order of score, with the Company in the highest Group 1.</p>

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* Authorized Daiwa House Industry Co., Ltd. to use of the Morningstar Japan ex-REIT Gender Diversity Tilt Logo ("Logo") to reflect the fact that, for the designated ranking year, Daiwa House Industry Co., Ltd. ranks in the top group of companies comprising the Morningstar® Japan ex-REIT Gender Diversity Tilt IndexSM ("Index") on the issue of gender diversity in the workplace. Morningstar is making the Logo available for use by Daiwa House Industry Co., Ltd. for informational purposes. Daiwa House Industry Co., Ltd. use of the Logo should not be construed as an endorsement by Morningstar of Daiwa House Industry Co., Ltd. or as a recommendation, offer or solicitation to purchase, sell or underwrite any security associated with Daiwa House Industry Co., Ltd. The Index is designed to reflect gender diversity in the workplace in Japan, but Morningstar does not guarantee the accuracy, completeness or timeliness of the Index or any data included in it. Morningstar makes no express or implied warranties regarding the Index or the Logo, and expressly disclaim all warranties of merchantability or fitness for a particular purpose or use with respect to the Index, any data included in it or the Logo. Without limiting any of the foregoing, in no event shall Morningstar or any of its third party content providers have any liability for any damages (whether direct or indirect), arising from any party's use or reliance on the Index or the Logo, even if Morningstar is notified of the possibility of such damages. The Morningstar name, Index name and the Logo are the trademarks or services marks of Morningstar, Inc. Past performance is no guarantee of future results.

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	<p>S&P/JPX Carbon Efficient Index An ESG index that has been adopted by the GPIF for operations that focuses on Japanese companies.</p>
	<p>S&P Global “The Sustainability Yearbook 2024” Every year, S&P Global publishes The Sustainability Yearbook, in which it evaluates corporate sustainability at companies around the world from the perspectives of governance and economy, environment, and society, and lists and awards particularly outstanding companies that are leading sustainability companies. The Company was selected as a Yearbook Member, a designation given to companies within the top 15% in their respective industries.</p>
	<p>STOXX® Global ESG Leaders The ESG Index made by STOXX, a Deutsche Borse Group company.</p>
	<p>GRESB 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>Bloomberg Gender-Equality Index 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.</p>
	<p>New Diversity Management Selection 100 (METI) award 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.</p>