

■ Human rights management

Basic policy on respect for human rights

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 following a Board of Directors resolution in December 2017.

It is clearly stated in the Daiwa House Group Principles of Corporate Ethics and Code of Conduct established in January 2004 (revised in April 2022) that: “we respect basic human rights and the dignity of all people, we shall not discriminate against anyone on the grounds of race, nationality, ethnicity, gender, sexual orientation, gender identity, disability, age, creed, religion, or social status, and we shall not engage in workplace harassment.” We also prohibit forced labor and child labor in Group companies and our supply chains. The Daiwa House Group Principles of Corporate Ethics and Code of Conduct has been translated into English and Chinese to ensure it is conveyed to employees worldwide.

The company also stipulated new harassment prevention regulations pursuant to revisions in relevant laws in June 2020.



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

➤ [Daiwa House Group Human Rights Policy \(PDF\)](#)



P062 [Response to employee harassment issues](#)

• The Supply Chain Sustainability Guidelines

In fiscal 2023, the Daiwa House Group revised the Supply Chain Sustainability Guidelines, which establish principles that underline the responsibilities we expect of our business partners regarding human rights, quality, safety, environment, and compliance. The Guidelines clearly set forth the importance of human rights to ensure our business partners understand the Daiwa House Human Rights Policy.



➤ [Supply Chain Sustainability Guidelines](#)

• Timber Procurement Policy to Achieve Zero Deforestation

In 2021, we adopted a timber procurement policy aimed at achieving zero deforestation. In accordance with this policy, 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.

• CSR Procurement Policy of Daiwa House Industry's Procurement Department

Based on the Supply Chain Sustainability Guidelines, Daiwa House Industry has established a more detailed Procurement Department CSR Procurement Policy that applies to all business partners in Japan that have dealings with the Procurement Department. Under this policy, we are promoting initiatives for legal compliance, human rights and labor issues, and environmental preservation.



➤ [Daiwa House Industry Procurement Department CSR Procurement Policy \(Japanese text only\)](#)

Management

Structure relating to human rights issues

In the Daiwa House Group, the momentum for human rights protection is increasing across our entire supply chain as well as in our own business activities. To build on it, in October 2021 we established the Human Rights Promotion Department within our Management Administration Headquarters. In addition, human rights awareness-raising promoters are assigned at our branch offices and Group companies to create a system to immediately respond to and report individual human rights problems. To facilitate access to consultation, harassment prevention experts are appointed as well as the human rights awareness-raising promoters at every branch office in a way that maintains gender diversity to make consultations regarding harassment easier.

Information received by whistleblowing hotlines is reported to the President and CEO by the director responsible for human rights every month.

The information is also reported with other risks to the

Internal Control Committee once every six months and shared by Committee members.

■ Main committees/departments relating to human rights and themes discussed therein

Committee/department	Main themes discussed (human rights-related)
Human Rights Promotion Department	Human rights in general, harassment, whistleblowing hotlines (Human Rights Hotline)
Human Resources Department	Wages, work hours, freedom of association, collective bargaining rights, etc.
Engagement Promotion Department	Whistleblowing hotlines (Partners Hotline)
Disciplinary Committee	Deliberation of inappropriate behavior and disciplinary action
CSR Procurement Subcommittee	Human rights in supply chains
Human rights awareness-raising promoters and harassment prevention experts	Provides consultation relating to human rights at each branch office

System for human rights awareness-raising

The company is aware that our business can impact on human rights. We are therefore working on a system for undertaking human rights due diligence based on the procedures set forth in the United Nations Guiding Principles on Business and Human Rights.

• Creating a human rights risk map

As the first step of our human rights due diligence, we painted a clear picture of our overall assessment in terms of identifying human rights risks in supply chains and their impact. In fiscal 2023, we conducted surveys of our business partners regarding human rights risk related to our business based on the standards set by the government and public organizations, and created a “human rights risk map” from the results.



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・ Engagement Survey

The Daiwa House Group conducts the Group Employee Engagement Survey annually as a monitoring survey that visualizes employees' work motivation, risk behavior, and engagement. The survey includes questions about human rights and harassment to keep track of potential harassment. The results of the Engagement Survey are compiled for and fed back to each department so that all departments can discuss which items need to be strengthened. We have established measures and are working to improve employee engagement.

・ Letter of consent on the Supply Chain Sustainability Guidelines and implementing self-checks

For our business partners, we have established the Supply Chain Sustainability Guidelines as a comprehensive code of conduct concerning human rights, labor practices, anticorruption (including bribery), quality, safety, environment, and compliance. We require our tier-one business partners in Japan to submit a letter of consent to the Guidelines. We call on our business partners 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 regular self-checks based on the Guidelines. We collect the results to confirm and monitor the degree of implementation.

 [Supply Chain Sustainability Guidelines](#)

・ Questionnaire survey with business partners

We conduct a questionnaire survey with business partners once a year to check for inappropriate conduct by our employees in their dealings with business partners. The annual questionnaire survey is anonymous and sent to members of the confederation of our partner companies.


Results of questionnaire surveys are fed back to all branch offices, which are encouraged to submit and implement improvement plans. We also explain the results and improvement plans to our business partners to build a healthy and positive relationship with them.

 [P090 Encouraging business partners in CSR procurement](#)

[P091 Resolving problems in relations with business partners originating with our employees](#)

・ Questionnaire survey on human rights of foreign workers

We conducted the first "Questionnaire survey on human rights of foreign workers" in fiscal 2022 to survey unjust employment conditions for foreign workers at construction sites such as unpaid wages. As a result of the survey, we found items that need to be corrected or improved, mainly those related to the working conditions and working environment for foreign workers. Our human rights risk map has identified human rights issues regarding foreign workers as High Priority and will push for business partners to make improvements.

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・ Ensuring compliance with timber procurement policy aimed at achieving zero deforestation

The Group is also taking action on human rights with respect to timber, which is used in large volumes in the construction industry and carries a high risk of violating the human rights of indigenous inhabitants of production areas. We therefore included items on human rights in zero deforestation policy that requires our suppliers to protect human rights in the country of origin of the timber that they supply. We also requested suppliers to establish policies on labor and human rights by 2030, and the policy prohibits procurement of timber from suppliers that fail to establish these policies.

 [P035 Challenge ZERO Deforestation](#)

・ Conducting human rights due diligence with sources of centralized purchasing

The Procurement Department undertakes human rights due diligence with suppliers to prevent risks materializing in supply chains and prevent their occurrence in the first place. We conduct a questionnaire survey on human rights, working environment, harassment, foreign workers, and risks in procurement of raw materials and surveyed partners have responded. We convert the answers into scores and take steps to address areas where risks have become evident by communicating with the relevant business partners. We also hold presentations about human rights due diligence during regular meetings with business partners. In this way, we endeavor to prevent risks from occurring as well as raise awareness of human rights issues in supply chains.

Human rights awareness-raising activities for employees

・ Human rights awareness-raising training

The Daiwa House Group is focused on training to raise awareness of human rights for obtaining proper knowledge. All employees across the Group, including managers, attend training courses on human rights awareness-raising at least once a year. Further, a program of ongoing 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 accordance with their roles.

・ Harassment training

The company provides job grade-specific training for employees (including executives) on our harassment prevention system, including basic knowledge on all types of harassment, our Harassment Prevention Regulations, and how hotlines are run so that they can respond calmly when they notice someone is being harassed. All employees are also encouraged to undertake regular harassment self-checks to reflect on their words and actions and update their knowledge of harassment so that they can improve their actions.

■ Human rights management

Various whistleblowing systems

The Daiwa House Group has several whistleblowing 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.

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 appropriate internal organization such as the Board of Directors and Disciplinary Committee.

・ 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*. 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.

* The Auditors' Whistleblowing System has a different nature as it allows access to Auditors, who are outside of the company's business execution functions, and is separately covered by the Auditors' Whistleblowing Regulations.



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The results of the whistleblowing system operation

■ Scope and operation of whistleblowing systems

Whistleblowing system	Division	Purpose	Scope	Main means of reporting
Human Rights Hotline	Human Rights Promotion Department	Detect harassment and other human rights infringements early and work to resolve them. Field complaints and work to rectify issues when blatant unfairness is suspected in performance evaluations.	All employees of Daiwa House Group*	Telephone, Email
Risk Information Hotline	Legal Department	Collection of information on and addressing risks, non-compliance, and irregularities across the entire group in line with our Risk Management Regulations.	All employees of Daiwa House Group*	Telephone, Intranet reporting form
Partners Hotline	Engagement Promotion 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, Website (external from fiscal 2024)
Lawyer Hotline	Legal Department	Establish external consultation hotline to improve psychological safety and expand channels for gathering risk information.	All employees of Daiwa House Group*	Telephone (external), Email (external)
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 based in overseas*	Email (external)
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*	Intranet 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	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

* Anyone—director, employee (whether full-time, post-retirement specially commissioned, limited-term contractual, part-time, temporary)—working for Daiwa House Group within one year of the incident-report date.

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Management of employees' work hours

Every year, the Human Rights Hotline (a whistleblowing hotline available to all Daiwa House Group employees) receives calls seeking an improvement in working conditions. In view of this feedback, to ensure against infringement of fundamental labor rights we have deployed at all branch offices a PC-based daily attendance management system as an initiative to track actually worked hours. The system records and centrally manages data on employees' arrival and departure times, their overtime hours, and other relevant data.

Response to employee harassment issues


The Human Rights Hotline fields calls about harassment and works to detect and resolve harassment in the workplace. Harassment prevention experts appointed at branch offices around the country are given backup and advice as needed by the Human Rights Promotion Department of the Head Office on how to handle and resolve harassment cases. They also attend regular specialized training courses on harassment. At the courses held in fiscal 2023, participants roleplayed being consulted at a branch office, held a round-table discussion, and exchanged information.

With regard to sexual harassment, in addition to distributing to all employees an anti-harassment guidebook aimed at preventing sexual harassment and raise awareness of self-defense, all women salespeople are equipped with personal safety alarms. Rules were also established to cover visits to clients and participation in social gatherings in the course of sales activities to prevent sexual harassment outside the company.

Main approach

Stakeholder engagement in applying human rights due diligence

The Daiwa House Group cooperates with various groups from the perspective of human rights due diligence for the purpose of solving human rights issues and hold ongoing discussions with human rights groups and other NGOs. Also, as part of human rights due diligence in fiscal 2023, we conducted a questionnaire survey of our business partners to identify the negative impact on people in our supply chains, measured the severity of the impact, and determine the order of priority for taking action. To supplement this, we also interviewed five companies (suppliers and subcontractors). We will reflect the results of these activities in the "order of priority for taking action" component of the human rights risk map and clarify themes and formulate measures for future human rights due diligence.


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Engagement with key stakeholders concerning human rights issues](#)

Human rights risk assessment of business partners

We ensure that our business partners respond appropriately to human rights concerns through responses to self-checks in the Supply Chain Sustainability Guidelines.

In fiscal 2023, we also ran three ESG study sessions for business partners (one each on environment, social, and governance). We worked to improve engagement with our business partners by distributing videos of the workshops to those who could not attend.

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Supply Chain Sustainability Guidelines Agreement
collection rate/Self-check response rate](#)

 [Supply Chain Sustainability Guidelines](#)

• 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 2023, no human rights violations by armed guards were reported at any of our business partners.

Implementation status of human rights awareness-raising activities for employees

Study sessions were held from February to April 2023 for directors and executive officers. The sessions were conducted by outside experts speaking on evolving harassment risks and included coverage of legal and social risks.

In fiscal 2023, we introduced video teaching materials on the themes of unconscious bias and understanding employees with disabilities to all branch offices and Group companies. We also distributed awareness-raising materials on the United Nations Guiding Principles on Business and Human Rights. By running training courses using these teaching materials, we aim to disseminate Daiwa House Group Human Rights Policy—the fundamentals of the practice of human rights due diligence—throughout the company.

Human rights management

Identifying and assessing negative impact on people in human rights due diligence

Process of identifying human rights risks

As the first step in human rights due diligence, we created a human rights risk map. We identified risks by taking the following steps to identify and assess the negative impact on people based on *Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework* with the goal of preventing and reducing human rights risks in the supply chains for products and services in our business.

STEP 1

Identifying high-risk business areas

Cases of past human rights risks at the company and how we responded, and human rights issues concerning other Japanese companies reported in newspapers and other media were identified. We analyzed these cases comprehensively from the perspective of our business and identified important themes.

STEP 2

Identifying how negative impacts occur

We defined the stage where human rights risks occur as supply chains including construction sites and manufacturing process of construction materials. A questionnaire survey on human rights issues comprising 52 questions on 17 themes such as industrial accidents, responsible procurement, and foreign workers was sent to 400 companies in the "general construction," "specialist construction," and "other/manufacturing" sectors whose transactions with the company exceeded a certain monetary value, of which 177 companies responded. We also interviewed five business partners to survey the risks specific to small companies and discussed with them how they are tackling human rights issues and their collaboration with the company.

STEP 3

Assessment of relationship between the negative impact and companies (relationship with the Daiwa House Group)

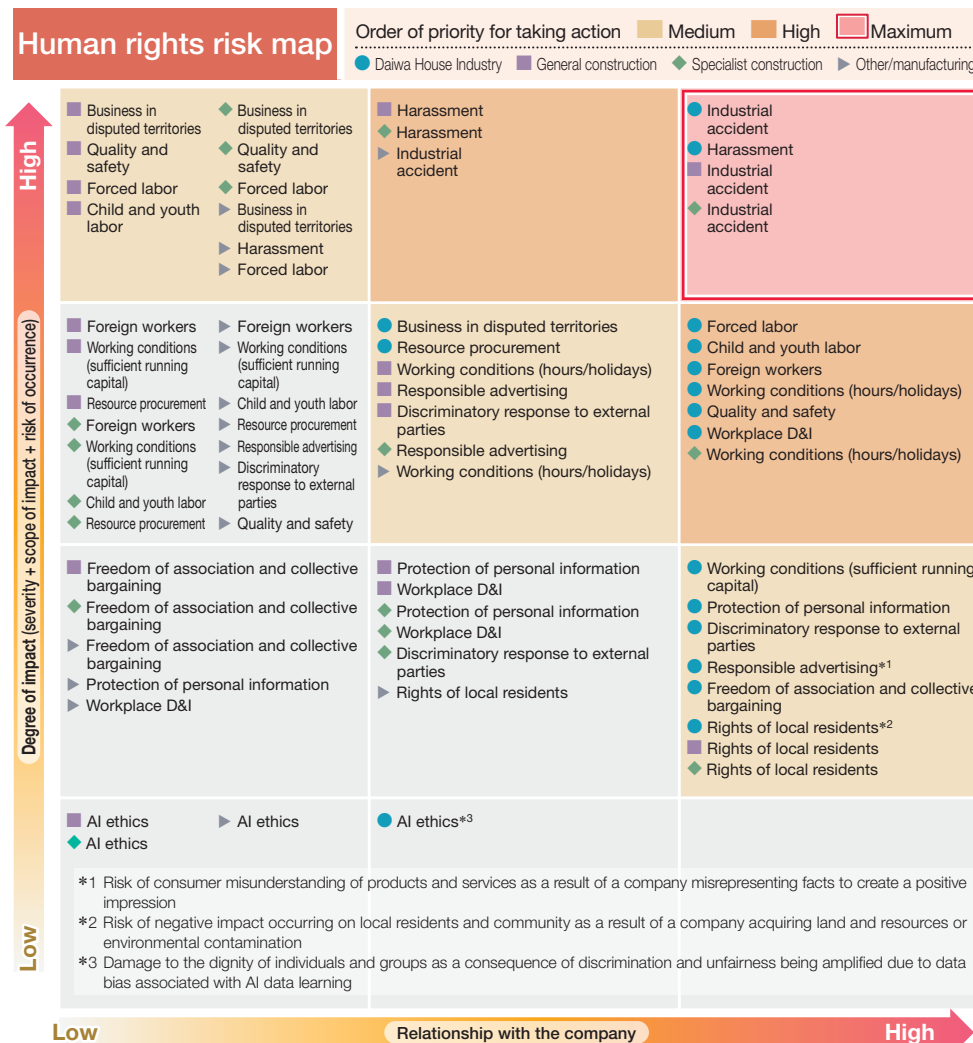
Based on the Ministry of Trade, Economy, and Industry's Guidelines on Respecting Human Rights in Responsible Supply Chains, we scored our relationships with companies that answered our questionnaire, adjusting the relationship score according to the assessment of whether our corporate activities are equally responsible as our business partners for the violation and protection of human rights for each of the 17 human rights issues.

STEP 4

Deciding order of priority (degree of impact)

We also scored the degree of impact on human rights based on the following items and plotted the scores on the risk map together with horizontal axis scores calculated in **STEP 3**.

- Physical, mental, and economic damage (severity)
- Percentage of stakeholders impacted (scope of impact)
- Whether the impact has occurred previously in the company/industry, and if so, how frequently (risk of occurrence)



Survey results showed a high risk of harassment and industrial accidents at the company (Daiwa House Industry) and a high risk of harassment and industrial accidents at business partners (especially in the general construction, specialist construction, and other/manufacturing sectors) caused by Daiwa House Industry. We will continue to work internally in a collaborative effort to establish structures and management methods to address problems, assigning priority according to survey results.