



Daiwa House[®]
Group

Daiwa House Group
Sustainability Report

2026

Sustainability Report 2026 Editorial Policy

Purpose of Publication

To realize sustainable management, the Daiwa House Group has published this Sustainability Report 2026 (hereafter “this report”) for the following purposes.

- (1) Fulfill 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) Obtain 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.

Basic Information |

Reporting Media

Separate Japanese and English editions are issued in PDF format.

Reporting Organizations

The report is centered on Daiwa House Industry and Daiwa House Group companies (507 consolidated subsidiaries as of March 31, 2026).

Report Period

The report mainly focuses on the 2025 fiscal year (April 1, 2025 to March 31, 2026) but activities before and after this fiscal period are included when necessary.

Page Layout and contents of the report

This report consists of “Feature,” “Implementation Report,” and “Data Section.” Messages from top management and executives, etc., will be published in the Integrated Report (scheduled to be issued in September 2026).

Feature P003–008

This article features the strengths the Group demonstrated and an approach to future challenges it showcased at EXPO 2025 Osaka, Kansai.

Implementation Report P009–146

This report systematically organizes “Policy and Concept,” “Management” and “Main Approach” by category and key theme for the systems and initiatives to promote the establishment of a sustainable management foundation.

Data Section P147–202

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 and Social Action Plan.

Issued

September 2026 (Issued once a year, next issue scheduled for September 2027)

* Next Japanese version is scheduled in July 2027

Referential Guidelines

- GRI Standards (latest version applied)
- International Organization for Standardization “ISO26000” (2010 edition)
- “Environmental Report Guidelines” (2018 edition) issued by the Japanese Ministry of the Environment
- “Guidance for Collaborative Value Creation v2.0” (2022) issued by the Japanese Ministry of Economy, Trade and Industry
- TCFD Final Recommendations (2017)
- TNFD Final Recommendations v1.0 (2023)

Our Communications at a Glance

	Financial information	Coordination	Non-financial information
Dialogue	• Release of financial results • General Meeting of Shareholders • Company information sessions for individual investors (Japanese text only) • Guided tours of building sites, plants, etc. and business briefings	• Presentation on Management Policies	• Experts' dialogue • ESG small meetings
Reports		• Securities report (Japanese text only) • Integrated report • Business result report (Japanese text only)	• Sustainability report • Corporate governance report (Japanese text only)
WEB	• Investor Relations 		• Sustainability  • DX Annual report (Japanese text only)

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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 P202–203 of the Japanese-language edition of the Sustainability Report 2026.)

Feature

Resolving Expo challenges creates the future

Daiwa House Group was involved in the design and construction of some 20% of the total site area of Expo 2025 Osaka, Kansai, Japan (the Expo).

The keynote concept of the Expo, People's Living Lab, called for it to be a laboratory for future society. As such it provided us with assorted challenges.

Here we describe challenges we took on from three approaches: the environment, technology, and human capital.

Future applications

Approach

Our strengths

New challenges for the Expo

Environment

- Consequential pursuit of the 3Rs (reuse, reduce, recycle)
- Maintain a high recycling rate

- Circular design to reduce waste and facilitate reuse
- Building the *Myaku-Ichi!* Platform

- Circularity as the norm

» P004

Technology

- Implement digital transformation technology
- Ensure stable, high-grade construction capabilities

- Use BIM to realize complicated architectural forms
- Consolidate multiple ideas and skillsets into cohesive, executable construction plans

- Tech savvy accommodates diverse architectural forms

» P006

Human capital

- Well-designed internal programs (Daiwa House Industry) (FA, in-house job offer system, Multi-Experiential Career Support Program, etc.)
- The Daiwa Future 100 in-house initiative to encourage entrepreneurship

- Challenging unknown areas
- Challenging previously untried construction techniques and procedures

- A challenge-positive organizational culture

» P008



Environment

Circularity as the norm ①

The Daiwa House Group has long been working to shrink its construction-waste footprint and increase its recycling. With our involvement in the Jellyfish Pavilion, we challenged ourselves to take that engagement to the next level: We went all-in for circularity.

Did you know that post-demolition, the Jellyfish Pavilion can be reused?



The Jellyfish Pavilion ➤ EXPO2025 Playground of Life: Jellyfish Pavilion, Osaka-Kansai Expo

What a waste after just 6 months! Two approaches for saving the Jellyfish Pavilion from the trash heap

People involved in the Jellyfish Pavilion began exploring ways to realize circularity back in 2022.

Approach 1 Relocate to extend useful life
Relocate the building elsewhere

Approach 2 Reuse components
Employ components predicated on their reuse

Points

- Explored how to facilitate reuse of structural members, wood, tile, and other materials—40 items in all
- Opted for disassembly-friendly joining using rope, bolts, and other like fasteners
- Divided components finely to facilitate disassembly, transport, and reassembly
- Numbered components with reassembly in mind
- Developed a platform for connecting with the next user



It was designed to be relocatable, but . . .

The Group was involved in building the Jellyfish Pavilion. It became a public asset when handed over to the Expo Association on completion. But trading public assets is normally not allowed; so we started early on to work out a post-Expo reutilization scheme that enables the association to sell the pavilion's components.

Jellyfish Pavilion components chock-full of innovations for dis- and re-assembly



Wooden inside-roof members rope-secured to facilitate reuse



Components part and assembly-sequence numbered with indelible paint to enable easy reassembly



Bolted joints used to facilitate dis- and re-assembly



Plans foresee relocating the roof to Fukuyama, Hiroshima
➤ First Meeting of the Children's Future Center Preparatory Committee (tentative name) (Japanese text only)



Environment

Circularity as the norm ②

Jellyfish Pavilion was designed and built to be reused. To ensure that it would not simply be torn down and scrapped, people involved realized that something—a platform covering the whole Expo—was needed that would allow people or organizations that wanted to, to take over Expo assets after it closed. A consortium including the Expo Association was formed to put together a project plan. It bore fruit as the *Myaku-Ichi!*

MYAKU-ICHI!

EXPO CIRCULAR
MARKET

* *Myaku-Ichi!* is an auction platform designed to enable post-Expo relocation and reuse of Expo assets—buildings, building materials, fixtures, and more

Some 760,000 t of construction waste forecast!*

***Myaku-Ichi!* facilitates reuse, reduces waste** * Initial Expo Association estimates

The consortium addressed three challenges to build a framework for resource circularity. The initiative came to embody the Expo's People's Living Lab theme, mobilizing the media and addressing legal and institutional deficiencies.

Challenge 1 Finding collaborators

One entity contacting another gets the ball rolling

Steps taken

- Collaboration with the Expo Association
- Formed a three-year consortium of 14 companies
- Thoroughly explored schemes for lively dealmaking
- Raised awareness by involving the media

➤ Sustainability Action Plan of EXPO 2025 Osaka, Kansai, Japan (1st Edition) (draft) (Japanese text only)

Challenge 2 Supply-demand matching

Putting parties with something to sell in touch with parties looking to buy it

Steps taken

- Built a web-based auction platform
- Explored operational approaches
- Motivated participation with a diverse product lineup



➤ Sustainable Journey (Japanese text only)

Challenge 3 Erecting an institutional framework

Resolving deficiencies in existing legal, regulatory, and other frameworks

Steps taken

- Negotiated with multiple national regulators
- Achieved reuse-conducive changes to the legal and regulatory framework
- Achieved resolution of building-code issues

* The consortium addressed challenges 1–3

MYAKU-ICHI!
achievements

Driving reuse forward, the *Myaku-Ichi!* initiative contributed to resource circulation. It matched a massive supply of used Expo items—live plants, building materials, furnishings and fixtures, the Grand Ring, even whole pavilions—with demand from eager buyers.

Salient items that found reuse

- Plants **460 trees, 600 bushes**
- Materials and furnishings **Sold: Benches: 98.6%, Sanitary fixtures: 100%**
- The Grand Ring **Wood: 3,300 m³** (overall: 27,000 m³)
- The initiative also handled transfer of miscellaneous furnishings, fixtures, and equipment as well as the relocation of signature pavilions.

Waste reduction

➔ **5,940 t**

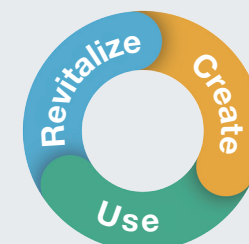
Bringing new possibilities to institutional frameworks

Rules governing reuse in newbuilds of JAS-conforming glued laminated lumber were non-existent. After talks, the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) began permitting their conditional reuse.

Achieved circularities to
continue beyond the Expo

The Daiwa House Group is committed to realizing a circular economy (“circularity”) by creating a lifestyle-culture of valuing resources in line with the idea that used resources are still resources.

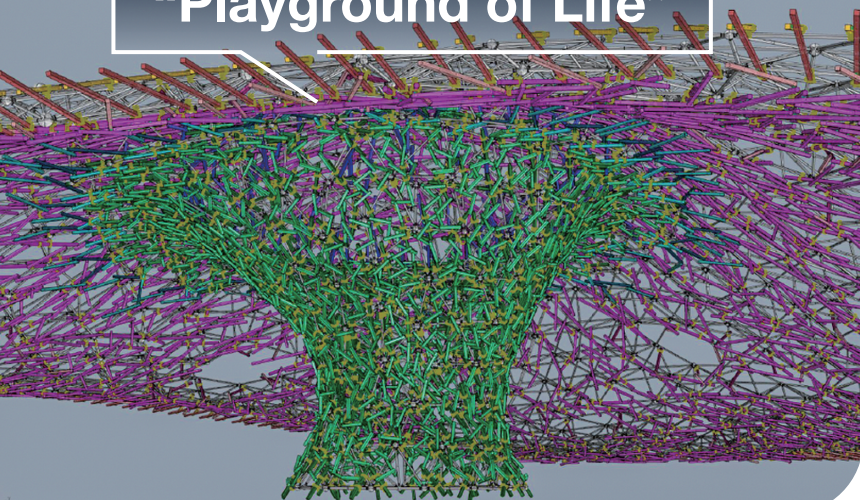
➤ Circular Economy



Technology

Tech savvy accommodates diverse
architectural forms..... ①

A strong shared commitment to creating something great among all involved in the Jellyfish Pavilion enabled them to construct a complicated, architecturally challenging building. They approached every hurdle positively, referred back to the keynote concepts when in doubt, and worked out optimal solutions through dialogue.

No “play” in the
exactness of the
“Playground of Life”

BIM rendering of the Jellyfish Pavilion interior

➤ “Feature: Playground of Life: Jellyfish Pavilion, Osaka-Kansai Expo,” *DX Annual Report 2024*, Daiwa House Industry (Japanese text only)

The condition for pulling off the “jellyfish” roof: 0 deviation!

From the early design stages, we brought in experts from partners in temporary and membrane roofs, lumber preparation, and other specialisms to augment our own construction and engineering units. Employing a process to preemptively identify challenges called frontloading, they uncovered several issues, one nearly insurmountable: precision of execution that precluded any deviation from spec. Team members’ solid mutual trust allowed them to exchange frank opinions on how to pull the Jellyfish Pavilion off, and pull it off they did!

Design Frontloading

Putting heads together to preempt issues

Points

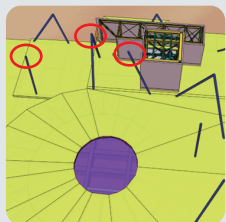
- Judgement call: Building the membrane key to achieving a fascinating Jellyfish motif
- 3,000 hours of exploratory deliberations between collaboration partners on some 20 topics
- Lightness to counter uneven ground settling
- Collaborators put their heads together to work out safe construction techniques for achieving the forms the blueprints envisioned

Execution Precise datum-point
management for adjustability

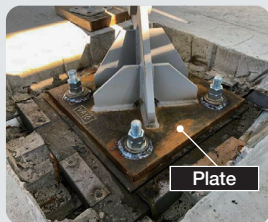
Ideas for keeping roof coordinates (datum points) exactly on spec

Points

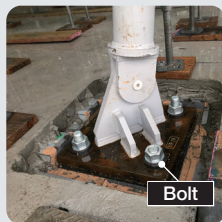
- Keeping execution deviation at 0 enabled membrane-roof installation
- Three roof supports’ top coordinates were set as datums on which precise measurements were made
- Plates can be inserted under roof-support footings to allow adjusting their height to deal with uneven ground settlement
- After talks with Design, bolt hole diameters were widened to allow for horizontal adjustment of the roof supports

Precision innovations for achieving
0-deviation exactitude

The three roof-support tops used as datum points



Uneven ground settlement-countering plates inserted under footings to adjust roof-support height



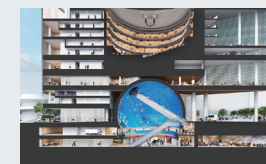
Diameter of bolt holes widened to allow horizontal adjustments



Assembly done while referencing over 1,000 drawings to allow for gravitational forces not in the drawings

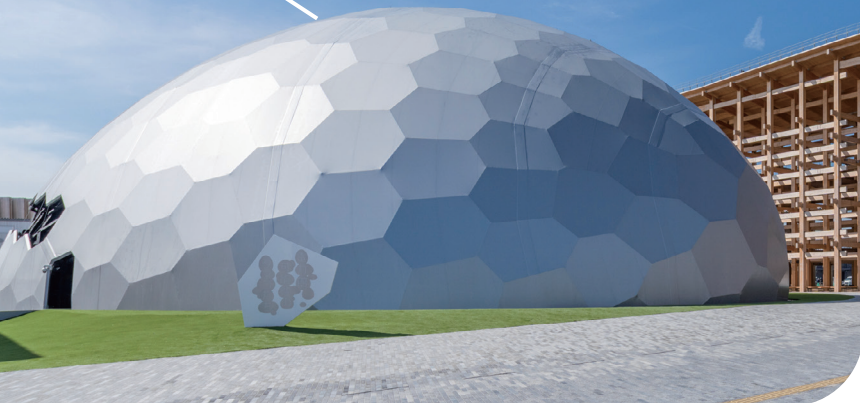
>>Our next
challengeErecting a new Osaka
landmark

In 2024 Daiwa House Group launched the Osaka Marubiru Redevelopment Project (tentative name) to erect a high-rise where the Expo’s bus terminal was. Standing on the site of the old Osaka Marubiru, the new high-rise will house a hotel, music hall, and other public facilities.



➤ Osaka Marubiru Redevelopment Project (tentative name) launched (Japanese text only)

Technology

Tech savvy accommodates diverse
architectural forms..... ②What technology
does this round
pavilion embody?

Electric Power Pavilion: Eggs of Possibilities

The technology for achieving the pavilion's shape

The Electric Power Pavilion's design concept was a half-buried egg—to create a huge indoor space within a tilted structure enclosed in a metallic-looking membrane. Achieving that feat required drawing on some very sophisticated technological capabilities.

Design Design thought out to the
finest detail

Design tech delivers gracefully complicated forms

Points

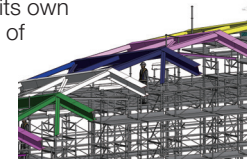
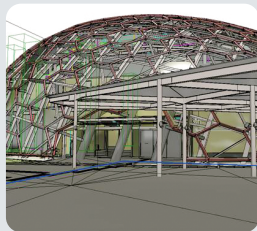
- Built a steel frame of contiguously tilted arches
- Developed substrate making the membrane look like a series of hexagonal steel plates
- Analyzed loads on the temporary supports holding up the arched steel frame before it was able to stand on its own
- Achieved visually pleasing structural beauty for visitors to the exhibition space

Execution Improvisations for precise work
execution

Flexibly adapted work to achieve unprecedented forms

Points

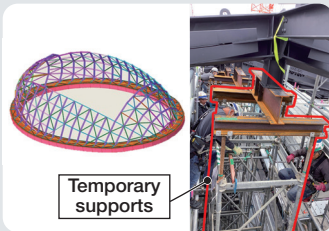
- Proposed work methods for assembling the arched steel frame before it could stand on its own
- Worked out optimal placement of temporary tilted steel-frame supports
- Details of complicated work procedures shared and checked using 3D renderings

Drawing on skilled construction expertise and digital tech
achieves egg shape

Digital solutions generated renderings too complicated for humans to draft



Workers confirm frame angles and work procedures as the test ways to achieve neat and clean attachment of the membrane



Temporary supports

Fifty-four temporary supports held the ceiling up during its assembly. They were removed once the ceiling was finished and the structure could stand on its own



We also pursued structural beauty in visible parts of the exhibition space

>> Our next challenge

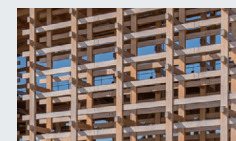
Future with Wood

Daiwa House Industry works hard to help achieve decarbonization and forest-resource circularity. An example is our extending to our use of wood framing and finishing materials, which provide physically and psychologically restorative spaces, to business, multi-family housing, and other larger buildings. In that vein, we will be reusing wood from the Expo's Grand Ring to erect post-disaster public housing in Ishikawa Prefecture.

➤ Future with Wood (Greater use of wood in construction) (Japanese text only)



Test wooden post-disaster public housing (Suzu, Ishikawa Prefecture)



Posts and beams of the Grand Ring

*1 BIM is a digital platform for creating building data-based 3D models. The technique draws on data amassed over buildings' full life cycle.

*2 The process of making full-scale models of building details to check quality and form a mental image of how they will look and work.

Human capital

A challenge-positive organizational culture

Challengers, assemble!



The Expo Promotion Office staff

Daiwa House Group was involved in construction for the Tokyo 2020 Olympic and Paralympic Games and the Osaka-Kansai Expo. Employees who saw this as an opportunity for personal growth and boldly took on the challenges, were exposed to diverse values in-house and out, helping them form new perspectives and a willingness to take initiative.

Transcending boundaries to tackle challenges

Employees of diverse backgrounds worked together to overcome architectural challenges presented by the Expo. Transcending differences in past experience and of age and gender, they birthed pavilions and other structures with wisdom and ingenuity. A sampling follows.

	Jellyfish Pavilion	Electric Power Pavilion	BLUE OCEAN DOME	EV bus stop
Team members' professional experience				
	Design skills • Apartments • Drug stores • Training centers Site skills • Training centers • Factories	Design skills • Exhibition spaces • Offices Site skills • Exercise spaces and gyms • Two-story steel-frame apartment buildings	Site skills • Reinforced concrete rental condominiums • Heavy-gauge steel-framed residential housing * Contracted with only construction of BLUE OCEAN DOME	Design skills • Mixed-use commercial properties • Banks Site skills • Single-family houses • Dormitories, warehouses

Expo experience



Kozue Saito
Chief engineer
Structural Design
Department
Tokyo Head Branch
Role: Structural
Design, Electric
Power Pavilion

I felt that the opportunity to be involved in designing an Expo pavilion was a once-in-a-lifetime opportunity, so I participated. As a structural designer, I pursued structural beauty with the mission of protecting human lives, buildings, and the assets within them. The time spent challenging myself with my colleagues was enjoyable and still motivates me.



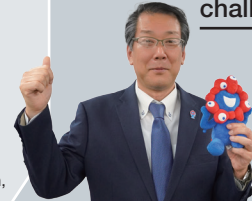
Sadaharu Morita
Chief
Architectural
Construction
Department
Head Branch
Role: Site foreman,
Electric Power
PavilionPower
Pavilion

I participated in the Expo project because I wanted to take on challenging architecture. Through the Expo, we gained experience in digital implementation. I am now working on larger-scale projects than previously, and I feel that my experience in the Expo has helped me improve my skills.



Kazunori Watanabe
Architectural
Construction
Department
Osaka Branch
Fujita Corporation
Role: Site foreman,
Jellyfish Pavilion

I worked on the Jellyfish Pavilion, and everyone was highly motivated. We could discuss anything; we put forward and embraced various ideas. In the end, the pavilion embodied our passionate commitment to excellence. Going forward I want to maintain the positive attitude toward work I experienced there.



Hiroaki Ogawa
General
Construction
Division
Head Branch
Role: Manager,
Expo Promotion
Office

Faced with constructing a building unlike any we had undertaken before, there were many times when opinions clashed. But a strong solidarity evolved as team members learned to value listening to each other attentively in the knowledge that each of us was highly motivated. I think that this experience boosted everyone's confidence in themselves.

Backing up employees who take up challenges

Onward! To the next set of challenges!

The company offers numerous programs to support challenge-seeking employees

- "Free Agent" (FA) program, in-house job offer system  P082
- Multi-Experiential Career Support Program  P085
- Daiwa Future 100  P087



Implementation Report

Environment

CHAPTER

1

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Long-Term Environmental Vision

Three phases



Procurement

Business
activitiesProducts and
services

Long-Term Environmental Vision



The Daiwa House Group aims to realize a sustainable society as a Group that co-creates value for individuals, communities, and people's lifestyles while bringing environmental impact to zero within our Group, globally, and through supply chains.

Our Group formulated the long-term environmental vision “Challenge ZERO 2055” in fiscal 2016 in the runup to our 100th anniversary in 2055*. With the formulation of the Endless Green Program in fiscal 2026, we revised the milestone year for our Long-Term Environmental Vision from 2030 to 2035. Aiming to help build a sustainable society, we are taking on the challenge of bringing environmental impact to zero across four priority environmental themes — carbon neutrality, nature positive, circular economy, and water circularity — through three phases: procurement, business activities, and products and services.

* With regard to carbon neutrality, we have set the year 2050 in light of social demands.

* For the priority environmental themes up to fiscal 2025, please refer to the Sustainability Report 2025.


[Sustainability Report past issues](#)

Carbon neutrality

Nature positive

Circular economy

Water circularity

Milestone for 2035

We aim to reduce greenhouse gases (GHG) emissions across the value chain by 35% (vs. FY2020).



- By making new buildings ZEH- and ZEB-compliant and installing solar power generation systems, we aim to reduce GHG emissions from newly constructed buildings in the habitation and usage stage by 50% (vs. FY2020).
- Through energy-generation and energy-efficiency renovations of existing buildings, we aim to reduce primary energy consumption to a level equivalent to ZEH and ZEB standards.
- We supply renewable energy to society through businesses spanning the design and construction of renewable energy generation facilities to power generation and retail.
- By mitigating the damage from increasingly frequent water disasters and providing products and services that allow people to stay healthy and comfortable even in high temperatures, we aim to help build a society that can adapt to rising temperatures.



- Through energy conservation, electrification, and the shift to renewable electricity, we aim to reduce greenhouse gases emissions from our own direct operations by 80% (vs. FY2020).
- We implement measures that place the highest priority on protecting the lives and health of workers at construction and production sites, thereby curbing declines in productivity and workforce numbers.



- By collaborating with suppliers on energy conservation, renewable energy, and low-carbon building materials, we aim to reduce greenhouse gases emissions at the procurement stage by 37.5% (vs. FY2020).

Our Vision for 2055*

To achieve carbon neutrality, we aim to bring greenhouse gases emissions across the value chain to zero by taking thorough energy-efficiency measures and using renewable energy. In addition, by taking adaptation measures to avoid or minimize the negative impacts of climate change, we aim to conduct business activities that are resilient to climate change risks and help build a safe, secure society.

* Carbon neutrality achievement year: 2050

**Carbon
neutrality**
(Mitigating and adapting
to climate change)



Long-Term Environmental Vision

Three phases



Procurement

Business
activitiesProducts and
services

Milestone for 2035

Our Vision for 2055

Nature positive (Halting and reversing nature loss)



- In our housing- and building-related businesses, we improve both the quantity and quality of green spaces with consideration for biodiversity, aiming for an area of ecosystem-considerate greening of at least 3 million m² (cumulative from FY2022).
- For development projects above a certain scale, we aim to achieve net gain (a shift to positive impact) through development that harmonizes with the local natural environment based on our own development standards.



- We will complete biodiversity assessments of our direct operational sites and promote risk response and conservation activities at sites that are important to ecosystems.



- In our housing-, building-, and power-generation-related businesses, we conduct due diligence such as verifying the origins of timber, steel, and concrete, and we minimize the procurement risks of high-impact commodities (HICs)* and contribute to the recovery of natural ecosystems.

To help build a world of harmonious coexistence with nature, we aim for zero conversion of natural ecosystems across the value chain — through ecosystem-conscious procurement of timber and raw materials, community development in harmony with the local natural environment, and landscape engagement at procurement and business-activity sites.

Circular economy (Fostering economic activity by pursuing the cycle of Create, Use, and Revitalize)



Create

- In new construction, we actively adopt recycled materials and non-depletable resources for principal building materials to reduce the use of virgin resources, and we aim to ensure our buildings are easy to renovate and demolish so as to facilitate the future reuse of by-products.



Use

- For existing buildings, we will extend their service life through regular inspections, extended warranties, maintenance work that preserves durability, and the expansion of our buyback-and-resale business, thereby reducing the input of new resources. We also aim to foster a market in which such buildings are appropriately valued and traded.



Revitalize

- In the new construction, renovation, and demolition of buildings, we aim for zero incineration and zero landfill disposal through the reuse and recycling of by-products.

To help build a circular economy, we work to minimize the new input and consumption of depletable resources by extending the service life of buildings and reusing resources from existing buildings, and we aim to contribute to a society in which buildings designed for such resource circulation are appropriately valued and traded.

Water circularity (Securing water resources and addressing water disasters)



- We provide products with low impact on the water environment and aim to create highly resilient buildings that do not overly depend on water supply lines.



- We aim to reduce water usage in accordance with local water-stress levels and to conserve local water resources.
- We minimize the impact of water disasters on our business and enhance the resilience of our operations.



- In our housing-, building-, and power-generation-related businesses, we conduct due diligence such as verifying the origins of timber, steel, and concrete, and we aim to minimize the risks of water-quantity and water-quality pollution associated with high-impact commodities (HICs).*
- In our housing- and building-related businesses, we assess the water-related risks of key business partners and aim to minimize procurement risks.

Across the value chain, we strive to reduce water use and promote its circular use, conserve the water environment, and contribute to the sustainable use of water resources.

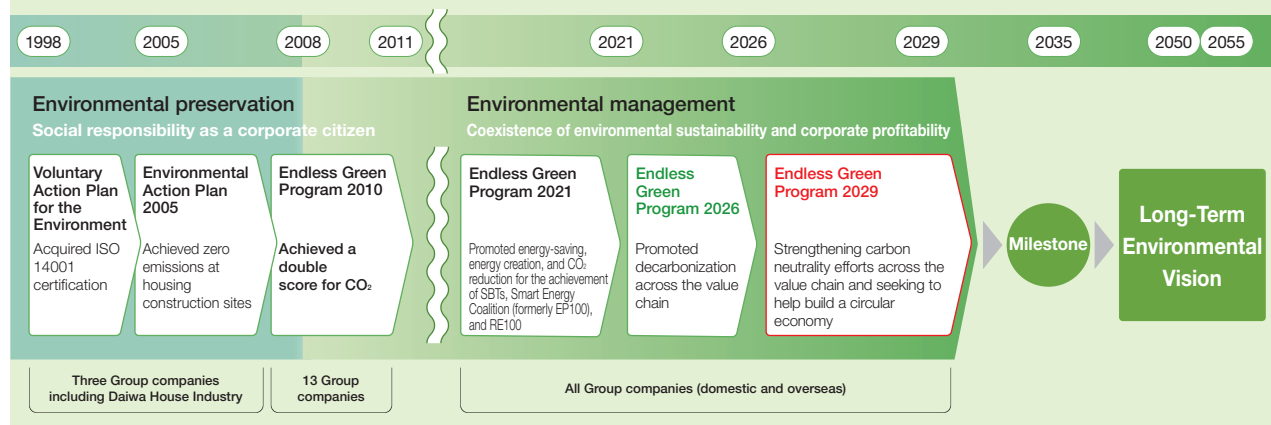
* High-impact commodity: a raw material considered to have a large impact on nature.

Environmental Action Plan (Endless Green Program)

History of the Environmental Action Plan

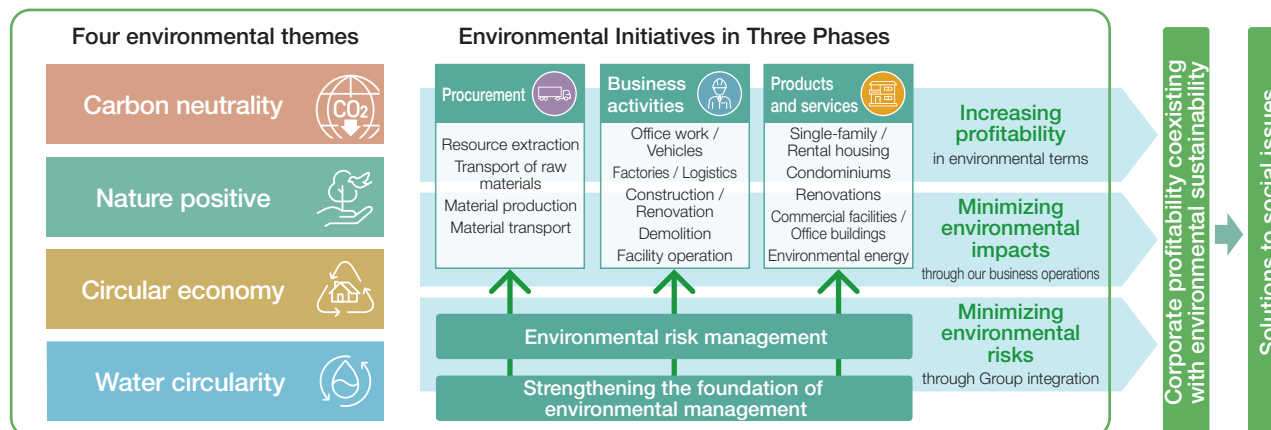
Backcasting from the long-term environmental vision, the Daiwa House Group has set milestones for 2035 for achieving the vision. We formulate concrete targets and plans as the Endless Green Program (EGP) every three to five years in accordance with the period of our medium-term management plan to drive progress toward these milestones.

[WEB](#) [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 in three phases: procurement; business activities; and products and services.



Background to the formulation of Endless Green Program 2029

The Group formulates its Environmental Action Plan, the Endless Green Program (EGP), in step with its Medium-Term Management Plan. Accordingly, EGP2026 concluded in fiscal 2025 — one year ahead of the original schedule — together with the 7th Medium-Term Management Plan.

In addition, we reviewed our priority environmental themes in fiscal 2025 and reidentified four: carbon neutrality, nature positive, circular economy, and water circularity.

Based on these four priority themes and three phases, we have set the key measures and management indicators (KPIs) for EGP2029, and we will advance our efforts to both reduce environmental impact and expand corporate profits.

Basic policies of Endless Green Program 2029

● Strengthen efforts to reduce greenhouse gases emissions to help achieve carbon neutrality across the value chain.

In products and services, for single-family housing, rental housing, and condominiums for sale in Japan, we are taking on the challenge of introducing the even higher performance “GX ZEH(-M) Series,” while promoting energy efficiency in single-family housing outside Japan.

In business activities, we ensure ZEB-compliance, install solar power generation equipment, and use renewable electricity at our owned facilities, in principle, while promoting electrification through the introduction of clean-energy vehicles (CEVs).

In procurement, we propose energy-saving and renewable-energy solutions to help suppliers reduce their greenhouse gases emissions and promote the adoption of low-carbon building materials.

● Work to minimize the input of depletable resources to help realize a circular economy.

Create: Promote the use of recycled materials in new buildings.

Use: Promote inspections, renovation work, and buyback-and-resale that help extend the service life of existing buildings.

Revitalize: Promote the material recycling of plastic waste generated in the construction business.

Environmental Action Plan (Endless Green Program 2029)

The Endless Green Program 2029 (fiscal 2026 to 2029) was formulated by calculating backward from the milestones for 2035.

Priority environmental themes	Stage	Main plans of EGP2029	Key management metrics	FY2025 results (for reference)	FY2029 targets
Carbon neutrality (Mitigating and adapting to climate change)	Overall	Promote efforts to reduce GHG emissions across the value chain (products and services, business activities, and procurement)	GHG emissions reduction rate for the value chain (total volume, vs. FY2020)	24.9% reduction	30% reduction
	Products and services	Promote ZEH(-M) and ZEB compliance and the installation of solar power generation in new buildings	GHG emissions reduction rate from the use of products and services (total volume, vs. FY2020)	36.6% reduction	45% reduction
			GX ZEH Series rate	—	75%
			GX ZEH-M Series rate (rental housing) / (condominiums)	— / —	3% / 40%
			ZEB rate	66.2%	90%
		Promote the wider adoption of renewable energy	Renewable energy generation facilities — construction results (EPC), cumulative	3,592 MW	4,800 MW
			Renewable energy power plants — development and operation (IPP)	1,028 MW	1,700 MW
			Renewable electricity sales volume (PPS)	597 GWh	690 GWh
		Improve energy-saving performance through insulation and energy-efficiency renovation of existing homes	Number of ZEH-renovation equivalents	8,173*1	5,300
	Business activities	Make all newly built company-owned facilities ZEB-compliant, in principle, and install solar power generation	GHG emissions reduction rate from business activities (total volume, vs. FY2020)	54.2% reduction	60% reduction
		Energy saving: Upgrade to high-efficiency equipment at existing company-owned facilities	Energy efficiency [Smart Energy Coalition (formerly EP100)] (vs. FY2020)	Up 2.03 times	Up 2.0 times or more
		Renewable energy: Promote in-house consumption of renewable energy, adopt renewable electricity plans, and procure renewable energy certificates	Renewable energy utilization rate [RE100]	99.3%	100%
		Electrification: Promote the electrification of vehicles used in business (passenger cars and light commercial vehicles)	CEV introduction rate (company vehicles)	20.1%	50%
	Procurement	Promote the adoption of low-carbon building materials in new buildings	GHG emissions reduction rate at the procurement stage (total volume, vs. FY2020)	21.3% reduction	22.5% reduction
			GHG emissions reduced through low-carbon building materials	101,000 t-CO ₂ reduction	200,000 t-CO ₂ reduction
		Strengthen engagement with primary suppliers	Progress of primary suppliers' GHG emissions reduction plans	38.1%	90%
Nature positive (Halting and reversing nature loss)	Products and services	Reduce water-disaster damage and provide products and services that allow people to stay healthy and comfortable even in high temperatures	Implementation rate and number of climate change adaptation measures	—	Set by each company
		Promote measures against the deterioration of conditions at construction and production sites caused by rising summer temperatures	Number of heatstroke cases resulting in four or more lost workdays	Daiwa House Industry: 0 / All Group: 3	0
	Business activities	Improve the quantity and quality of greenery with consideration for biodiversity in housing- and building-related businesses	Area of ecosystem-considerate greening (cumulative from FY2022)	1,003,000 m ²	2,000,000 m ²
	Procurement	Promote risk response and conservation activities at ecologically important sites among the company's significant facility sites	Monitoring implementation rate at the company's significant facility sites	—	100%
Circular economy (Fostering economic activity by pursuing the cycle of Create, Use, and Revitalize)	Procurement	Conduct due diligence, such as verifying the origins of principal building materials, to minimize procurement risks	Percentage of S-ranked timber in procurement	99.7%	99% or more
	Products and services	Create: Promote the use of recycled materials for principal building materials used in the construction of new buildings	Recycled-material usage rate for principal building materials in new construction (steel)	25.0%	38%*2
			Contribution to reduced resource input through the extended service life of existing buildings	1,362,000 t*3	1,500,000 t
			Number of warranty extensions and re-warranties	8,966*3	10,000
			Number of durability maintenance and improvement works (excluding those at warranty extension)	7,198*3	8,000
			Number of buyback-and-resale transactions	200*3	400
Water circularity (Securing water resources and addressing water disasters)	Business activities	Revitalize: Promote the material recycling of plastic waste generated in the construction business	Material recycling rate of waste plastics (production)	29.5%*4	34%*4
	Products and services	Promote the adoption of high-efficiency water-saving faucets	Adoption rate of top-tier water-saving fixtures in residential applications and hotels	36.6%	40%
	Business activities	Reduce water usage in accordance with local water-stress levels	Water usage reduction rate per unit of sales (vs. FY2012)	58.9% reduction	47% reduction
	Procurement	Assess water-related risks of primary suppliers to minimize procurement risks	Implementation rate of water-risk surveys among primary suppliers	92.8%	97%
Environmental Management	Overall	Expand environmental contribution businesses, aiming to reconcile environmental performance with corporate profits	Sales of environmental contribution businesses	1,424 billion yen*3*5	1,600 billion yen

*1: A temporary increase due to the large volume of lighting-fixture replacement work resulting from the discontinuation of the manufacture, import, and export of fluorescent lamps for general lighting by the end of 2027.

*2: Initially covering only steel at the start of the plan; coverage is scheduled to expand beyond steel going forward. *3: Some figures include estimated rather than actual measured values.

*4: Initially covering only production sites at the start of the plan; coverage is scheduled to expand to construction sites going forward. *5: The calculation method was changed from EGP2026.

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 ZEROs.

Note that EGP2026 concluded in fiscal 2025 — one year ahead of the original schedule — together with the 7th Medium-Term Management Plan. In addition, with the revision of the Long-Term Environmental Vision, the 2030 milestones will be revised to 2035 milestones (see pp. 010–011).

	Seven Challenge ZEROs	Key metrics	FY2021 results	FY2026 targets	Milestones for 2030 (long-term environmental vision)	Pages for details
Mitigating and adapting to climate change	1 Challenge ZERO for CO ₂ in community development	GHG emissions reduction rate derived from use of products (vs. FY2015)	−29.4%	−58%	−63%	P028, 029
		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	
		Renewable energy generation equipment construction results / Renewable energy power plants development and operating results	2,526 MW / 561 MW	4,200 MW / 1,550 MW	5,000 MW / 2,500 MW	
		The number of ZEH- renovation equivalents	1,478	4,000	—	
	2 Challenge ZERO for CO ₂ in business activities	GHG emissions reduction rate derived from business operations (vs. FY2015)	−20.8%	−55%	−70%	P030, 031, 032
		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%	
		ZEB rate for newly constructed company-owned facilities / Percentage of solar power generation equipment	— / —	100% / 100%	100% / 100%	
	3 Challenge ZERO for CO ₂ in the supply chain	Setting rate of principal suppliers' SBT standard GHG reduction targets	34%	90%	Achievement of GHG reduction targets by principal suppliers	P033
		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	4 Challenge ZERO Deforestation	Rate of C-ranked timber in procurement	2.7%	0%	0%	P038, 039
		Setting rate of zero deforestation policy Primary suppliers / Secondary suppliers and beyond	— / —	90% / 50%	100% / 100%	
		Rate of sustainable concrete formwork use	—	70%	100%	
	5 Challenge ZERO Harm to Biodiversity	Area of ecosystem-considerate vegetation cover (cumulative)	—	1,000,000 m ²	2,000,000 m ²	P040, 041, 042, 043
		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	6 Challenge ZERO Waste and Reuse	Number of assets subject to effective use / Number of buildings subject to durability extension	3,989 / 3,246	3,100 / 7,150	— / —	P046, 047
		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%	
		Setting rate of zero waste emissions targets by principal suppliers	34.5%	90%	Achievement of zero waste emissions targets by principal suppliers	
	7 Challenge ZERO Water-Associated Risks	Water-saving device adoption rate (housing and hotels)	89.8%	99%	100%	P049, 050
		Water consumption reduction rate (vs. FY2012, per unit of sales)	−46.8%	−45%	−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	3,000 billion yen	P015, 018, 034
		Number of those who pass the Certification Test for Environmental Specialists (Eco Test) [®]	19,033	38,000		
		Implementation status of measures for adapting 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.



P051 Prevention of chemical pollution

P150 Environmental Data Results and self-assessment of the Environmental Action Plan (Endless Green Program 2026), Review of EGP2026 and looking toward EGP2029

General | Expand environmental contribution businesses

Policy and Concept

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

The Daiwa House Group sees the environment as a business opportunity. We made environmental contribution 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 environmental consideration products and services, and does its best to achieve them using its own initiatives.

 **P153** Environmental Data Sales of environmental contribution businesses

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

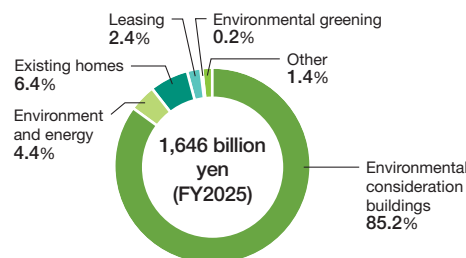
Business		Definition	
Environmental consideration buildings	Single-family housing	Buildings that meet BEI* standard values set for each application	
	Rental housing	Application	BEI value
	Condominium	Housing	0.8 or less
	Commercial and office buildings	Hotels, hospitals, department stores, restaurants, assembly halls, etc. Offices, schools, factories, etc.	0.7 or less 0.6 or less
Environment and 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 sale	Sale 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.	

* Building Energy Index (BEI) is obtained using the Energy Consumption Performance Calculation Program and presented as a rate of primary energy consumed by a designed building in comparison to that consumed by a standard building

Main Approach

Starting with the Environment and Energy Business, each company and division worked toward our fiscal 2025 target for environmental contribution business sales of 1,750 billion yen, 31% of Group sales. However, we fell short of the target with 1,646 billion yen, or 29.5% of Group sales, despite growth in sales of environmental consideration buildings.

■ Sales of environmental contribution businesses



Single-family housing, rental housing, and condominiums: Expanding the adoption of ZEHs and ZEH-Ms

In fiscal 2025 as in the previous year, we worked to increase the number of buildings in each category that clear the building energy consumption performance incentive guideline (BEI required for each building application) based on the Building Energy Efficiency Act.

In the area of single-family housing, we provided buildings with a BEI of 0.8 or less*, through expanding the adoption of ZEHs with our flagship products xevo Σ and xevo GranWood.

In the area of rental housing and condominiums, we worked to expand ZEH-M adoption by offering our TORISIA products for rental housing and PREMIST products for condominiums, and provided residential complexes with a BEI of 0.8 or less* for the entire building.

We will continue to promote the construction of environmental consideration buildings by expanding the adoption of ZEHs and ZEH-Ms in each housing area.

* Reduction rate of primary energy consumption, excluding renewable energy



Rental housing product, TORISIA

 **P028** Single-family housing: Further increasing the number of ZEHs

P028 Rental housing and condominiums: Promoting ZEH-M

Commercial and office buildings: Increasing the number of environmental consideration buildings

We offer ZEBs by using pamphlets and other tools and introducing our ZEB cases built with a wide variety of uses on our website. We also strengthen our capacity to propose energy-saving buildings to clients by holding internal study sessions on ZEB designs. As a result of these efforts, our fiscal 2025 provision rate for environmental consideration commercial and office buildings was 81.5%.

In collaboration with the Energy Conservation Center, Japan, we hold seminars to promote the advantages of environmental consideration buildings to clients, leveraging our experience utilizing government subsidies. We also provide tours and consultations to clients featuring buildings designed and constructed by Daiwa House.

To step up our efforts in this area, we strategically set up solar power generation systems and promote ZEBs under the carbon-neutral strategy.



Daiwa House Group's ZEB, a website introducing our ZEB cases

 **P029** Commercial and Office buildings: Hold seminars, put ZEB into practice and improve technological capabilities

 **WEB** ➔ Daiwa House Group's ZEB (Japanese text only)

General | Expand environmental contribution businesses

Environment and energy: Expanding PPA business

Corporations are accelerating their efforts toward achieving carbon neutrality. In this situation, the Company strengthens the PPA*1 business to support clients in introducing renewable energy. Our seventh Medium-Term Management Plan lays out a target of a cumulative electricity output of 1,550 MW generated by renewable energy supply facilities.

An example of this initiative is DREAM Solar Aichi Iwatsuka (Aichi Prefecture), a large-scale solar power plant developed under an onsite PPA model. The power plant built on the rooftop of a logistics center in Nagoya City was put into operation by Daiwa Energy, a Group company, on August 1, 2025. Its power-generating capacity is 2.4 MW and the total annual output is expected to be around 2,890 MWh. When power generation exceeds the facility's consumption, the excess electricity is sold through a utility company's grid using the Feed-in Premium (FIP) scheme*2.

*1 An abbreviation for Power Purchase Agreement, standing for a scheme where a third party installs a solar power generation system on a rooftop or on idle land leased from the building or land owner and supplies the generated electricity to the owner's facility for a fee.

*2 A scheme under which, when a renewable energy producer sells electricity on the wholesale power market or through bilateral transactions, a premium equal to the difference between the reference price, which is based on market prices, and the benchmark price (the FIP price), is paid.



DREAM Solar Aichi Iwatsuka (Aichi Prefecture)



➤ DREAM Solar Aichi Iwatsuka, Daiwa Energy's largest solar power plant under the onsite PPA model, starts operation (Japanese text only)

Environmental efforts overseas

Revenues from these efforts fall outside the scope of the sales of environmental contribution businesses.

The Group is also working on environmental contribution businesses with a view to developing the environmental contribution businesses in overseas operations. Aiming to balance environmental stewardship and earnings, various initiatives are underway, including decarbonization efforts.

• Activities in the U.S.

Three Group companies—Stanley Martin, CastleRock, and Trumark—operate the housing business in the U.S. As the companies grow, they face increasing social expectations to promote energy-saving initiatives. In California, installation of a solar power generation system is, in principle, required by law*1. In addition to complying with this requirement, we obtain scores under the Home Energy Rating System (HERS) Index*2, a standard widely used in the U.S. Obtaining scores that measure environmental performance of housing has helped us demonstrate the energy efficiency of houses built by our Group companies.



Covenant Point, a residential community developed by Trumark (California)

The Group is diversifying its business and, in addition to homes, developing warehouses and other various buildings in the U.S. In 2025, we completed Blue Ridge Commerce Center (Texas), our first logistics center in the country. The facility is equipped with a solar power generation system and meets a portion of its electricity demand with renewable energy. The center also expects to receive the Certified level under LEED*3, a green building certification. For a building to obtain LEED certification, it must meet a large number of stringent criteria, such as water efficiency, construction activity pollution prevention, and indoor environmental quality, in addition to optimization of energy performance, and



Logistics center Blue Ridge Commerce Center (Texas)

our logistics center satisfies all these criteria.

• Activities in Europe

The Group also operates in Europe, and currently engages in Elephant Park Plot H11B Project to develop a condominium complex consisting of two buildings*4 with a total of 259 dwelling units in London, the U.K. With an emphasis on environmental consideration, we adopted low-carbon glass*5 and selected other construction materials in this project.

Going forward, we develop business overseas in a way that balances environmental stewardship and earnings, thereby accelerating efforts toward carbon neutrality by 2050.



Elephant Park Plot H11B Project for condominium development (London)

*1 Title 24 Part 6 under Building Energy Efficiency Standards stipulated by California Energy Commission.

*2 An index promoted by Residential Energy Services Network (RESNET), by which a home's energy efficiency is measured.

*3 An abbreviation for Leadership in Energy & Environmental Design, a green building certification.

*4 25-storied tower building and 11-storied mid- to high-rise condominium.

*5 Low-carbon glass is a glass made from a combination of a high recycled glass content and renewable energy sources.

General | Expand environmental contribution businesses

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.

Also promoting public-private partnership projects in urban parks, Daiwa Lease is actively participating in Park-PFI (publicly solicited installation and management system) and designated-manager system projects. Utilizing its expertise as a private business operator, the company sets up park facilities such as restaurants and shops, and through engaging in unique activities rooted in communities, it creates a lively atmosphere, thus managing and operating parks to help enhance the value of communities. Daiwa Lease is currently engaged in 45 park-related projects*. In April 2026, it opened Mito Kobun Terrace it had developed in a corner of Senba Park located on the shore of Lake Senba (Ibaraki Prefecture).

Viewing parks as the key to enhancing the value of communities, Daiwa Lease promotes park management business and works to sustainably increase their attractiveness in collaboration with local communities.

* Total number of projects in which Daiwa Lease participates as the lead or a supporting company (as of April 2026)



Mito Kobun Terrace (Ibaraki Prefecture)

Promoting wood structure and wood finish for non-residential buildings — Future with Wood —

Revenues from these efforts fall outside the scope of the sales of environmental contribution businesses.

Designating the wood structure and wood finish construction business as a new area of focus toward achieving carbon neutrality in 2050, the Company established Future with Wood Promotion Department in April 2025. We are promoting cross-functional efforts for shifting to wood structure and interiors with a view to developing environmental contribution businesses.

• Consideration for the environment

Adoption of wood structure and wood finish for buildings contributes to reducing GHG emissions in comparison to steel-framed construction. Procuring sustainable, environmental consideration and socially responsible timber would also help achieve the circular use of forest resources and preserve biodiversity.

• Our strengths

Leveraging technologies and expertise cultivated in steel-frame construction, we currently engage in technological development that effectively combines steel and wood materials utilizing their respective characteristics. Our proprietary products enabled construction of wooden medium- and high-rise buildings. The parts we developed include Dkitto-Column, which is a wood-steel hybrid fire-resistant column; a wood-steel hybrid brace, which is a buckling-restrained brace that uses laminated wood; and Kantai Panel, a wood-based curtain wall. Among these materials, Dkitto-Column produces 117 kg less CO₂ emissions per unit*1 in its manufacturing phase as compared to a conventional column material*2*3.

To create a working environment where designers can centrally manage the design, structure, and equipment of wooden buildings, we started adopting BIM*4 for wooden buildings in June 2025.

• Signed agreement with the Ministry of Agriculture, Forestry and Fisheries

In December 2024, we entered into an agreement with the Ministry of Agriculture, Forestry and Fisheries on the promotion of wood utilization in buildings to help achieve carbon neutrality. The agreement is intended to promote the use of wood structure and wood finish in buildings and contribute to achieving carbon neutrality and a circular economy.

• Example of a building

We propose wood structure and wood finish for various types of buildings, such as stores, offices, nursing care homes, and public facilities. Such works that contribute to enhancing user comfort and to creating environmental value include the head office building of SHOWA CONSTRUCTION CO., Ltd. (Fukuoka Prefecture), HITOTOKIMIKI, a cross-generational community center in Miki City (Hyogo Prefecture), and the dining hall in Kawamura Electric Inc.'s Tsukuba Plant (Ibaraki Prefecture). The first two featured locally sourced timber and created a wood-rich interior space, while the third received Japan Wood Design Award 2025.

*1 Including carbon sequestration. The reduction volume varies by design specification.

*2 Refers to a column material composed of a steel-frame column as a structural member, sprayed rock wool as a fire-resistant cladding material, lightweight steel frames and gypsum boards as a below-grade material, and vinyl fabrics as a finishing material.

*3 A comparison of Dkitto-Column with a conventional column that satisfies the 1.5-hour fire resistance per floor, a performance required for columns used in a nine-storied building (The lengths of the compared conventional column and Dkitto-Column are both 3 m, and external dimensions are 815 mm and 710 mm, respectively.)

*4 An abbreviation for Building Information Modeling. A system to facilitate information management throughout the building asset lifecycle by using one shared digital model in every phase of construction, from initial design to construction, maintenance and eventual demolition.



Head office building of SHOWA CONSTRUCTION CO., Ltd. (Fukuoka Prefecture)



Cross-generational community center HITOTOKIMIKI in Miki City (Hyogo Prefecture)



Dining hall in Kawamura Electric Inc.'s Tsukuba Plant (Ibaraki Prefecture)

-  [Future with Wood \(wood structure and wood finish in buildings\) \(Japanese text only\)](#)
- [Wood-steel hybrid brace \(Japanese text only\)](#)
- [Dkitto-Column, a wood-steel hybrid fire-resistant column \(Japanese text only\)](#)
- [Kantai Panel \(Japanese text only\)](#)

Strengthening the foundation of environmental management | Environmental management

Policy and Concept

To reduce environmental impacts and expand business profitability, the Daiwa House Group has established the Group Environmental Management Regulations covering its procurement, business activities, and products and services. The regulations clarify the environmental management system, formulate the Long-Term Environmental Vision and the Environmental Action Plan, and set forth the practice of environmental audits and environmental management, along with environmental performance evaluation. By improving effectiveness of the PDCA cycle, we are promoting integrated environmental management within our Group and globally to achieve our targets.

Promoting environmental management

Environmental management organization

The Sustainability Committee oversees the Group's environmental activities. At its meetings held at least twice a year, the committee deliberates and decides on fundamental matters the Group should undertake in its environmental activities and environment-related risks and opportunities. An autonomous management system was set up for each of business divisions under which the divisional head chairs the Environment Committee. Under the system, achievement of environmental targets is confirmed at biannual meetings of the Environment Committee (Business division). Our principal Group companies hold the Group environmental management training conference attended by Executive Officers in charge of the environment of each company, in which the Sustainability Committee's decisions are shared. Important matters concerning our environmental management are reported to the Corporate Governance Committee from the Sustainability Committee as necessary. The Corporate Governance Committee (including external directors and external auditors) discusses the provided information from diverse and long-term perspectives and makes recommendations to the Board of Directors to enable sustainable corporate management.

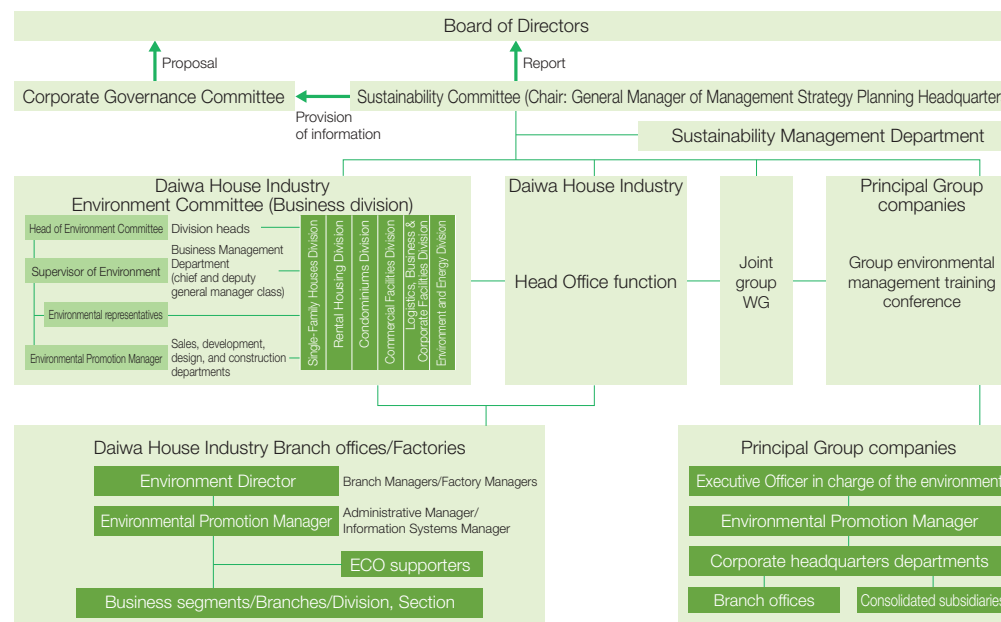
We formulated the Endless Green Program (EGP), an

environmental action plan aligned with the Medium-Term Management Plan. The EGP contains climate change issues and biodiversity preservation, and constitutes an important matter concerning our environmental management. It is therefore subject to report to the Board of Directors, and the progress of which is reported to the Board by the Sustainability Committee at least once a year. Based on the report, the Board provides supervision and directions as to the revision of strategies, targets and plans as necessary. Matters supervised and determined by the Board are shared with the Environment

Committee (Business division) that devises concrete environmental improvement plans and manages the progress toward achieving the environmental targets. In fiscal 2025, the Board reviewed the EGP 2026 companywide results in fiscal 2024, targets for fiscal 2025, and EGP 2029 for the next period. The Board's instructions given to the business divisions were to review the reporting scope for carbon neutrality, reset long-term targets, and strengthen initiatives that contribute to a circular economy under EGP 2029.

 [P120 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	Twice a year	Discussing and reporting important items about strategy to the Board of Directors
Sustainability Committee	Head of Management Strategy Division, Executive Officers in charge of priority themes in the environmental and social areas, Head of Head Office function	At least twice a year	Drafting and examining strategy and adopting the final text, managing the progress of the Group management metrics
Group environmental management training conference	Group companies Executive Officer in charge of the Environment	Annually	Promoting strategy across the Group
Environment Committee (Business division)	Division heads, Environment Director, Environmental Promotion Manager	Twice a year	Implementing strategy, managing the progress of individual management metrics

Strengthening the foundation of environmental management | Environmental management

Reflect achievements in environmental activities in business performance assessment and executive remuneration

The Company evaluates the results of environmental activities at all branch offices nationwide and 22 key Group companies with a significant environmental impact. The results are reflected in branch offices 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 remuneration system for Directors and introduced non-financial evaluation indicators to the system in fiscal 2022. The indicators being used include environmental indices, such as reduction in CO₂ emissions and CDP's Climate Change score set forth by the Plan. This remuneration system started to cover Executive Officers who do not double as Directors from fiscal 2023.

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.

At our branch offices, progress of their environmental efforts is evaluated using five ranks (S (highest) through D). The evaluations are reflected in the branch offices' performance assessments to motivate our employees to engage in environmental activities.

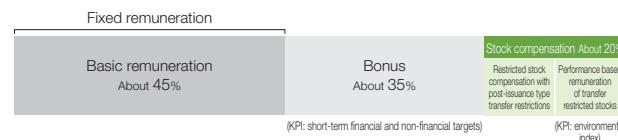
We also incorporate environmental evaluation into management of goals for individual employees, including Executive Officers, thereby building an environmental management structure participated by all employees at all levels.



Notice Concerning the Adoption of a Service-based Restricted Stock Compensation System and a Performance-linked Restricted Stock Compensation System

Notice Concerning the Adoption of a Service-based Restricted Stock Compensation System and a Performance-linked Restricted Stock Compensation System for Executive Officers Not Serving as Company Directors

Structure of Directors remuneration (excluding External Directors)



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

Calculation formula

$$\text{Performance goal achievement coefficient}^{*4} = \left[\frac{\text{CO}_2 \text{ emissions reductions (business activities}^{*1})}{\text{CO}_2 \text{ emissions reductions (building use}^{*2})} \right] \times \text{CDP Climate Change score}^{*3}$$

*1 CO₂ emissions at Group offices, Factories, construction sites, and business facilities. (scope1 and 2)

*2 CO₂ 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 NGO CDP, which surveys over 14,000 companies worldwide and shares evaluation results with institutional investors.

*4 If a performance goal achievement coefficient exceeds 1, it shall be set to 1.

① Achievement of CO₂ emission reduction targets in business activities

② Achievement of CO₂ emission reduction targets in building use

Achievement of CO ₂ 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 for FY2025.

Degree of achievement of ①: -57.6% (result for FY2025) / -54% (target for FY2025) = 107%

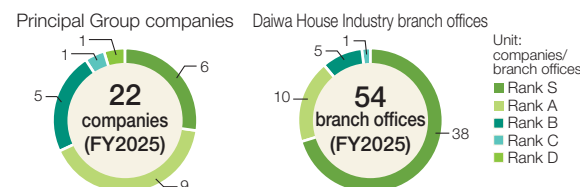
Degree of achievement of ②: -54.3% (result for FY2025) / -56% (target for FY2025) = 97%

③ CDP 2025 Climate Change score: A

Performance goal achievement coefficient: (0.5 + 0.4) × 1.2 = 1.08

The performance goal achievement coefficient for FY2025 is set to 1 as it exceeds 1.

Results of business performance assessment for environmental activities



* We terminate this system with the payment for FY 2025 evaluation and will transition to a new evaluation system in FY2026.



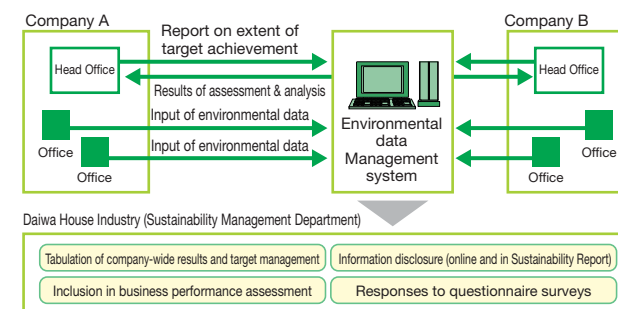
P122 Executive remuneration for medium- to long-term corporate value enhancement

Strengthening 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)



Strengthening the foundation of environmental management | Environmental management

Acquisition of ISO 14001 and implementation of environmental audits

The Company (Production Headquarters), Daiwa Lease (the entire company) and Fujita (all its domestic bases), which have acquired ISO 14001 certification, an international standard for environmental management systems, have selected their own internal auditors to conduct internal environmental audits as required by ISO 14001.

For uncertified principal Group companies, the Company's Head Office function conducts environmental management audits to verify their operational status of environmental management, progress of improvement in their environmental performance, environmental data collection method, and accuracy of reported contents. Following the audits, we send audit reports to Executive Officers in charge of the Environment of these Group companies and ask them to submit corrective plans and completion reports thereof.

 [P153 Environmental Data ISO 14001 certification](#)

Penalties for breach of environment laws and regulations in fiscal 2025

In fiscal 2025 there were no penalties or damages incurred for breach of contract regarding the environmental laws and regulations and no serious accidents or complaints.

 [P112 Sanction measures due to a violation of law and litigation \(including ESG-related issues\)](#)

[P153 Environmental Data Environmental fines and penalties](#)

Introducing ICP into real estate investment decision criteria

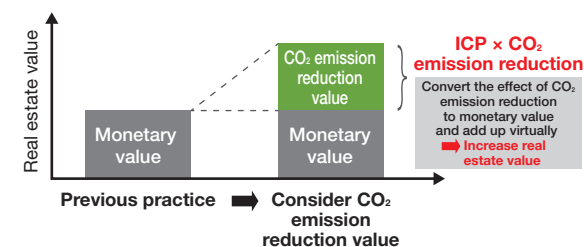
In April 2023, the Group introduced internal carbon pricing (hereinafter, "ICP") into the investment decision criteria for real estate for investment. The scheme, the first such mechanism in Japan, is to convert the environmental value of a real estate planned for investment to monetary value based on its CO₂ 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 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 CO₂ emissions from the real estate for investment we develop and build, thereby accelerating decarbonization of buildings and community development.

The adoption of ICP led to improvements in energy-saving and energy-generating efforts in the real estate development projects, enabling us to achieve higher ZEH-M and ZEB ratings. As a result, the rate of houses and buildings with ZEH-M Ready or higher and with ZEB Ready or higher in FY2025 was up 11 percentage points from that in FY2022 before introducing ICP, thus helping to reduce CO₂ emissions from real estate investment.

The internal carbon price we use in ICP is set to ¥20,000/t-CO₂, 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 \(Japanese text only\)](#)



Strengthening the foundation of environmental management | Environmental management

Policy and Concept

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.

For large-scale development projects, the Daiwa House Group has adopted a checklist based on its own standards for biodiversity conservation established with reference to the ABINC certification. We are also promoting preservation of biodiversity by proposing the greening of surrounding areas using indigenous species in consideration to local ecosystems under the slogan “Let’s connect greenery!”

Aiming to build a portfolio with a low environmental impact, we will install solar power generation systems on the roofs of our facilities, introduce smart meters, utilize renewable energy, and take other initiatives.

 [P156 Environmental Data Real estate portfolio](#)

Environmental measures in large-scale complex development

Leveraging our expertise on land development and buildings management and operation, the Group takes various measures to mitigate the environmental burden in large complex development projects in Japan and overseas. We also investigate local vegetation and biodiversity to form enriched green spaces through landscape planning based on vertical stratification. This is how we pursue the harmony between humans and nature.

 [P100 Socially inclusive community development](#)

Logistics centers fully equipped with nurseries, cafeterias, and more, thereby contributing to sustainability

We equip DPL logistics centers we develop with cafe areas (shared break rooms) and on-site nurseries to improve work environments. This supports working parents and helps solve a labor shortage in the logistics industry. When building new logistics centers, we work to make them ZEB-certified and equipped with solar power generation systems. We are also introducing onsite PPA solar systems for in-house consumption on the roofs of multitenant logistics centers we develop.

DPL Nagareyama Project completed in Chiba Prefecture in April 2023 consists of four multitenant logistics centers. Each of the centers is equipped with facilities for employees of tenant companies, such as on-site nurseries, rest stops for drivers, cafeterias, and convenience stores. In preparation for disasters, emergency power generators, emergency storage, and manhole toilet systems are also set up as part of business continuity plans (BCP). Furthermore, all of the buildings have solar power generation systems with consideration for the environment.



➤ [Our sustainability: Shaping the future through construction of logistics centers \(Japanese text only\)](#)

➤ [Going beyond logistics: DPL logistics center—a pleasant place for both workers and residents \(Japanese text only\)](#)



Nursery In DPL Nagareyama IV

Energy management at commercial facilities

As a general rule, we install smart meters, such as pulse-output meters, in all the company-owned facilities we manage and operate with some spaces leased to tenants. These meters are located in tenant areas and other required locations to monitor energy consumption and water usage.

Daiwa House Realty Management, a Group company, manages and operates a commercial facility Shonan Mall FILL (Kanagawa Prefecture). The facility has pulse-output meters installed in each of the tenant spaces, through which we aggregate energy-related data in the central monitoring room. The data obtained in real time includes electricity consumption, as well as indoor temperature and chilled/hot water temperature. Utilization of the data contributes to facility operation and efficient energy consumption.



An electricity meter installed in a tenant space of Shonan Mall FILL

Strengthening 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. These efforts lead to a reduction in environmental impact and implementation of sustainable business activities.



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

Environmental education

We provide general and specialized environmental education in a systematic manner under annual plans drafted at the start of each fiscal year.

General education provided to all employees covers social trends related to the environment and the Group environmental policies, and introduces outstanding in-house initiatives. In FY2025, we provided an e-learning course to all employees on the significance of driving resource cycling based on specific examples of initiatives.

Specialized education focuses on defensive aspects, such as compliance with laws and regulations regarding waste and soil contamination. In terms of proactive aspects, it covers environmental consideration design and environmental burden mitigation in business operations through training (including e-learning) at the division level to promote environmental consideration buildings. In the training programs by job grade, we explain our ZEH/ZEB promotion to achieve decarbonization

and greening efforts using indigenous species to contribute to biodiversity conservation, thereby convey the social responsibility perspective and the significance of these efforts in our business activities.



P154 [Environmental Data Environmental education provided \(FY2025\)](#)

Training seminar for executives

The Company holds sessions for top management themed on various agendas of great social importance. In fiscal 2025, an outside expert was invited as a lecturer to conduct a seminar on the integration of a sustainability strategy and a business strategy. Attendees learnt that, in achieving corporate sustainable growth, it is important to reform management with a self-motivated, long-term perspective and to promote sustainability-oriented management and management strategies in an integrated manner.

The seminar was attended by 74 persons, comprising Directors, Executive Officers and Auditors. We will continue providing an annual seminar on sustainability-oriented management targeted at top management.



P123 [Conducting study sessions for management](#)



Sustainability-oriented management seminar (held in a hybrid format combining in-person and virtual attendance)

Certification Test for Environmental Specialists (Eco Test)[®]

Certification Test for Environmental Specialists (Eco Test)[®]* is a good way to systematically pass basic knowledge regarding varied and complex environmental issues. For the purpose of raising environmental literacy of each employee, we actively encourage them to take the test.

Starting in fiscal 2025, the Eco Test certification is positioned as a recommended requirement in our internal promotion review for all job grades. As a result, we had 34,870 certification holders as of end-March, 2026 (increased by 3,573 from the end-March, 2025).

By announcing internally the number of the holders by department biannually and taking other ongoing measures to promote test-taking, we aim to have 38,000 Eco Test certification holders across the Group by the end of fiscal 2026.

* Certification Test for Environmental Specialists (Eco Test)[®] is a registered trademark of The Tokyo Chamber of Commerce and Industry.



P154 [Environmental Data Number of those who pass the Certification Test for Environmental Specialists \(Eco Test\)[®]](#)

Contest for outstanding environmental activities

Our Challenge! We Build ECO Contest to recognize exemplary environmental activities at each branch attracted 202 entries in fiscal 2025. The contest solicits environmental activities to achieve seven Challenge ZERO targets in line with the Environmental Action Plan, Endless Green Program 2026, and measures for adapting to climate change and those against chemical pollution. 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.

Strengthening 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 the Daiwa House Group 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 request 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 conservation		Strive to reduce the environmental impacts of both “business processes” and “products and services” in order to help create a world where people can lead an affluent way of life in harmony with the environment.
(2) Corporate Activity Guidelines		
5-1	Complying with environmental laws and regulations and responding to the demands of society	Strive to reduce environmental impacts and contribute to the environment by complying with domestic and international environmental laws and regulations and by meeting the demands of the global community and stakeholders.
5-2	Challenge yourself to achieve carbon neutrality	Promote energy efficiency and utilize renewable energy in an effort to reduce greenhouse gases (GHG) emissions in accordance with the Paris Agreement, and work toward achieving carbon neutrality across our supply chain.
5-3	Challenge yourself to achieve circular economy	Work toward achieving a circular economy, both by reducing waste and achieving zero emissions and by taking active steps to utilize recycled materials and minimizing use of finite resources so as to make the best use of available resources.
5-4	Management of chemical substances	By sharing information with your business partners on the chemical substances used in products and by reducing the use of substances associated with higher risks, supply products with little impact on stakeholders' health and the natural environment.
5-5	Considerations for biodiversity	As well as working to achieve zero deforestation through sustainable timber procurement, also strive to operate and manage sites in ways that conserve biodiversity, seek to improve the quantity and quality of green spaces, and show due consideration to local ecosystems. Strive to reduce disposable plastics with the goal of achieving zero impact on the marine plastics problem.
5-6	Addressing risks to water	Act to conserve aquatic environments and achieve sustainability in the use of water resources through measures such as recycling water, reducing water usage, and effective waste water management, and by showing due consideration for the water environment, while also taking action on water pollution to ensure business continuity.
(3) Guidelines for Products		
① Chemical Substance Management Guidelines [Basics]		
② Biodiversity Guideline [Timber Procurement]		



➤ Supply Chain Sustainability Guidelines

➤ Daiwa House Group's Basic Procurement Policy (Japanese text only)

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 Setsuwa Club supplies our facility equipment; and the Confederation of Partner Companies comprises manufacturing and partner subcontractors.

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.

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 environmental consideration technologies.

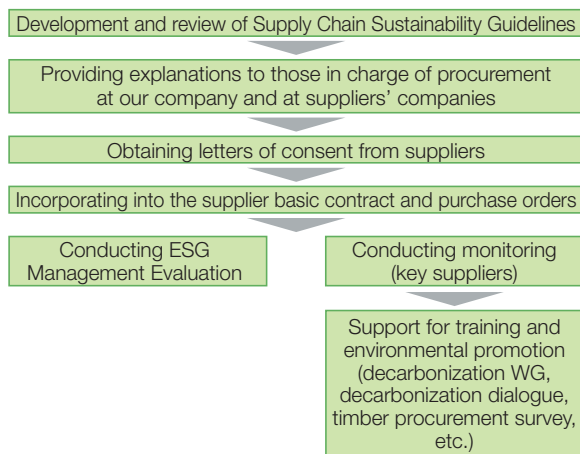
The Confederation of Partner Companies comprising manufacturing and partner subcontractors established a basic policy to contribute to zero environmental impact through business operations. Based on this policy, the Confederation is engaged in initiatives such as the 3Rs in construction sites, and low-CO₂ construction toward realizing a sustainable society.

Strengthening 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 our environmental policy. In fiscal 2023, we revised the guidelines into Supply Chain Sustainability Guidelines to reflect social requirements such as carbon neutrality and circular economy. Following the revision, we promoted awareness and understanding of the guidelines among the suppliers through briefings and by using a self-assessment system, and then obtained letters of consent for the guidelines from each supplier.

In fiscal 2025, we introduced a new ESG Management Evaluation System using an external platform to more systematically monitor the policy and implementation status of each supplier. Based on the results of evaluation using this system and by engaging in dialogue with and providing support to suppliers, we seek to enhance their engagement and improve the quality of ESG management across the supply chain.



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.

[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 effort levels through decarbonization working groups and decarbonization dialogues. In fiscal 2025, we had dialogues with a total of 19 suppliers to encourage their improvement in initiatives.

[P033 Enhancing dialogue through decarbonization working groups and decarbonization dialogues](#)

[P154 Environmental Data Supplier engagement implemented \(FY2025\)](#)

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

The Group conducts an annual survey targeting our principal suppliers to confirm the targets and results for recycling rates. Based on the result of the survey, we take necessary measures, such as Zero Emission Dialogue with suppliers to promote their zero emission initiatives and to improve their recycling rates.

[P154 Environmental Data Supplier engagement implemented \(FY2025\)](#)

(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 great impact on indoor air quality, and evaluate adherence to our Chemical Substance Management Guidelines. We request suppliers to improve non-compliant items.

[P053 Implementation of the Chemical Substance Management Guidelines](#)

(5) Protecting biodiversity (Timber procurement)

Our Group conducts an annual timber procurement 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 make systematic improvements. For suppliers that handle timber with low scores, we request them to submit an improvement plan, repeat due diligence, and change supply sources when necessary.

[P038 Conducting timber procurement survey at our suppliers](#)

(6) Addressing water risks

The Group conducts an annual survey to evaluate countermeasures for water pollution, flood, drought, and water-related regulations taken by principal suppliers' production sites, as well as watershed risks faced by overseas factories. We evaluate them with scores using the survey results to develop and improve water risk management arrangements. In fiscal 2025, as part of training and research activities for the Trillion Club, we explained key points for measures to mitigate flooding risks and shared case studies of flood prevention measures.

[P050 Water risk evaluation at suppliers' factories](#)

Strengthening the foundation of environmental management | Environmental 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, we are receiving more questions and feedback from institutional investors and ESG rating agencies on our environmental approach and initiatives. In fiscal 2025, we boosted the quality and amount of information in our sustainability report, integrated report, and securities report, among other channels. We held small ESG meetings with institutional investors in January; and individually met 10 institutional investors with a keen interest in the environment to deepen mutual understanding of the broader ESG picture. We also exchanged opinions with ESG rating agencies on assessment methods and assessment items. Further, when developing new policies or targets, we talk with outside experts, NGOs and other stakeholders 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.

 **P056** [Response to Task Force on Climate-related Financial Disclosures \(TCFD\) and Taskforce on Nature-related Financial Disclosures \(TNFD\)](#)

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

 [ESG small meetings](#)

Upgrading communication with environmental website

We release information about the Group's involvement with environmental issues through various means, such as our websites, sustainability reports, exhibitions, and children's

environmental education programs. Among other things, we consider Group websites to be an important medium for delivering information to diverse stakeholders, and constantly endeavor to enrich their contents.

Our environmental website titled Efforts for the Environment posts videos outlining our long-term environmental vision and an article Tackling the Challenge of Decarbonization: Our Strategy for Carbon Neutrality. The Environmental Consideration Products and Case Studies site presents ZEH(-M) and ZEB, our Environment and Energy Business, and examples of community development projects with consideration to natural environment. Daiwa House Group's ZEB site introduces ZEB cases built by the Company. In fiscal 2025, we added 4 more examples of our ZEBs (2 offices, a production facility and a commercial facility), for a total of 22 cases posted. The website presents a wide range of examples with different building uses, regions, and ZEB ranks. Also, by explaining ZEB technologies adopted in each case in an easy-to-understand manner, we contribute to decarbonization efforts of our clients.



[Environmental Efforts](#)

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

[Environmental Consideration Products / Case Studies](#)

[Daiwa House Group's ZEB \(Japanese text only\)](#)

Promoting environmental efforts through lectures with external organizations and study sessions

Japan Association for the World Exposition organized the Expo Theme Weeks, an initiative featuring a series of seminars as part of EXPO 2025 Osaka, Kansai. Our Executive Officer in charge of Sustainability, Moritaka Noumura, took the stage at a seminar themed "SDGs+Beyond Future Society for Life" held in October. With a sense of urgency as a starting point, that we may not be able to leave a better global environment for children who will shape the future society, this seminar was intended to encourage reflection on the need for immediate behavioral change toward sustainability. To pass on the initiatives in EXPO 2025 Osaka, Kansai as a sustainability legacy, he explained about a new approach to construction from a circular economy perspective that we adopted in building a signature pavilion Playground of Life: Jellyfish Pavilion. He also introduced the

EXPO CIRCULAR MARKET MYAKU-ICHI!, a matching project established for the reuse of building materials and equipment used in the EXPO.

The Company is a member of the Eco-First Promotion Council consisting of companies that are certified by the Minister of the Environment under the Eco-First Program led by the Ministry of the Environment. In a Kansai networking event held at the Group's training facility, MIRAI KACHI KYOSO Center in January, we provided a facility tour to introduce our decarbonization efforts and our technologies that enabled us to achieve ZEB Ready status. The tour had 33 participants from the Ministry of the Environment and 19 member companies, in which they shared ideas and learned from one another about their environmental activities.



Kansai networking event



P003 [Resolving Expo challenges creates the future](#)

Environmental education workshops for nurturing future generations

We have been holding since 2005 the Eco Workshop for Children, an environmental education program for children who will lead the next generation. In fiscal 2025, the workshop was held as part of a class at Ozora Elementary School (Osaka Prefecture), and was joined by 59 students. Through building house models with a theme of an eco-friendly house that is cool and comfortable in summer, they came to understand its benefits more deeply. We also held the workshops at local environmental events (Fukuoka Prefecture) and parent-child programs at children's community centers (Kyoto Prefecture). The Eco Workshop for Children was held 125 times with a total of 8,342 participants so far (as of March 31, 2026).

Under the theme of housing and living, we continue with the activity that provides opportunities for children to think about the environment.



Eco Workshop for Children



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

Mitigating and adapting to climate change

Policy and Concept

Social issues

Recent years have seen frequent meteorological disasters thought to be caused by climate change in Japan and around the world. At COP 21 in 2015, countries adopted the Paris Agreement, which aims to reduce greenhouse gases (GHG) emissions to net zero. At COP 26 in 2021, countries agreed to keep the goal of 1.5 degrees Celsius alive.

In 2020, Japan set a goal to achieve carbon neutrality by 2050. Additionally, in February 2025, the country established ambitious targets for reaching carbon neutrality, aiming to cut GHG emissions by 60% by fiscal 2035 (compared to fiscal 2013) and by 73% by fiscal 2040 (compared to fiscal 2013). Furthermore, in April 2026, the GX Promotion Act* was revised, accelerating the transition to a GX economy designed to achieve carbon neutrality.

Meanwhile, the household and business sectors together account for roughly 30% of Japan's GHG emissions. Meeting the national target would require significant reductions from these two sectors.

Along with mitigation measures to reduce greenhouse gases emissions, the fight against climate change also requires adaptation measures. These are intended to avoid or reduce damage due to climate change impact that is already occurring or is likely to occur. In April 2024, the Climate Change Adaptation Act was revised, strengthening measures against heatstroke. Accordingly, the Daiwa House Group will promote initiatives that focus on both mitigation and adaptation.

* The Act on Promotion of a Smooth Transition to a Decarbonized, Growth-Oriented Economic Structure

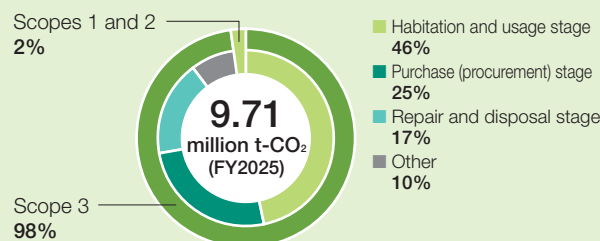
The Daiwa House Group's impact on society and the environment

The Daiwa House Group has been working to visualize greenhouse gases emissions* across the value chain in order to achieve zero environmental impact over the life cycle. GHG emissions from the Group's business activities are low at 2% for Scopes 1 and 2, and our Scope 3 emissions (indirect emissions not from our company) account for the vast majority at 98%.

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 46%. 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, nitrous oxide and chlorofluorocarbons are excluded from targets and results management of the Group as their emissions are low and they do not have great influence.

GHG emissions in our value chain



P171 Environmental Data GHG emissions in our 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, by revising the Building Energy Efficiency Act in April 2025 and offering incentives for advanced energy-efficient structures such as ZEHs and ZEBs*. The Group maintains and strengthens energy-efficiency measures at Group facilities to reduce the cost of responding to regulations. The Group is also using its expertise to enhance proposals to customers in zero-energy housing, buildings, and community development to drive order growth and boost prices.

The Company also participates in the GX League run by Japan's Ministry of Economy, Trade and Industry, and in January 2025 earned the Gold grade of the GX Pioneer Declaration. By helping accelerate the early deployment of GX products, the Company is advancing green transformation (GX) across the value chain.

In addition, the Group operates a renewable power generation business on its idle land and aims for further growth using the idle land of companies and local governments. Meanwhile, 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.

At the same time, because construction sites pose a risk of heatstroke and extreme weather events can disrupt material procurement, we are strengthening heatstroke prevention and disaster preparedness measures.

* 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.

P056 Response to Task Force on Climate-related Financial Disclosures (TCFD) and Taskforce on Nature-related Financial Disclosures (TNFD)

Mitigating and adapting to climate change

Road Map for the Long-Term Environmental Vision

2055 2030 2026	1—Challenge ZERO for CO ₂ in community development	2—Challenge ZERO for CO ₂ in business activities	3—Challenge ZERO for CO ₂ in the supply chain
	Achieve carbon neutrality in housing, construction, and community development	Achieve carbon neutrality in all facilities and all business processes	Achieve carbon neutrality in the supply chain
	GHG emissions derived from use of products (total) vs. FY2015 -63% Turning all new buildings into ZEH/ZEB as a rule	GHG emissions (total) vs. FY2015 -70% Energy efficiency vs. FY2015 2 times (Achieve "Smart Energy Coalition")	Achievement of GHG reduction targets by principal suppliers
	GHG emissions derived from use of products (total) vs. FY2015 -58% ZEH rate 90% ZEH-M rate for rental housing condominiums 50% ZEB rate 100% 80%	GHG emissions (total) vs. FY2015 -55% Energy efficiency vs. FY2015 1.9 times (FY2025) Renewable energy utilization rate 100% (Achieve "RE100")	(FY2025) Setting rate of principal suppliers' SBT standard GHG reduction targets 90%

In line with the 7th Medium-Term Management Plan, the Endless Green Program 2026 concluded in fiscal 2025, one year ahead of its original schedule, so the fiscal 2026 targets have not been reviewed.

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

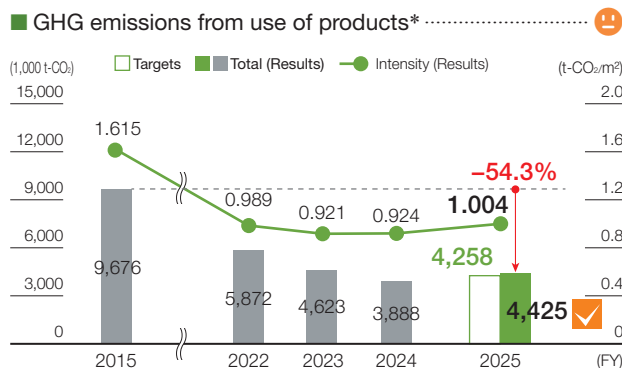
🟢 : Target for fiscal 2025 achieved 🟡 : Target for fiscal 2025 not achieved (achieved 90% or more) 🟠 : Target for fiscal 2025 not achieved (achieved less than 90%)

Promoted ZEH and ZEB, but target not achieved

In fiscal 2025, we continued measures aimed at meeting our ZEH rate target and, to help meet our ZEB rate target, developed proposal and support tools and provided training for sales and design staff in the commercial and business facilities segment. As a result, the Group's ZEH rate reached 98%* and its ZEB rate 66.2%, while GHG emissions from the use of our products was down 54.3% compared to fiscal 2015—short of our target.

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

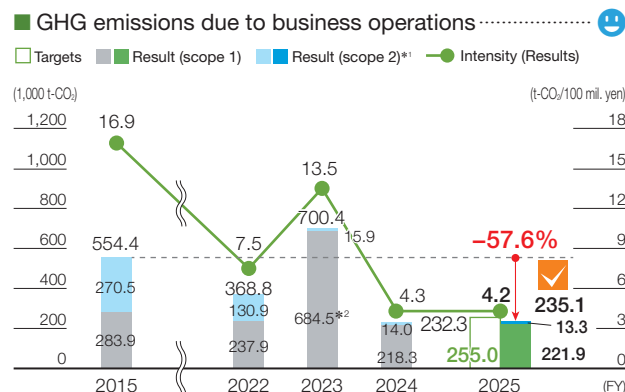
* Excluding Hokkaido prefecture.



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

Achieved our target for Scope 2 emission reduction by adopting renewable electricity

In fiscal 2025, we transitioned to renewable energy sources and purchased non-fossil-fuel energy certificates as an electricity buyer, making over 99% of our purchased electricity renewable. This significantly reduced GHG emissions (Scope 2), helping us meet our target for reducing GHG emissions from business activities by cutting emissions by 57.6% compared to fiscal 2015. Moving forward, we will focus on reducing Scope 1 emissions from city gas, gasoline, diesel fuel, and other fuels.

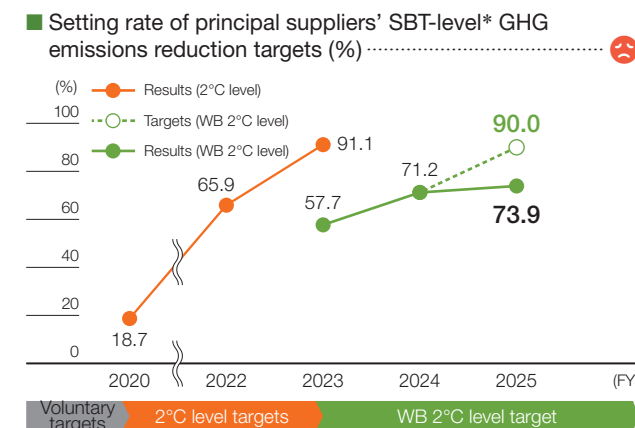


*1 The calculation method of Scope 2 emissions was changed from location-based method to market-based approach in fiscal 2022.

*2 Our Scope 1 emissions for fiscal 2023 increased due to the Hibikinada Thermal Power Station becoming a Group company in January 2023. (Fiscal 2023 GHG emission at the Hibikinada Thermal Power Station: 446,000 t-CO₂) In March 2024, we shut down mixed combustion generation, which burned both coal and biomass fuel (wood pellets). We plan to restart operations as an entirely biomass-fired power station in fiscal 2026.

73.9% of principal suppliers set SBT-level GHG reduction targets (WB 2°C level)

In fiscal 2025, we engaged suppliers in "Decarbonization Dialogues" and other conversations, but only 73.9% of principal suppliers set GHG reduction targets at the SBT level, falling short of our target. Going forward, we will continue engaging suppliers in dialogue to encourage them to set targets, while supporting those that have already done so in achieving the targets they have set.



* We used the 2°C level (annual reduction in GHG emissions of 1.23% or more) for our target through fiscal 2022. However, we raised the target to the WB 2°C level (reduction of 2.5% or more) starting in fiscal 2023. (WB 2°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 CO₂ 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 responsible ZEHs and ZEBs. ZEH refers to single-family housing, rental housing, and condominiums, and ZEB to commercial and office buildings. We are also actively engaging with the GX ZEH Series, one of the government's GX strategies, which will take effect and go into operation in fiscal 2027.*

We also work to obtain the Green Building Certification recognized by third-party institutions to develop environmentally conscious buildings. We will further step up our comprehensive environmental consideration initiatives inclusive of energy efficiency.

Promoting EPC and IPP

To encourage the expansion of renewable energy in Japan, we actively advance the design and construction of renewable energy generation facilities (EPC) and the development and operation of renewable energy power systems (IPP).

* A house designed to bring its annual net primary energy consumption to zero by substantially improving the insulation performance of the building envelope, introducing highly efficient equipment systems to achieve major energy savings while maintaining indoor environmental quality, and then adding renewable energy and other environmental consideration features.

(Source: Ministry of Economy, Trade and Industry, "Definition of GX ZEH / GX ZEH-M")

Management

Establishing internal systems and providing education and tools to bolster proposal capabilities

The Company appoints an Environmental Promotion Manager for each of business divisions, who is tasked with promoting initiatives by setting annual targets for the sales of environmental consideration products, in coordination with Sustainability

Department.

To achieve their targets, business divisions provide sales and design staff with education on environmental consideration buildings such as ZEH and ZEB, and improve their knowledge and proposal capabilities. We developed tools to convey to customers the advantages of environmental consideration 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.

On the other hand, in our Environment and Energy Business, we aim to expand our track record in designing and constructing renewable energy generation facilities (EPC) and in developing and operating renewable energy power systems (IPP). For onsite PPA, we are creating schemes with zero initial investment. For offsite PPA, we are developing new schemes and conducting study sessions while standardizing work procedures.

Progress on the targets set at the beginning of each year is reviewed quarterly. The achievement level of targets is reflected in performance evaluations.

Main Approach

Single-family housing: Further increasing the number of ZEHs

The Company is promoting ZEH construction for single-family housing. In fiscal 2025, we promoted our main ZEH-compatible products, namely, xevo Σ (sigma) technology for the steel-framed construction and xevo GranWood for wood-framed construction. We also actively used the national ZEH Support Program and Child-Rearing Green Housing Support Program subsidies, working to ease customers' cost burden at the point of purchase while communicating the benefits of ZEH. As a result, our ZEH rate reached 98%,*1 maintaining the high level achieved in the previous fiscal year.

Meanwhile, qualifying as a "GX-oriented house," as defined by the Child-Rearing Green Housing Support Program, involves several requirements, including an energy-saving performance higher than that of a conventional ZEH. After reviewing product specifications and other matters, in July 2025, we adopted Insulation Grade 6 — which exceeds the ZEH standard — as the standard specification for our custom-built houses.*2 We are

looking ahead to securing Insulation Grade 6 compliance under the GX ZEH Series, whose initiatives will begin in April 2027.

Going forward, we will advance technology development and enhance internal expertise to meet the government's policy of making ZEH-level energy performance mandatory for new houses in 2030, as well as the GX ZEH Series, which is expected to become widespread in the latter half of the 2030s.

*1 Excluding Hokkaido prefecture.

*2 Applies to energy-conservation regional categories 5 to 7.



Insulation Grade 6 as standard for custom-built single-family housing (Japanese text only)



xevo Σ PREMIUM

Rental housing and condominiums: Promoting ZEH-M

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

For rental housing, we are strengthening ZEH-M proposal activities with a focus on TORISIA, our ZEH-M-compatible rental housing product. Along with cutting residents' utility bills and improving indoor comfort, we enhance building energy efficiency to reduce CO₂ emissions and other environmental impacts, thereby helping raise owners' asset value. As a result of these proposal activities, the ZEH-M rate* for rental housing in fiscal 2025 rose to 77.7% (up 4.6 points year on year), further improving our ZEH-M rate. Under the national definition, our ZEH-M rate stands at 99.7%. For condominiums, we designed and sold our newly built Premist condominiums to ZEH-M standards. As a result, in fiscal 2025 as well, we began construction of every newly built Premist condominium to ZEH-M specifications, achieving a ZEH-M rate of 100%.

As with single-family housing, initiatives for the GX ZEH-M Series have also begun for rental housing and condominiums. Going forward, we will advance technology development and build up proposal expertise for rental housing and condominiums, too, aiming to meet the government's policy and the GX ZEH-M Series.

* To promote solar power generation, the government has established "target levels for ZEH-M" that set solar installation requirements according to the number of building stories, and we set our targets in line with these levels.

Mitigating and adapting to climate change

1—Challenge ZERO for CO₂ in community development

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

To promote wider adoption of ZEB, the Company holds Carbon Neutrality Seminars and organizes tours of ZEB facilities. In fiscal 2025, we held seven online seminars that attracted a total of 360 participants. Additionally, 380 people took part in facility tours.

We are also conducting research and development on building materials—for example, working in a consortium with Ricoh Company, Ltd. and NTT Anode Energy Corporation on technology development and demonstration projects aimed at bringing perovskite solar cells into practical use. By developing the ZEB design support tool D-ZEB Program,^{*} we have put in place a system that supports the creation of buildings with high energy-saving performance from the earliest design stages. To further build our technical capabilities, we held ZEB design training 14 times in fiscal 2025 and compiled ZEB case studies for internal sharing to spread ZEB proposal expertise, thereby promoting the wider adoption of ZEB.

At the SHOWA CONSTRUCTION Co., Ltd. head office building (Fukuoka Prefecture), completed in September 2025, we improved energy efficiency by adopting high-efficiency air-conditioning equipment and total heat exchangers and, together with the installation of solar power generation equipment, achieved Nearly ZEB^{*} status.

As a result of these initiatives, in fiscal 2025 we started construction of 356 ZEB specification buildings, which brought the ZEB rate to 66.2%.

^{*} A building that achieves energy savings of 50% or more and, with renewable energy added, reduces standard primary energy consumption by 75% or more.

 P159 Environmental Data ZEB rate, Number of ZEB units

 [Consortium of Ricoh, Daiwa House, and NTT Anode Energy selected for NEDO Green Innovation Fund. Joint project to develop and demonstrate perovskite solar cell technology for real-world deployment \(Japanese text only\)](#)



The SHOWA CONSTRUCTION Co., Ltd. head office building (Fukuoka Prefecture), an office that achieved Nearly ZEB status

Community development: Community development powered by 100% renewable electricity

Funabashi Grand Oasis in Funabashi City, Chiba Prefecture, completed in March 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 m². The electricity used in the residential area is supplied by a renewable energy power system operated by the Group. This makes it a 100% renewable electricity community development, which means it utilizes 100% electricity from renewable sources from the construction phase through post-completion when the units are occupied.

 [Community Development with 100% Renewable Energy](#)

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.

As in fiscal 2024, we continued to work toward our target for the number of ZEH-renovation equivalents^{*}, which is an indicator that measures energy-saving renovations in terms of the equivalent number of full ZEB renovations in fiscal 2025. While utilizing government subsidies, the relevant Group companies cooperated to carry out renovations involving insulation and energy-saving equipment for existing single-family and rental housing. As a result, the number of ZEH-renovation equivalent buildings reached 8,173, exceeding our target.

We will continue to perform energy-saving equipment renovations in order to increase the number of ZEH-renovation equivalents.

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

 P160 Environmental Data The number of ZEH- renovation equivalents

Promoting acquisition of Green Building Certifications

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

In fiscal 2025, the acquisition of BELS^{*} certification primarily for multitenant logistics centers and rental housing, which account for a large percentage of the buildings we develop, lifted the weighting of Green Building certification to 82.0%.

^{*} BELS: Building-Housing Energy-efficiency Labeling System

 P157 Environmental Data Rate of Green Building Certification obtained

Renewable energy power system expansion

The Group actively installs solar power generation equipment on the roofs of buildings we develop ourselves and buildings contracted by customers. When installation is not feasible within the customer's budget, we propose an onsite PPA model^{*1}, where we install solar power generation equipment free of charge and sell the generated electricity to customers. At the LOGI STATION Fukuoka Ogori logistics center in the Kyushu region (Fukuoka Prefecture), on which construction began in fiscal 2025, we divided the roof into two and, using two different schemes—an onsite PPA scheme and an offsite PPA scheme—put the entire roof to use for solar power generation. Anticipating that the spread of renewable energy will drive greater demand for storage batteries as equipment to balance electricity supply and demand, we also launched a demonstration project for a grid-scale battery storage business on the grounds of our Kyushu Plant (Fukuoka Prefecture).

Through these active efforts to expand the use of renewable energy, the Group as a whole operates renewable energy power stations at 695 sites with a combined capacity of 1,028 MW^{*2} (as of March 31, 2026). In fiscal 2025, we brought 137 new sites totaling 151 MW online, including large-scale solar power stations.

^{*1} 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.

^{*2} In-house consumption is excluded

 [One of Kyushu's largest rooftop solar installations goes live: Two PPA schemes adopted at once at LOGI STATION Fukuoka Ogori \(Japanese text only\)](#)

■ Mitigating and adapting to climate change

2—Challenge ZERO for CO₂ in business activities

Basic Policy



Business activities

Ensuring that newly constructed company-owned facilities are 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, the 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 newly constructed company-owned 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 in-house 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 of 1%** by investing an amount equivalent to 5% of energy costs into energy efficient facilities. The guidelines also encourage energy-saving renovations, equipment updates, and the adoption of efficient facilities with a payback period of five years or less. They indicate that evaluation will be based on the number of years required for investment to be recovered, including internal carbon pricing (ICP).

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 in-house 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 systems

*2 Obtain non-fossil-fuel energy certificates, separately from electricity (proving that the electricity is in principle generated with renewables at the Group's own power systems)

Introducing even more vehicles fueled by clean energy

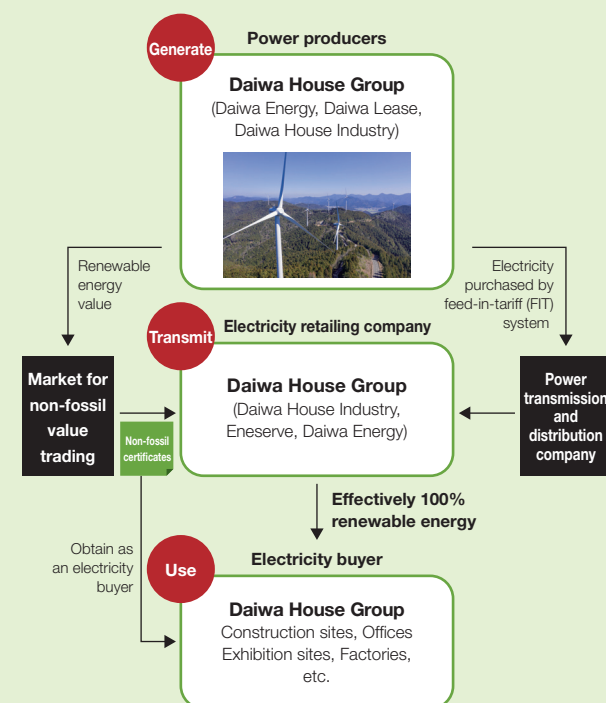
To further reduce greenhouse gases emissions from our business activities, we are promoting the adoption of clean energy vehicles*, both for company vehicles and for personal cars used by employees for business purposes.

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 of our offices which operate company vehicles 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 (EV), plug-in hybrid vehicles (PHV), and fuel cell vehicles (FCV)

Generate, transmit, and use renewable energy in-house

The 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 develop and operate 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 CO₂ in business activities

Management

Energy management in business activities

In addition to appointing the Executive Officer in charge of the Sustainability 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.

To improve energy efficiency, 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 rate of clean energy cars introduced for each type of vehicle (company-owned vehicles and privately owned vehicles used for work). The progress against targets is subject to quarterly review to ensure systematic introduction.

Main Approach

Initiatives for ensuring that newly constructed company-owned facilities are ZEBs

The Group has a policy of aiming to ensure all new facilities are ZEB-compliant and is working on initiatives to fulfill this aim.

The Head Office No. 2 Joint Distribution Center (Ishikawa Prefecture) of Group company Wakamatsu Konpou Unyu Soko, Inc., which began full operations in July 2025, is an inventory-holding distribution center that also provides refrigerated storage. Through energy-saving measures such as total heat exchangers, lighting occupancy sensors, and the use of natural refrigerants (ammonia and CO₂) in its refrigeration equipment, it achieved "ZEB"* status.

In addition, a 685 kW solar power generation system was installed on the roof. By using the electricity it generates together with renewable energy supplied by the Company, the center made 100% of its electricity renewable-sourced.

* A building that achieves energy savings of 50% or more and, with renewable energy added, reduces its standard primary energy consumption by 100% or more.



P169 Environmental Data ZEB rate for newly constructed company-owned facilities



Wakamatsu Konpou Unyu Soko's Head Office No. 2 Joint Distribution Center (Ishikawa Prefecture)

Energy efficiency activities for existing facilities to attain Smart Energy Coalition (formerly EP100)

The Daiwa House Group runs Group energy-generation and energy-efficiency working sessions for main Group companies operating hotels and other commercial facilities that use large amounts of energy. The sessions share cases of energy-generation and energy-efficiency investment and improvements by Group companies, as well as the latest technological developments, to step up our efforts. Besides updating equipment, 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 an 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 opportunities for further improvement as we continue our energy conservation efforts.

As a result, energy efficiency in fiscal 2025 was 2.03 times higher than in fiscal 2015, achieving our target.



P165 Environmental Data Energy efficiency (Smart Energy Coalition (formerly EP100))

Advancing the adoption of renewable electricity as part of RE100

In March 2018, the Daiwa House Group joined RE100, an international initiative on renewable energy operated by the Climate Group, an international NPO. Our goal was to attain 100% renewable energy for all the electricity used by the Group by fiscal 2025, and we worked on initiatives to fulfill this aim. In fiscal 2025, we switched electricity rate plans to renewable energy ones for facilities we operate and purchased non-fossil-fuel energy certificates as an electricity buyer in Japan. We also procured renewable energy certificates in the regions where we operate outside Japan. As a result, the Group was able to procure renewable electricity for 99.3% of its electrical needs in fiscal 2025.



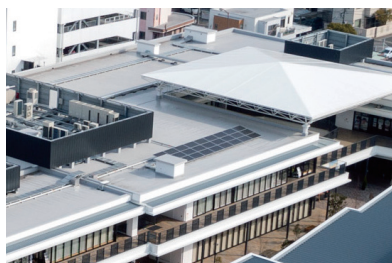
P166 Environmental Data Electricity consumption and renewable energy utilization rate (RE100)

■ Mitigating and adapting to climate change

2—Challenge ZERO for CO₂ in business activities

Installing renewable energy systems for in-house use at a company site

At commercial facilities of Group company Daiwa Lease, we are advancing the installation of solar power systems at existing facilities as part of our efforts to switch to renewable electricity. In fiscal 2025, we installed 380 kW on the rooftop of BiVi Nijo (Kyoto Prefecture) and 168 kW on the rooftop of BRANCH Matsuyamate (Kyoto Prefecture).



Daiwa Lease's BRANCH Matsuyamate (Kyoto Prefecture)

Converted Hibikinada Thermal Power Station to a biomass-fired power station

The Company acquired the right to manage Hibikinada Thermal Power Station (Fukuoka Prefecture) in January 2023. Engaged in power generation through co-firing of 70% coal and 30% biomass (wood pellets) since its operation start in 2019, the power station has made a contribution to stable electricity supply in the region. With the global decarbonization trend, however, the station was shut down in March 2024. We are currently performing renovation work and testing operations to convert it into a biomass-fired power station that runs entirely on biomass fuel. We plan to start operations with 100% biomass fuel in fiscal 2026.



➤ 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)

Introducing clean energy cars as company vehicles and establishing charging stations at offices

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

Clean energy cars are in use at 37 branch offices, including the Osaka Head Office and Head Branch as of the end of fiscal 2025, of which 42 branch offices have charging stations installed. In fiscal 2025, we contributed ¥62.67 million toward installation costs for these stations. Additionally, for Group companies located at the Company's branch offices, we have set up shared charging equipment to create an environment that facilitates the adoption of clean energy vehicles.

However, due to challenges like driving range and vehicle type requirements, the Group's clean energy vehicle adoption rate in fiscal 2025 was 15.8%, short of our 16% goal.



P169 Environmental Data Introduction rate of clean energy cars (Company vehicles)



Charging station installed at Kobe branch of Daiwa House Industry

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

The Company operates New Eco Allowance, a system for encouraging employees who use their own vehicles for work* to shift to clean energy cars. We provide a monthly allowance of ¥25,000 for employees to maintain their own vehicles put to business use. The New Eco Allowance system, however, raises that amount to ¥40,000 for electric or fuel cell vehicles, and to ¥38,000 for plug-in hybrid vehicles. We also offer subsidies when employees purchase vehicles. We contributed ¥135.09 million in fiscal 2025 for these internal measures to promote the adoption of clean energy vehicles.

However, the adoption rate of clean energy vehicles for personal use in fiscal 2025 was 3.4%, falling short of our 7% goal.

* Employees whom the Company recognizes as needing to use their own vehicles on an ongoing basis for commuting and work (excluding those on secondment).



P169 Environmental Data Introduction rate of clean energy cars (Privately owned vehicles)



➤ 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 CO₂ 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



P018 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 25% 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 207 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 held decarbonization working group meetings and decarbonization dialogues to help them set and raise GHG emissions reduction targets to reduce emissions at the procurement stage.



P023 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

Enhancing dialogue through decarbonization working groups and decarbonization dialogues

We survey the Group's 207 principal suppliers for greater detail on GHG emissions reduction targets and results in order to understand their efforts. The questionnaire survey conducted in fiscal 2025 shows that only 73.9% of suppliers have set SBT level GHG emissions reduction targets, falling short of the target of 90%.

In fiscal 2025, we promoted decarbonization dialogue activities with 19 suppliers to accelerate the achievement of carbon neutrality in our supply chain. We continue to ask suppliers with weak emissions targets to make them more ambitious, while encouraging those suppliers who have already set SBT level targets to raise internal awareness of their carbon neutral strategies in order to encourage a change in awareness and behavior.



P024 Increasing suppliers' awareness of our environmental policy

P154 Environmental Data Supplier engagement implemented (FY2025)

P171 Environmental Data GHG emissions in our value chain

Proposing 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 2025, we proposed solar power generation or renewable energy options, and won 13 contracts. These aim to contribute to reduction of GHG emissions at suppliers' branch offices.



P170 Environmental Data The number of contracts for renewable energy and energy-efficiency solutions (The number of cases of support) (cumulative)

Promoting use of electric furnace steel made from iron scrap

The Group is working to reduce CO₂ emissions during the manufacturing of building materials. First, for steel frames, which make up about 40% of CO₂ emissions in the material manufacturing stage, we are carrying out a switch from blast furnace steel made from iron ore to electric furnace steel made from iron scrap. For the same quantity of steel, electric furnace steel is expected to roughly halve CO₂ emissions compared with blast furnace steel.

In fiscal 2025, seeking to reduce both environmental impact and costs, we promoted the use of electric furnace steel mainly for the H-beams used in our housing business; however, adoption of electric furnace steel in our construction businesses did not advance, so the Group's electric furnace steel rate came to 25.0% (down 1.9 points year on year). Going forward, we plan to raise the adoption rate of electric furnace steel and promote the use of low-carbon building materials beyond steel frames.

Mitigating and adapting to climate change

Adapting to climate change

Basic Policy

Promoting climate change adaptation measures based on four key areas

To avoid and reduce damage caused by climate change, the Group promotes initiatives for both mitigation and adaptation.

The entire Group promotes climate change adaptation based on four key areas, with a focus on heatstroke and flood risks across business activities, procurement, and each stage for products and services.

Stage	Four Key Areas
Business activities	(1) Thorough heatstroke prevention measures at production and construction sites (2) Mitigation of meteorological disaster risks at Group facilities and those operated by the Group
Procurement	(3) Measures to prevent supply chain disruptions in the event of a meteorological disaster
Products and services	(4) Development of products and internal standards to help mitigate meteorological disasters

Management

Promoting climate change adaptation measures across the Group

Under our Long-Term Environmental Vision, the Group is advancing efforts in our housing and building-related businesses to reduce the supply risks posed by increasingly frequent large-scale flooding. We have set milestones to complete water-risk assessments across our supply chain by 2030 and to complete water-risk responses at all of our own sites and at high-risk principal supplier sites. To achieve our Long-Term Environmental Vision through the Endless Green Program 2026, our environmental action plan, the entire Group develops adaptation measures each year based on each company's business characteristics.

Regarding the first of the four pillars of our climate change adaptation measures—comprehensive heatstroke prevention at production and construction sites—Daiwa House Industry aims for zero heatstroke incidents requiring four or more days off work each year. We thoroughly report heatstroke cases at these sites, analyze their causes, and implement countermeasures and improvements.

For the second pillar—reducing meteorological disaster risks at our own facilities and operational sites—we lessen flooding risks by confirming hazard maps at the Group's facilities, installing sandbags and flood barriers, creating business continuity plans (BCPs), stockpiling supplies, and providing training.

For the third pillar—strengthening supply chain resilience against meteorological disasters—we verify hazard map surveys, BCP formulation, and training implementation at supplier factories. Additionally, by adopting diversified purchasing, we reduce the risk of material delivery delays during such disasters.

For the fourth pillar—developing products and internal standards for meteorological disasters—for construction projects, we take measures to minimize damage during flood events by conducting pre-construction flood risk surveys, elevating ground levels to prepare for water disasters, and creating BCPs.

Daiwa House Industry is also taking part in the Corporate Study Group on Adaptation to Climate Change Impacts organized by the Kinki Regional Environment Office of Japan's Ministry of the Environment.

 **P151 Environmental Data 7— Challenge ZERO Water-Associated Risks**

Main Approach

Working 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, while also supplying drinking water at all times.

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 prepare to promptly address heatstroke or strong winds.

In fiscal 2025, we installed 527 WEATHERY units at construction sites in August, the highest for the year.

To improve the hot working environment at construction sites, we joined with our Confederation of Partner Companies to subsidize partner companies' purchases of heatstroke countermeasure items such as fan-equipped workwear, paying out ¥40.75 million in subsidies in fiscal 2025. We also carry out pre-cooling, in which workers consume ice slurry (a fine, sherbet-like beverage) before starting work to lower their core body temperature and curb its rise during work. In addition, we are trialing and verifying body-cooling rest spaces that can be set up even on cramped sites, with full-scale rollout planned from fiscal 2026. Through such efforts, we work to prevent the onset of heatstroke and harm before they occur.

In recognition of the Group's efforts on flood-disaster risk and heatstroke countermeasures, we received the Fiscal 2024 Minister of the Environment Award for Climate Action in the Promotion and Dissemination Category (Adaptation Field) in November 2024.

 **P115 Enforcing safety and security**

 **Received the Fiscal 2024 Minister of the Environment Award for Climate Change Action for "Initiatives for flood risk and heatstroke prevention measures" and "Geothermal heat and waste heat utilization supply system" (Japanese text only)**



WEATHERY Environmental Sensor

A resting area with shade screens

Topics

Endorsing the aims of the "Day to End Summers That Are Too Hot"

The Company endorses the aims of the "Day to End Summers That Are Too Hot," established by the Japan Climate Leaders' Partnership (JCLP) as a climate-change commemorative day on August 8, and is advancing its efforts to mitigate and adapt to climate change.



 **We endorse the aims of the JCLP "Day to End Summers That Are Too Hot" (Japanese text only)**

Mitigating and adapting to climate change

Adapting to climate change

Ensuring flood prevention measures at offices

The Company regards business continuity in the event of a disaster, support for customers living in buildings we have constructed, and ensuring the safety of our employees as matters of the highest priority. On this basis, we are working to reduce flood-disaster risk at our head office and branch offices that serve as BCP bases. Among the 13 Company-owned branch offices located in flood zones on hazard maps, we have, since fiscal 2022, engaged specialist organizations to conduct risk assessments and implement countermeasures at the higher-risk sites, and by fiscal 2025, had completed assessments and flood-prevention measures, such as flood barriers, at eight sites.

In fiscal 2026, in addition to completing flood-prevention measures at the remaining five sites, we plan to formulate a flood-disaster BCP (guidelines covering advance preparation, action plans, and the like) for our head office and branches, and to continue reducing flood-disaster risk.



Training for water barrier installation at the Tokyo Head Office



Disaster preparedness supplies at the Tokyo Head Office



Water barrier at the Osaka Head Office

P134 Risk management (BCPs)

P183 Environmental Data Water-related costs, Investigation of water-related risks

Residential development incorporating green infrastructure principles

At Securea Garden Toyokawa Hachiman Station South in Aichi Prefecture, we adopted green infrastructure principles and incorporated gravel and lawns into the design to increase the ground's permeable area. As a flood mitigation measure, we also raised the waterway boundaries. When Toyokawa City in Aichi Prefecture experienced severe flooding from a typhoon in June 2023, these efforts helped this residential development avoid flood damage.

This case was presented at a council bringing together industry, government, and academia, hosted by the Ministry of the Environment's Kinki Regional Environment Office, where it was recognized as a best-practice example of climate-change adaptation.



Adopting green infrastructure principles: Gravel laid within green blocks



Flood countermeasures: Raising waterway boundaries



Condition of the residential development the day after the typhoon

[A resilient community that incorporates the concept of green infrastructure](#)

Certification from the Ministry of Land, Infrastructure, Transport and Tourism as an Official Supporter of River Basin Flood Control

The Company received fiscal 2024 certification as an “Official Supporter of River Basin Flood Control,” a program established by the Ministry of Land, Infrastructure, Transport and Tourism in cooperation with related ministries and agencies, and the certification has been renewed for fiscal 2026. This certification recognizes the disaster-prevention agreements we have concluded with numerous local governments nationwide, as well as our active flood-control measures—such as pre-construction flood risk assessments and raising site ground levels during land preparation—at some of the logistics facilities we have developed.

DPL Nagareyama IV (Chiba Prefecture), a logistics facility covered by a disaster-prevention agreement, serves as a temporary evacuation site for local residents during disasters. In May 2025, it hosted the “Sonaeru Bosai in Nagareyama” disaster-preparedness event with the support of Nagareyama City. About 50 nearby residents took part in the activities, including an exercise in which they evacuated into the logistics facility by vehicle, simulating torrential rain or a typhoon, and disaster-preparedness experiences using virtual reality (VR) and augmented reality (AR) technology.

[Certified as an Official Supporter of River Basin Flood Control by the Ministry of Land, Infrastructure, Transport and Tourism \(Japanese text only\)](#)



Exterior of DPL Nagareyama IV, a logistics facility covered by a disaster-prevention agreement



Disaster-preparedness seminar at Sonaeru Bosai in Nagareyama



Participants experiencing evacuation by vehicle at Sonaeru Bosai in Nagareyama



Disaster-preparedness experience using VR and AR technologies at Sonaeru Bosai in Nagareyama

Harmony with the natural environment (Preservation of biodiversity)

Policy and Concept

Social issues

The fifteenth meeting of the Conference of the Parties to the Convention on Biological Diversity (COP15), held in Montreal in December 2022, established a global nature-positive goal, “halting and reversing biodiversity loss by 2030 to put nature on a path to recovery,” with 23 targets. As part of this effort, companies are expected to position biodiversity preservation as a material issue within their value-creation processes. They must seek both to maximize their contributions to nature through their products and services and to minimize their negative impact on nature across the value chain.

Global forest cover,^{*1} which accounts for 31% of the land surface, is shrinking every year, with an average annual decrease of 10.2 million hectares (2015 to 2020), excluding gains from forest expansion. This means that we must use timber in sustainable ways while working to eliminate new deforestation.

Moreover, approximately 70% of the world's population lives in urban areas. Population concentration in cities has progressed in Japan, as well, with roughly 30% of the population residing in the Tokyo metropolitan area. In the urban areas where the Daiwa House Group operates, changes in land use associated with urbanization have reduced green spaces, resulting in a moderate decline in biodiversity and ecosystem services in Japan over the past 50 years.^{*2} As urban environments, where many people live, have become increasingly crowded, quality of life has deteriorated because of phenomena such as urban heat islands and urban flooding. To address these issues, green infrastructure, including greening initiatives based on Nature-based Solutions (NbS), is effective. Going forward, there is a need to build sustainable communities that balance human well-being with the enhancement of ecosystem services.

^{*1} Source: Forests and Forestry White Paper 2024 (published in June 2025)

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

The Daiwa House Group's impact 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.

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 190,000 m³ of timber from several countries of origin around the world. To help minimize deforestation, we encourage use of legally and sustainably harvested timber across our supply chain.

The construction and real estate industries do have some negative impacts, such as their heavy dependence on natural capital for building materials and the alteration of natural environments through development. However, they also play an important role in restoring nature through their businesses, including the creation of new green spaces in urban areas. The Daiwa House Group is involved in the development of approximately 300,000 m² of green space across Japan each year. By engaging in development projects and construction contracting, we make greening proposals that take local ecosystems into consideration, enabling us to work together with our customers not only to increase the quantity of greenery but also to create green spaces that are higher quality from an ecological point of view. In addition, we operate a wide variety of our own facilities, ranging from large-scale facilities to small stores and mixed-use complexes. In particular, at large-scale facilities such as factories and forest residential developments, we assess biodiversity-related impacts and risks and promote preservation activities as necessary.

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 clients at our hotels and commercial facilities. To counter plastic pollution of the ocean, we are reducing the use of single-use plastics, working to switch to non-plastic products and recycling after use.

Risks and opportunities for the Daiwa House Group and its responses

For the procurement of timber, which is one of the main materials the Group uses, in the event that timber supply declines due to changes in weather patterns caused by climate change, increased forest fires, water shortages, and other factors, concerns may arise that procuring such timber will become difficult, driving purchase prices up. In response, we implement our Biodiversity Guideline [Timber Procurement]. We are taking steps to ensure risk management by revising our timber assessment criteria from time to time in collaboration with environmental NGOs and other measures.

We identify and address nature-related risks at our own facilities. At facilities located within protected areas designated as national parks or KBAs,^{*1} we conduct biodiversity-related surveys and implement measures as necessary. In particular, at sites where preservation efforts are expected to have a significant impact, we undertake preservation activities and pursue registration as Nationally Certified Sustainably Managed Natural Sites^{*2} in order to contribute to the global “30 by 30”^{*3} target. In all of these ways, we actively promote the development of housing, facilities, and communities that are in harmony with the natural environment. We are committed not only to biodiversity preservation but also to establishing mechanisms for maintaining and preserving green spaces. Through these efforts, we aim to enhance the attractiveness and asset value of communities while contributing to the formation of high-quality communities.

To counter plastic pollution of the oceans, we are reducing the use of single-use plastic items. We are taking steps to switch to non-plastic products for the office supplies at our branch offices, and introducing a charge for plastic shopping bags at our commercial facilities and home centers.

^{*1} Key Biodiversity Area is a scientific framework for identifying “sites that contribute significantly to the global persistence of biodiversity.”

^{*2} Nationally Certified Sustainably Managed Natural Sites are locations outside officially protected areas that contribute to biodiversity preservation and are registered in an international database by Japan's Ministry of the Environment.

^{*3} “30 by 30” is a global target adopted at COP15 in December 2022 that calls for the effective preservation of at least 30% of the world's land and oceans as healthy ecosystems by 2030.

■ 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	Zero deforestation arising from materials procurement at all segments	Prevent any net loss of biodiversity attributable to our community development or business activities
2030	Work with suppliers to eliminate from procurement at our housing- and building-related businesses all timber that cannot be traced to legal harvest	Area of ecosystem-considerate vegetation cover (cumulative) + 2,000,000 m² Complete biodiversity assessments of all owned or managed sites and undertake ongoing preservation work at all ecologically significant ones
2026	Rate of C-ranked timber in procurement 0% Setting rate of zero deforestation policy (primary suppliers) 90%	Area of ecosystem-considerate vegetation cover (cumulative) + 1,000,000 m² Rate of formulation and implementation of protection and management plans of significant sites within premises of the company's facilities 100%

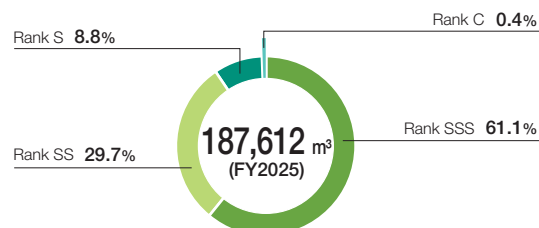
In line with the 7th Medium-Term Management Plan, the Endless Green Program 2026 concluded in fiscal 2025, one year ahead of its original schedule, so the fiscal 2026 targets have not been reviewed. As the rate of replacement of plastic goods for distribution (offices, etc.) had reached a high level, it was removed from the EGP management indicators beginning in fiscal 2025.

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

Now using less than 0.4% C-ranked timber with deforestation risk, achieving the target

In fiscal 2025 we continued to share the Group's procurement policy with our suppliers through the Supply Chain Sustainability Guidelines. Since fiscal 2022, we have also been moving forward on reducing the percentage of C-ranked timber we use by employing new assessment criteria consistent with our zero deforestation policy. In fiscal 2025, we required suppliers (22 companies) found to be supplying C-ranked timber in the previous year to submit plans for improvement and made progress on checking public documents and changing sources. As a result, our use of C-ranked timber in fiscal 2025 was 0.4% (down 0.1 percentage points from the previous fiscal year), achieving our target. Going forward, we will increase suppliers' awareness of our procurement policy, expand the scope of timber surveys to include major equipment and fixtures, and promote efforts to eliminate the use of C-ranked timber.

■ Rate of C-ranked timber in procurement

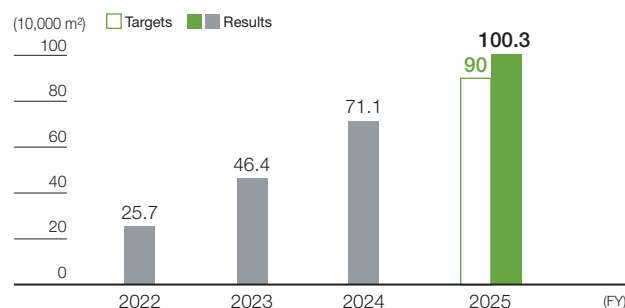


Expanded total area of green spaces under the slogan "Let's connect greenery!" in nature-positive efforts, achieving the target

To enhance the quality of green spaces, we have taken initiatives to offer our clients greening with native species since fiscal 2022 under the slogan "Let's connect greenery!," which is the Group's shared concept. In fiscal 2025, we worked on the greening mainly in our housing, rental housing, commercial facilities, office buildings, and condominiums, and cumulatively we created 1,003,000 m² of ecosystem-considerate vegetation cover,* thereby achieving our target. Going forward, we will continue our efforts to enhance both the quantity and quality of ecosystem-considerate vegetation cover.

* Area of ecosystem-considerate vegetation cover refers to the area of properties covered by green, of which 50% or more is accounted for by native species, in consideration of the natural ecosystem of the local environment. Properties subject to counting are set for each business division (see page 175).

■ Area of ecosystem-considerate vegetation cover (cumulative)

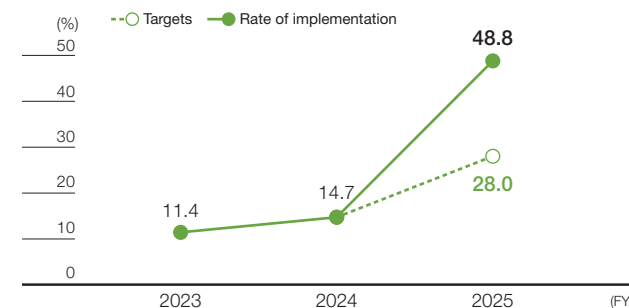


Proceeded with biodiversity initiatives at our own facilities, achieving the target

For the Group's directly operated sites (assessment areas), we assess whether they are located in areas requiring special attention (primarily areas designated as protected areas) and identify the types of risks involved.* As a result of initiatives implemented at identified significant sites within the premises of our own facilities, the rate of development and implementation of management and preservation plans reached 48.8% in fiscal 2025, achieving the target. Going forward, for sites within regions with biodiversity significance, we will continue to carry out appropriate green space management and monitoring, and we will move forward with the formulation of preservation plans in a phased manner.

* Determinations as to whether sites are located within protected areas are made using the Environmental Impact Assessment Database System (EADAS) of Japan's Ministry of the Environment.

■ Rate of formulation and implementation of protection and management plans of significant sites within premises of the company's facilities



■ 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 the 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 across 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.



P173 **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 concrete formwork; 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

Establishing a cross-departmental timber survey system

The formulation of our Biodiversity Guideline [Timber Procurement] provided the impetus for establishing a timber survey system in 2010. Its activities span all Group segments involved in purchasing, development, construction, and sustainability (including the environment) to ensure consistent implementation of CSR procurement. In fiscal 2025, each Group company worked with personnel responsible for procurement and construction at its branch offices to ensure timber procurement is carried out in accordance with the Guideline. By implementing timber surveys, requests for improvement plans, verification of supporting documentation, and other measures, the Group has been applying the PDCA cycle to drive improvements.



P113 **Operating the Supply Chain Sustainability Guidelines**

Conducting timber procurement survey at our suppliers

To implement our Biodiversity Guideline [Timber Procurement], we conduct an annual timber procurement survey.* We categorized timber into one of four ranks—SSS, SS, S, or C—pursuant to an assessment procedure in line with our zero deforestation policy. We formulated these 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: the Forest Stewardship Council® (FSC, a forest certification organization), the Programme for the Endorsement of Forest Certification Schemes (PEFC), and the Sustainable Green Ecosystem Council (SGEC). Also incorporated are human rights criteria such as the Guiding Principles on Business and Human Rights and free, prior, and informed consent (FPIC). For assessing source-country risks related to legality, biodiversity, human rights, and other factors, we also use Sourcing Hub, a Preferred by Nature risk assessment tool, to gain a full and accurate understanding of the situation. We receive plans for improvement from suppliers

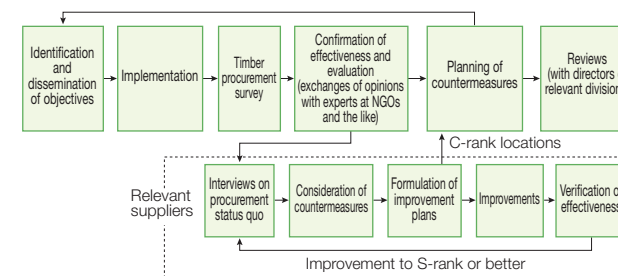
of C-ranked timber with high risk of deforestation as a result of the assessment and monitor the status of improvements. We publish the survey results and share them with cooperating stakeholders (such as environmental NGOs) so they can give us expert feedback that we can apply in future policy.

* Timber covered by the survey includes construction materials, wood used below grade, framing crosspieces, flooring, and concrete formwork.

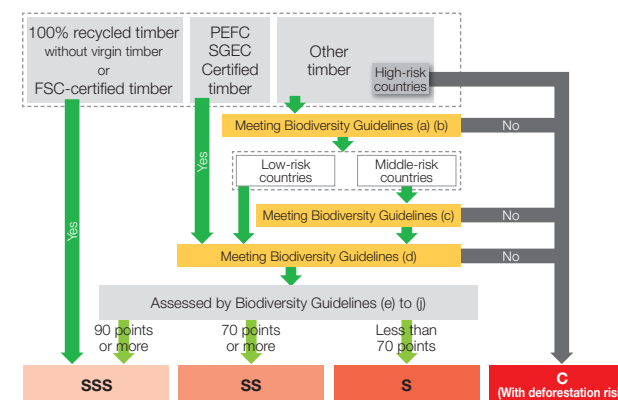


P173 **Environmental Data Biodiversity Guideline [Timber Procurement]**

■ Timber procurement survey flow



■ Survey results evaluation flow



■ Harmony with the natural environment (Preservation of biodiversity)

4—Challenge ZERO Deforestation

Aiming to achieve zero deforestation across our supply chain

To halt deforestation progressing across the globe, we aim to achieve zero deforestation not only in our own operations but across our supply chain. We require each of our 108 major timber suppliers (suppliers, general contractors, and subcontractors), which account for 99% or more of the Group's total timber procurement, to formulate a zero deforestation policy or to endorse the Group's zero deforestation policy. Under our cross-segment timber procurement structure, we study and implement measures to help suppliers formulate their policies, in an effort to promote initiatives across the Group.

Main Approach

Reducing C-ranked timber by planning for improvement

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 2025 survey covered the timber used for the major components (construction materials, framing crosspieces, flooring and concrete formwork) in single-family housing and rental housing products (obtained through centralized purchasing) and buildings (obtained through decentralized purchasing) owned by the Group.

In fiscal 2025, we required suppliers who provided C-ranked timber in fiscal 2024 (22 companies) to submit plans for improvement aimed at sustainably harvested timber, thoroughly checked the publicly available documentation for the timber, and switched sources in low-risk areas. As a result, in fiscal 2025, the rate of C-ranked timber* was 0.4% (a decrease of 0.1 percentage points from the previous fiscal year), achieving the target of 0.5%.

Going forward, we will continue to call on suppliers of C-ranked timber to make improvements and work to improve the Group's entire timber procurement.

* C-ranked timber does not include concrete formwork

 **P174 Environmental Data Rate of C-ranked timber in procurement**

Promoting the adoption of sustainable concrete formwork

Moving toward zero deforestation, we have included concrete formwork, which had previously been excluded from the scope of the survey, to further advance our efforts. In fiscal 2022, we established a Plywood Working Group, and initiated an effort to adopt sustainable concrete formwork, including Japanese domestic coniferous plywood panels and certified timber. In fiscal 2023, we conducted verification of these panels at multiple construction sites and also conducted interviews with concrete formwork contractors. As a result, we confirmed that the performance of the sustainable plywood panels was equivalent to that of conventional lauan plywood, causing no issue. In fiscal 2025, amid a decline in the production of coniferous plywood panels in Japan, we continued to promote the adoption of sustainable concrete formwork, primarily using certified timber. The percentage of buildings utilizing sustainable concrete formwork reached 70.3%. We will continue working to increase the adoption rate.

 **P175 Rate of sustainable concrete formwork use (no. of building basis)**

“Challenge ZERO Deforestation” Membership System

To share our stance on zero deforestation, we explained it to our suppliers and subcontractors. We also shared our efforts with timber suppliers by creating a video that summarizes the importance of zero deforestation among other measures.

Furthermore, to achieve zero deforestation across the value chain, in fiscal 2023 we launched a new membership system, “Challenge ZERO Deforestation,” and asked our timber suppliers to sign a letter of consent to our zero deforestation policy. In fiscal 2025, we gained support from a total of 111 companies, mostly our primary suppliers. We list the names of supporting suppliers on our website to widely promote our supply-chain-wide zero deforestation initiative.

Moving forward, we will share our zero deforestation policy with secondary suppliers and beyond, requesting their signatures on letters of consent.

 **Challenge ZERO Deforestation (Japanese text only)**

Conducting timber surveys in operations outside Japan

In response to the increasing share of the Group's sales accounted for by operations outside Japan, we have expanded timber surveys, which were previously only conducted in Japan, to include businesses outside Japan. In fiscal 2024, we started to conduct surveys in the United States, which accounts for over 70% of our business sales outside Japan, to verify the origin, legality, and sustainability of the timber used. In fiscal 2025, the survey in the U.S. revealed that the Group procures approximately 200,000 m³ of timber outside Japan, primarily from the U.S. and Canada. On some timber with insufficient verification of legality and sustainability, we are working to improve these issues. We will implement the survey beyond the United States as needed.

Topics

In-house utilization of Company-owned forests in Hokkaido

At the Date Otaki Company-owned Forest (Hokkaido), which we manage, we have been conducting afforestation activities together with the local Iburi Seibu Forest Owners' Cooperative since 1980, carrying out work such as undergrowth clearing, thinning, and the removal of harvested timber. As the trees planted during the initial phase reached harvesting age, we partially dried and processed into lumber approximately 922 m³* of Sakhalin fir and other timber harvested in 2025, and used it for the construction of the Company's wooden single-family housing and rental housing in Hokkaido.

Following harvesting, we are contributing to both sustainable forest resource utilization and nature positivity by replanting Sakhalin fir trees.

* Total volume of harvested timber



Replanting Sakhalin fir after harvesting

■ Harmony with the natural environment (Preservation of biodiversity)

5—Challenge ZERO Harm to Biodiversity

Basic Policy



Products and services

Promoting the restoration of urban ecosystems by greening with native species, in urban nature-positive*1 efforts

The Daiwa House Group strives to preserve or restore natural assets and the ecosystems they form by practicing green community development, while reducing the impact on biodiversity during development projects. In all community development projects, we seek to contribute to healthy ecosystems and enriched lives for people based on our concept of One Health.*2 In preserving urban and regional ecosystems, we aim to increase the quality of green spaces. Regarding quality, we encourage the use of native species suited to each region's natural environment, and we contribute to local ecosystem networks by making Group-wide efforts to connect green spaces. By expanding each individual green space, a process which includes, for example, placing focal-point trees on housing sites and adding green areas within facilities, thereby moving from a "point" to a "line" and then to an "area," we connect habitats for living organisms and contribute to the enhancement of urban ecosystems. However, when considering the scope of entire cities, the contribution from Daiwa House Group green space initiatives alone is limited. Therefore, we actively promote collaboration across the entire industry, seeking to make biodiversity-conscious greening activities the norm, and we work to contribute to a nature-positive transformation of society. In our urban nature-positive efforts, we will keep promoting the development of green communities that harmonize with the natural environment by offering greening proposals to our customers.

Our efforts to minimize the biodiversity impact of our large-scale land developments are governed by our Biodiversity Guideline [Development & Community Creation]. When planning exteriors, we propose greening that takes into consideration the local ecosystem in order to contribute to the local ecosystem network.

*1 Ecosystem restoration in urban areas

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



P173 Biodiversity Guideline [Development & Community Creation]

Management

Planting greenery of native species in urban nature-positive efforts

When proposing exterior landscaping and planting to customers, the Group works to enhance the quality of greenery under the slogan "Let's connect greenery!" To accomplish this, the Group ensures that more than half of newly planted trees—both tall and low—are native species suited to each region's natural environment. By selecting trees from regionally classified native species lists, we preserve connections with neighboring green spaces and ecological networks. Through this Group-wide shared concept, we aim to connect green spaces ranging from small residential gardens to larger commercial and office building facilities across the Group, thereby contributing to nature-positive urban areas.

■ Daiwa House Group's shared greening concept "Let's connect greenery!"



➤ Nature-positive community development under our greening concept, "Let's connect greenery!"

Voluntary standards checklist for development projects

Daiwa House's Urban Development Department utilizes the Group's checklist to quantitatively assess impact in accordance with its Biodiversity Guideline [Development & Community Creation] and also checks its biodiversity preservation activities with reference to ABINC certification.* For civil engineering works involving land development, based on the voluntary standards, the department promotes initiatives to minimize impacts on ecosystems and keep efforts above certain levels, from the planning stage of development to the completion of construction.

* A system under which the Association for Business Innovation in harmony with Nature and Community (ABINC) evaluates and certifies high level initiatives for biodiversity using the JBIB Guidelines for Sustainable Business Sites and the Land Use Score Card developed by the Japan Business Initiative for Biodiversity (JBIB) as the evaluation criteria.

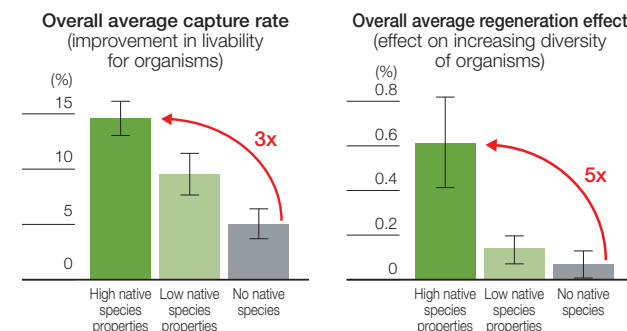
Main Approach

Expanding area of ecosystem-considerate vegetation cover

Since fiscal 2022, we have been working to expand the area of ecosystem-considerate vegetation cover. The Group defines the area of ecosystem-considerate vegetation cover as an area covered by green, of which 50% or more is accounted for by native species, in consideration of the natural ecosystem of the local environment. In fiscal 2025, the area added totaled 291,000 m², and the cumulative total area added to date is 1,003,000 m². Going forward, we will continue to preserve the habitat of animals by creating green spaces with our clients in consideration of the network of ecosystems, seeking to ensure the continuity of nature and greenery of the region, so as to pass on to the next generation rich ecosystems and sustainable communities.

Greening with native species has a measurable positive impact on biodiversity

In collaboration with Think Nature Co., Ltd., we conducted a quantitative evaluation in fiscal 2024 of the effectiveness of the Group's initiatives to promote greening with native species. Comparing properties in the Greater Tokyo Area where the Group implemented greening with 50% or more native species with properties where no native species were present, the capture rate was three times higher and the regeneration effect was five times higher. This study confirmed that these initiatives provide greater biodiversity preservation benefits compared with a scenario in which no activities were implemented.



➤ Effects on urban biodiversity preservation of greening activities using native species confirmed to be three times higher than when not implemented (Japanese text only)

■ Harmony with the natural environment (Preservation of biodiversity)

5—Challenge ZERO Harm to Biodiversity

Demonstrating synergies in collaboration among three housing companies

In September 2024, we collaborated with Asahi Kasei Homes Corporation and Sekisui House, Ltd., fellow housing companies, to assess the effects on biodiversity preservation of urban greening using native species.

With the help of Think Nature Co., Ltd., we integrated data on the number and species of trees planted by the three companies in the Greater Tokyo Area and analyzed each company's contribution to urban biodiversity preservation. This demonstrates that the three companies' practice of planting a variety of different tree species has increased urban biodiversity richness.

Moving forward, we will promote proposals that focus on planting native species throughout the entire housing and real estate industry to increase the synergies.

 **Asahi Kasei Homes, Sekisui House, and Daiwa House Industry collaborate, demonstrating nature-positive impact and synergies through urban greening with native tree species (Japanese text only)**

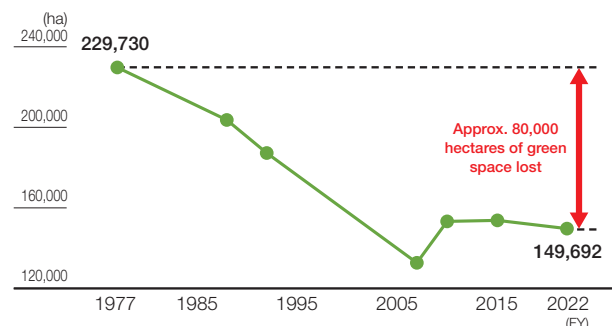
Forecasting the biodiversity restoration effects of greening with native species

For the Group's initiatives to promote greening with native species, we conducted a forecast of future effects, assuming the continuation of these initiatives. We also examined the intensity of our current activities, conducted evaluation and analysis, and estimated the level of progress toward the 2055 target of preventing any net loss set forth in our Long-Term Environmental Vision.

The analysis was conducted in cooperation with Think Nature Co., Ltd., and included the estimation of the baseline as well as an evaluation of the loss and restoration effects of trees, birds, and butterflies resulting from changes in the area of green space.

First, urban green spaces were defined as areas where built-up areas*1 account for 50% or more of a one-kilometer grid based on the Ministry of Land, Infrastructure, Transport and Tourism's land-use mesh data. Areas classified as forests (excluding agricultural land) were defined as green spaces. As shown in the following "Changes in the Area of Urban Green Spaces in Japan," urban green spaces throughout Japan have been on the decline since 1977 due to urbanization.*2 Although a certain degree of recovery was observed following the establishment of the national greening area system under Article 34 of the Urban Green Space Act in 2008, the total area of urban green spaces has since remained largely flat or has continued to decline.

■ Changes in the Area of Urban Green Spaces in Japan (1977–2022)



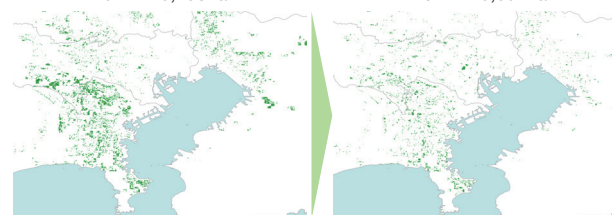
*1 Based on the Ministry of Land, Infrastructure, Transport and Tourism's detailed land-use mesh data, areas classified as building sites, roads, railways, and other land uses (such as airports and schools) were defined as built-up areas, and areas within these classified as forests were defined as green spaces.

*2 In 1977, rapid urban expansion (urban sprawl) was approaching its peak, and urban green spaces were declining rapidly.

Furthermore, based on the distribution of individual trees by species in 2022 and land-use changes from 1977 to 2007, we estimated the number of lost trees for each species. The results showed that approximately 80,000 hectares (approximately 30%) of urban green spaces were lost over the past 50 years. As a result, the diversity of urban ecosystems (trees, birds, and butterflies) has declined by 50% or more. Based on these results, we estimated the quantitative effects of the Group's initiatives. Of the lost green space area (approximately 80,000 hectares), the area estimated to be attributable to the Group's business activities accounts for approximately 3%.*3

*3 The percentage of the Group's constructed properties' floor area compared with total constructed floor area in Japan

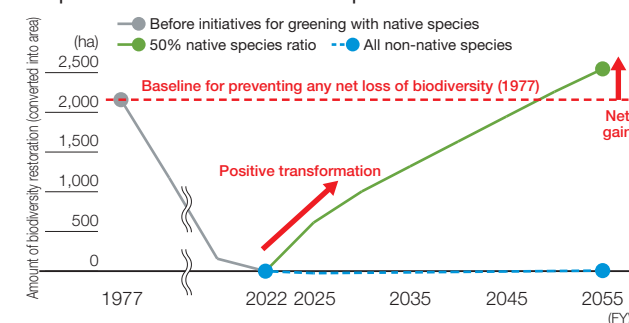
■ Changes in Urban Green Spaces (Example: Greater Tokyo Area)



Furthermore, based on actual results from greening with native species since 2022, we conducted a forecast of future effects. The results confirmed that if we continue greening

activities with a native species ratio of 50% or higher, the amount of biodiversity restoration will exceed the amount of forest loss caused by development since 1977 (fulfilling our target of preventing any net loss) before 2055, by delivering a net gain, or positive transformation.

■ Forecast of Biodiversity Loss and Restoration in Urban Green Spaces at the Scale of the Group's Construction Activities



* The amount restored and additionally increased in net terms compared with the biodiversity loss level in 1977.

Based on the estimated area of green space loss caused by the Group's business activities from 1977 to 2022 (2,158 hectares) and the associated biodiversity loss, the subsequent restoration to be achieved via planting activities was converted into area equivalents. In the calculation, in addition to changes in the number of trees, the functions of habitats for birds and butterflies (improvement in quality) were also taken into consideration.

<Analysis Conditions and Samples>

Greening standard using native species: 50% native species (based on number of trees)

(1) Sample used to calculate biodiversity restoration amount Total: 79 properties; green space area: 36,952 m²

(Breakdown) Target areas: Urban areas throughout Japan (Tohoku, Chubu, Kinki, Chugoku/Shikoku, and Kyushu)

Target properties: Single-family housing (27), apartment buildings (20), condominium buildings (6), commercial and business facilities (26)

(2) Construction area data used for effect forecasting

Sources: Government statistics (2023 Housing and Land Survey) and the Group's constructed properties

Period: 2019–2025

Target properties: Houses (36,792), apartment buildings (17,479), condominium buildings (35), commercial and business facilities (5,864)

Creating nature-positive urban areas

In urban ecosystems, biodiversity loss has accumulated over time. The Group believes that improving both the quantity and quality of greening with native species will more quickly create nature-positive urban areas. To this end, we will continue to expand our initiatives and promote collaboration with other companies.

■ Harmony with the natural environment (Preservation of biodiversity)

5—Challenge ZERO Harm to Biodiversity

Basic Policy



Business activities

Promoting eco-considerate management and operation of Company facilities

The Group endeavors to protect biodiversity through efforts that include certification for Group facilities by external certification systems, biodiversity surveys within Group facilities (stormwater retention ponds, other sites), and activities to protect rare species at construction sites.

Identifying, managing and preserving significant sites at Group facilities

To understand the impact on biodiversity at our directly operated sites, the Group evaluates the extent of biodiversity impact at business activity sites and performs self-assessments of its ecosystem-aware site management. We strive to minimize the risk of biodiversity loss (negative impact) to maintain sustainable operations at our directly operated offices, factories, research centers, training centers, commercial facilities, distribution centers, power stations, company-owned forests, golf courses, and other properties. We apply nature-aware management and preservation measures, especially in areas adjacent to protected zones that are considered ecologically sensitive.

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

The Daiwa House Group has endorsed a project called Plastics Smart conducted by the Ministry of the Environment, and has set a goal of reducing the impact associated with marine plastic pollution problems to zero by 2030, the target year of the SDGs. We are therefore taking action to reduce use of plastics, etc. In March 2020, the Group formulated its Plastics Usage Guidelines, a policy for the proper use of plastics, which includes the reduction of discarded plastics.



P176 Environmental Data Plastics Usage Guidelines

Management

Stance on significant sites at Group facilities

For the Group's directly operated sites (assessment areas), we determine whether they are located in areas requiring special attention (primarily areas designated as protected areas, etc.) and identify the types of risks involved.* For sites identified as priority areas under the TNFD framework, we are progressively implementing appropriate green space management and monitoring. Going forward, we will promote preservation activities at all identified directly operated management sites.

* Areas designated as protected areas under international conventions, Key Biodiversity Areas (KBAs), and Japanese laws.



P067 Response to Taskforce on Nature-related Financial Disclosures (TNFD) ■ Direct operations (Group facilities) | Biodiversity impact assessment

The Daiwa Plastics Smart Project

In accordance with the Plastics Usage Guidelines, the Group prohibits the use of single-use plastics for office supplies and sales promotion tools provided to clients, as well as for cutlery served to clients, and has replaced them with alternatives. File folders, bags, and other goods offered to our clients at each branch office were switched to those made of our proprietary Forest Certified Paper** from the conventional plastic ones, based on newly created specifications. In fiscal 2022, over a six-month period, the Group ordered approximately 400,000 A4-size paper folders and approximately 14,000 A3-size paper folders across the Group, reducing the use of single-use plastics. In addition, we conducted a self-assessment on single-use plastics among all employees to raise awareness of the Guidelines and promote the appropriate use of plastics. As a result, the employee recognition rate of the Guidelines reached 93.9% in fiscal 2025.

* 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.

Ongoing monitoring surveys

The Company believes 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. Going forward, we plan to continue monitoring all identified significant sites.

Project	Start of project (FY)/ Business type (area)	Location	Surrounding environment
Forest Housing Aso Ichinomiya Resort ASONOHARA	2019/Development (126,064 m ²)	Aso, Kumamoto prefecture	Residential area developed on a tract of tableland

Activities/Status report

ABINC certification and JHEP (AAA-rating) certification acquired for some plots developed in 2019. We updated ABINC certification in 2023 and JHEP (AAA-rating) certification in 2024. Monitoring surveys continue to be conducted. (Reports undisclosed)



➤ The housing development that tackled restoration of Aso's 1,000-year-history grasslands

Main Approach

Status of the Group's facilities

Of the 1,773 business activity locations operated by the Group, 41 sites covering 3,029 hectares were identified as significant sites for biodiversity in fiscal 2025. Going forward, for sites identified as priority areas, we will implement appropriate green space management and monitoring. In addition, for sites where particularly significant opportunities for biodiversity preservation are expected, we will proactively undertake preservation activities.



P176 Environmental Data Biodiversity assessments for Daiwa House Group sites

Grassland creation initiative within Forest Residential Area ASONOHARA

Managed by the Company in Kumamoto Prefecture, the Royal City Aso Ichinomiya Resort, has been developed as a "residential forest" since sales began in 1999. Over two and a half decades, it has offered a nature-enhanced lifestyle to more than 200 households while engaging in community development, infrastructure improvement, and environmental preservation activities. In ASONOHARA, a new portion developed from 2019, we are now working to reconstruct the value of the natural environment by practicing community development employing local resources, especially since this residential area is located

■ Harmony with the natural environment (Preservation of biodiversity)

5—Challenge ZERO Harm to Biodiversity

within Aso-Kuju National Park. Our approach to land use that considers biodiversity preservation and promotes co-creation activities with stakeholders has been well received, resulting in the acquisition of ABINC certification (certification for biodiversity-considerate business sites) in 2020. The project received the ABINC “Special Award” in 2023 in recognition of its restoration plan utilizing the unique grassland environment of the Aso region. In addition, it obtained JHEP Certification in 2020 and, for the first time for the Company, achieved the highest AAA rank. This evaluation recognized the significance of grasslands to the Aso region and the project’s unprecedented, highly valuable initiative of restoring grasslands through residential development.



Royal City Aso Ichinomiya Resort
ASONOHARA



[!\[\]\(f1c5da15572e3e09d343161be98f508d_img.jpg\) 7 Aso Ichinomiya Resort ASONOHARA \(Aso, Kumamoto prefecture\)](#)

[The housing development that tackled restoration of Aso’s 1,000-year-history grasslands](#)

Contributing to the “30 by 30” target Initiatives for Nationally Certified Sustainably Managed Natural Site

Ohnaru Pond is located in the Royal City Daisen Resort in Tottori Prefecture, a forested residential area managed by the Company. As a reservoir with a water storage capacity of 37,600 tons, it is supplied by groundwater from Mt. Daisen and maintained and managed by the Maruyama Production Forest Cooperative. The habitat surrounding the pond boasts an impressive stand of Japanese red pine trees, aged 50–60 years, and there are similarly sized ponds scattered nearby. In this area, we carry out management activities such as grass cutting and the removal of hazard-posing trees. Together with residents, we also conduct volunteer activities to remove lance-leaf coreopsis, an invasive alien plant species that affects Japanese ecosystems. Through these initiatives, an ecosystem monitoring survey conducted in November 2023 identified 10 rare species in the area surrounding Ohnaru Pond and 24 rare species throughout the entire Royal City Daisen Resort area. Based on these results, we have been promoting measures such as prohibiting the

release of and removing alien species, including carp and rainbow trout. We have also developed and implemented plans in collaboration with local residents, including study sessions on ecosystems and the installation of nest boxes to provide habitats for bees. In recognition of these initiatives, Ohnaru Pond was named a Nationally Certified Sustainably Managed Natural Site by Japan’s Ministry of the Environment. In addition, two shopping centers developed by Group company Daiwa Lease, namely BRANCH Kobe Gakuentoshi with its cogongrass colony in Hyogo Prefecture, and Frespo Goshono with its biotope in Akita Prefecture, have also been named Nationally Certified Sustainably Managed Natural Sites. Representing a combined certified area of approximately 2.6 hectares, these initiatives are helping Japan achieve its 30 by 30 Roadmap targets.



[7 Two Daiwa House Group projects named Nationally Certified Sustainably Managed Natural Sites by the Ministry of the Environment \(Japanese text only\)](#)



Ohnaru Pond within Royal City Daisen Resort

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

At the Company’s Mie Factory, one of the biodiversity-significant sites, the presence of a near-threatened freshwater mussel in a regulating reservoir of approximately 6,000 m² 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 preservation activities promoted by the prefecture, and activities are underway. In fiscal 2025, we held four “Ikimono Kansatsu-Kai” aquatic animal observation meetings in cooperation with Mie Prefecture and an NPO, at which local residents, including elementary schoolers, can observe and interact with wildlife and learn. Cumulatively, some 800 people have participated as of March 31, 2026. We include the results of these biological surveys in pamphlets and our website and are committed to promoting the preservation of local ecosystems.

Topics

Studying biodiversity-considerate green space management methods at Group facilities (Fujita)

Group company Fujita Corporation regularly surveys green spaces on the premises of its Technology Center in Kanagawa Prefecture. Fujita uses the results to test green space management methods that enable diverse organisms to coexist, cooperating with landscaping contractors and others. In recent years, the focus has been on grassland plants and animals. By creating conditions where grasses of different heights coexist, and by observing changes over time, Fujita promotes sustainable management.

In fiscal 2024, an overall survey of plants and animals was done, identifying many species: more than 300 plants, 8 mammals, 31 birds, and more than 250 insects. For the 20th anniversary of the facility, Fujita also analyzed the long-term environmental impacts that occur when constructing a building in a *satoyama* landscape (traditional Japanese countryside) and then managing and conserving the surrounding green spaces. In addition to rare species, some invasive alien species were also identified. Next, Fujita will study green-space management methods designed to eliminate invasive species and conserve rare species, and utilize these findings in proposals for green spaces based on scientific data.



Regular biological monitoring with external experts

Acquisition of ABINC certification for condominiums (Daiwa House Industry)

The Company’s major condominium project in Kanagawa Prefecture uniquely combines the features of an Urban Residential Area Infrastructure Improvement Project and a Disaster Prevention Park Area Development Project. It is a significant location from the perspective of ecological network connectivity. For the landscaping, existing green spaces and trees were preserved, and locally occurring tree species were selected, including Japanese bay, East Asian eurya, and Japanese pepper, for an overall green space ratio of 40%. These initiatives earned ABINC certification.

The condominium business acquired ABINC certification for two properties in fiscal 2025, for a cumulative total of 18 properties certified since fiscal 2016.

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

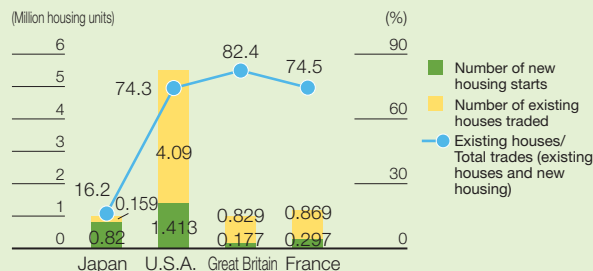
Policy and Concept

Social issues

Due to world population growth and a rise in living standards, global consumption of natural resources has surged over the years. Material resource extraction, processing, and manufacturing have a significant impact on climate change and the loss of nature and biodiversity. Against this backdrop, there is now a need to shift away from a linear economy, a mass-consumption and mass-disposal model, to a circular economy system in which products are used for a long time through proper maintenance and, after use, are reused or recycled into resources and used again. In Japan, a foundation is being established to encourage this shift thanks to various recycling laws and government support measures. Meanwhile, a key issue is that the service life of a Japanese house is short compared to that typical of houses in Europe and North America due to the low circulation rate of existing homes.

With regard to water resources, climate change is causing more extreme weather conditions, resulting in problems such as heavy rain, flooding, and drought. The Water Action Agenda adopted at the UN 2023 Water Conference captured commitments aimed at transforming the global water crisis into a water-secure world. In Japan as well, the Basic Plan on Water Circularity was formulated in August 2024 in light of changes in the water circularity landscape. The situation calls for collaboration toward minimizing damage from flooding, maximizing the benefits of water, and maximizing a rich environment connected by water.

■ Share of existing houses in the market, by country



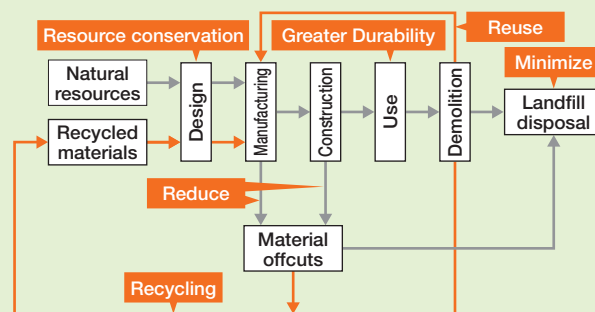
Source: Ministry of Land, Infrastructure, Transport and Tourism "International comparisons of housing standards (2023)" taken from Data on Housing and Economy 2025

The Daiwa House Group's impact on society and the environment

As the construction of houses and buildings consumes more resources than the production of other products, a scrap-and-build business model places a greater burden on the environment. We work to reduce the input of new resources in the construction phase by thoroughly conserving resources through design and by adopting recycled and reused materials wherever possible. Upon construction and demolition, a large amount of by-products is generated at sites. We recycle such by-products to reduce the amount of waste for final disposal. We also work to mitigate new resource extraction by extending the service lives of our houses and buildings and reducing the frequency of rebuilding. Through these initiatives, we help create a societal infrastructure rooted in regeneration and circulation. In our hotel business, we foster a lifestyle culture rooted in regeneration and circulation through reduction of one-way plastic amenities and recycling initiatives. These are intended to contribute to the shift to a circular economy.

The Group operates facilities where water usage is high, including power plants, resorts, sports facilities, hotels and nursing facilities. We are expected not only to reduce water consumption but also to take flood mitigation measures as an important role of a construction company.

■ Flow of resource cycling in housing and building construction



Risks and opportunities for the Daiwa House Group and its responses

Houses and buildings are built using a wide variety of construction materials and products, the majority of which are imported materials. Therefore, geopolitical risks and tighter regulations in resource-producing countries may decrease the supply of virgin raw materials and raise their prices, which is posing risks to the Group's business. To be prepared for that risk, we are implementing resource-efficient design guided by the concept of Industrialization of Construction. In the phase of construction, we use recycled materials, as well as timber, a renewable resource, wherever possible, and promote the cyclic use of resources by recycling by-products generated at construction and demolition sites. Durability extension of houses and buildings is seen as a business opportunity. For housing, we have developed a long-term warranty system, under which we suggest inspections and maintenance at the right timing for components affecting a building's durability, such as structural members and waterproofed parts. This contributes to extending the service lives of houses and also to increased orders for home renovation. We also established a system under which houses and buildings that are no longer in use are purchased by the Group, properly maintained, refurbished to add value, and returned to the market so that they can continue to be used for many years.

Climate change is increasing risks associated with water, such as water shortages and flooding. 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 building use phase. Initiatives in this stage are deemed as opportunities for the Company as they contribute to reducing customers' water bills during building use and facility operation. Offering high-value-added products also leads to higher sales. In the business activities, we are reducing water consumption with water-saving devices and taking measures against heavy rain and flood at our facilities. In the procurement stage, the Group surveys water risks faced by principal suppliers at their factories.

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

○ Road Map for the Long-Term Environmental Vision

6—Challenge ZERO Waste and Reuse					7—Challenge ZERO Water-Associated Risks					
2055	Minimize the volume of resources used and waste emissions by extending the durability of buildings; zero waste emissions throughout supply chains across the Group									
2030	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 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		-45%	Complete water risk countermeasures at all owned locations and high-risk supplier locations	
2026	Number of assets subject to effective use	3,100	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	-45%	Implementation rate of water risk surveys by principal suppliers	100%

In line with the 7th Medium-Term Management Plan, the Endless Green Program 2026 concluded in fiscal 2025, one year ahead of its original schedule, so the fiscal 2026 targets have not been reviewed.

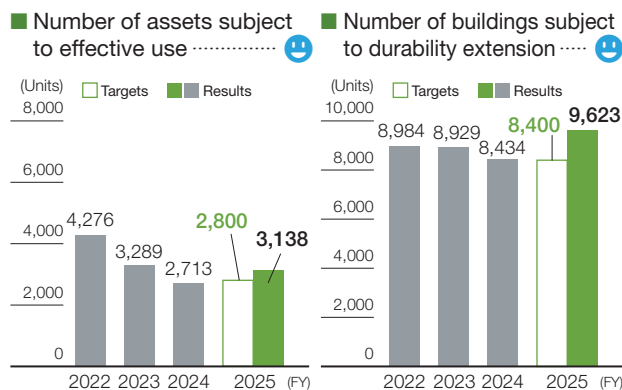
Self-assessment of the Main Targets and Results of Endless Green Program 2026

😊 : Target for fiscal 2025 achieved 🟡 : Target for fiscal 2025 not achieved (achieved 90% or more) 🟠 : Target for fiscal 2025 not achieved (achieved less than 90%)

Target achieved by promoting trade of existing buildings and extending their durability

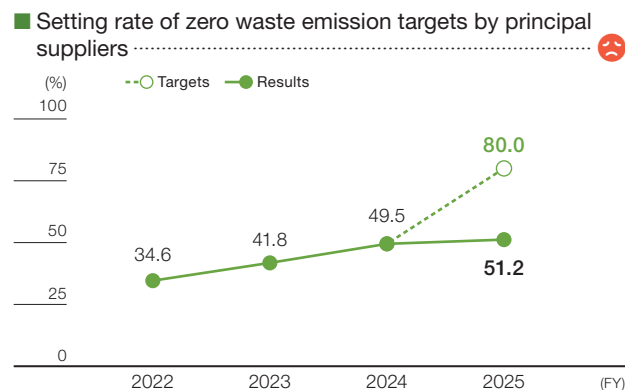
To make effective use of existing buildings, we vitalize trade of existing homes and rental housing through purchasing and selling such houses and mediating the purchase and sales. As a result, the number of assets subject to effective use, which is a sum of the number of existing buildings that we bought for sale and the number of those we mediated purchase and sales (based on the number of residential units) in fiscal 2025, was 3,138, achieving the target.

For houses the Company sold in the past, we conducted inspection and diagnosis after the initial warranty period expired, and promoted maintenance work for extended warranty. In rental housing as well, we have cooperated with management companies and proposed warranty extension work to the owners. As a result, the number of buildings subject to durability extension in fiscal 2025 reached 9,623, achieving the target.



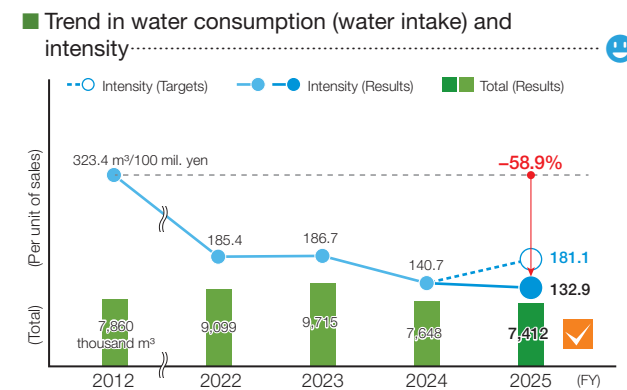
Target not achieved, despite efforts for setting targets throughout supply chains

Through dialogue with principal suppliers engaged in construction, the Group is encouraging them to set zero emission targets regarding the waste discharged from their factories. In fiscal 2025, we were unable to achieve the target with the setting rate being 51.2%, although up 1.7 percentage points year on year. Aiming for a society committed to a circular economy, we continue encouraging our suppliers to set zero emission targets.



Target achieved for water consumption per unit of sales

In fiscal 2025, the Group's water consumption decreased for the second consecutive year because a thermal power station which consumes a lot of water was still in the commissioning phase. Furthermore, installing water-saving devices in hotels, resorts, sports facilities, commercial facilities, stores, and factories reduced water consumption. As a result, water consumption per unit of sales in fiscal 2025 saw a decrease of 58.9% from fiscal 2012, thus achieving the target.



■ 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 buildings and vitalizing the market of existing homes

Construction of buildings requires large inputs of resources. We therefore work to provide highly durable buildings with long-term warranties, and to maintain their durability, provide inspections and maintenance at the right timing. This extends their service lives and reduces the frequency of rebuilding, helping to lower new resource inputs.

In our single-family housing business, we return houses to the market after adding value to them and extending their service lives, and vitalize trade of such homes to reduce environmental impact. We will also strengthen and expand the stock business in office and commercial buildings.

Management

Extending the service lives of houses and buildings

The Group has been developing technologies to enhance seismic resistance and durability of houses and buildings. Aftersales support services are also provided after the building handover, thereby enabling houses and buildings to be continually inhabited and used over the long term.

Our seamless support helps reduce the frequency of rebuilding and contributes to reducing the volume of resources used.

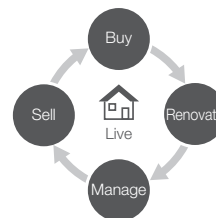
Fourteen Daiwa House Group companies work together to offer a one-stop customer touchpoint

To improve the value of the quality existing housing stock, eight Daiwa House Group companies jointly launched the Livness brand for the Group's housing stock business in 2018. Currently, fourteen Group companies* work together and manage such housing across the Group. 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 look no further. The Provision of Quality Housing Stock Association, a general incorporated association established in collaboration with other industry players, is encouraging the development of a market that appropriately assesses the value of quality housing stock.

As a brand for the real estate stock business for office buildings and commercial facilities, we fully launched BIZ Livness in May 2024. Each Group company leverages its strengths in areas such as renovation, brokerage and management to collaborate and provide one-stop solutions to a wide range of real estate-related issues.

* 14 companies are Daiwa House Industry, Daiwa House Reform, Daiwa House Chintai Reform, Daiwa House Real Estate, Daiwa LifeNext, Daiwa Living, DesignArc, Daiwa House Realty Management, Daiwa House Property Mgt., Fujita, Royal Home Center, Daiwa Lease, Daiwa Energy, Eneserve.



Main Approach

Technological development for higher seismic resistance and durability

In our single-family housing business, we incorporate our proprietary technologies into our flagship product xevoΣ to provide homes with superior seismic resistance and durability. The technologies employed in the product include D-NΣQST (d-next), a seismic energy-absorbing bearing wall, and insulation-backed breathable exterior walls with waterproof, moisture-resistant, and weather-resistant properties. We are also actively working to obtain Long-Life Quality Housing Certification. In the construction business, we are developing technologies that enhance building longevity, such as DKB® Elastic Slide Shoe, a seismic isolation material for improving the seismic resistance of logistics centers, and DUAL CORE BRACE that mitigates damage to the interior and exterior of buildings during an earthquake.



An insulation-backed breathable exterior wall with water and moisture resistance



A seismic isolation material DKB® Elastic Slide Shoe

Post-delivery maintenance for extending the service lives of existing homes

The houses and rental housing the Company offers come with the industry-leading initial guarantee periods. We provide aftersales support through AQ Support, a long-term warranty and inspection program in our single-family housing business, and CONSTRUCTION RELATION, a program provided in the construction business, in which we handle everything from maintenance through repairs to renovation proposals as necessary.

For existing houses and rental housing sold by the Company, we actively pitch proposals for extending their warranty periods with maintenance work associated with structural strength, prevention of rainwater permeation and anti-termite treatment, thereby contributing to extending their service lives. For properties offered by other companies as well, we offer proposals on seismic strengthening work and waterproofing work. We will continue to expand the stock of housing with higher quality.



P111 Long-term quality assurance



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

Good Relations System (Japanese text only)

Effective use of building assets

The Company is promoting the effective use of building assets through purchasing and reselling existing single-family housing. We inspect the condition of a building before purchasing it, and based on the inspection results and a comparison with the latest building standards, perform necessary maintenance, including improvements in insulation performance, energy-saving performance, and security and disaster preparedness features, to enhance the value of the building. Once the construction work is completed, the house undergoes more than 100 inspections to ensure its quality before delivery.

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

6—Challenge ZERO Waste and Reuse

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. 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 enacted in Japan in 2022 defines five one-way amenity items provided by lodging service operators as the specified plastic-containing products, and requires those providers to control the use of such products and recycle them. The Group decided to reduce the use of the specified plastic-containing products per guest, 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.

Management

Material recycling of waste plastics

We have set a target for the recycling rate of waste plastic materials discharged from the factories of Daiwa House Industry and the Group's 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.

Reduction in the use of plastics and their total recycling in hotel operation

The Group's three lodging business operators, Daiwa House Realty Management, Daiwa Living and Nishiwaki Royal Hotel, have jointly set targets for the use of plastics. They are working to reduce the use of one-way amenities that are designated as specified plastic-containing products and promote material recycling. We confirm the amount of amenities actually used by the operators and create opportunities for dialogue with them on a regular basis to share amongst the Group the policy on reducing one-way amenities and measures being taken by them.

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

We have designated our supplier organizations, the Trillion Club and Setasu Club, as well as 207 companies among the suppliers to the Group's Daiwa Lease and Fujita, as principal suppliers, and ask them to set zero emission targets. Further details on their targets and results are collected through questionnaire surveys along with their efforts. We also hold Zero Emission Dialogue with suppliers without such targets to confirm how they are disposing of waste and provide support for setting the targets.

Main Approach

Strengthen cooperation with waste treatment 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. As a result, the recycling rate of waste plastic materials in the Group* came to 29.5% in fiscal 2025, up 5.0 percentage points year on year.

* Reporting organizations are Daiwa House Industry, Daiwa Lease, and DesignArc



P177 Environmental Data Recycling rate of waste plastics material (Manufacturing)

Reduce one-way plastic amenities and promote material recycling

The Group is gradually discontinuing the placement of amenities in guest rooms at its hotels and introduces instead self-service counters so as to reduce the excessive use of amenities. Some of its hotels adopted toothbrushes made of bamboo and other products using alternative materials to plastic. Material recycling is also underway, whereby used amenities are collected to be reused as raw materials. In fiscal 2025, the use of plastics was reduced by 21.0% from fiscal 2021.



P178 Environmental Data Recycling rate of amenities that are plastic-containing products specified in law (hotels)

Questionnaire surveys on zero emission targets and strengthened dialogue through Zero Emission Dialogue

The questionnaire survey conducted with principal suppliers in fiscal 2025 shows that 51.2% of suppliers have set their zero emission targets, up 1.7 percentage points year on year. The Group holds Zero Emission Dialogue with suppliers without such targets, and held dialogues with ten suppliers in fiscal 2025 and requested them to set the targets, while also confirming how they are disposing of waste.

We continue dialogues with suppliers and aim to realize a circular economy.



P178 Environmental Data Setting rate of zero waste emissions targets by principal suppliers

■ 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)

Based on the corporate mission, Industrialization of Construction, the Daiwa House Group produces main housing and system construction products at its own factories. We aim to reduce waste generation by improving design and construction methods. Specifically, 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, demolition, and renovation.

Management

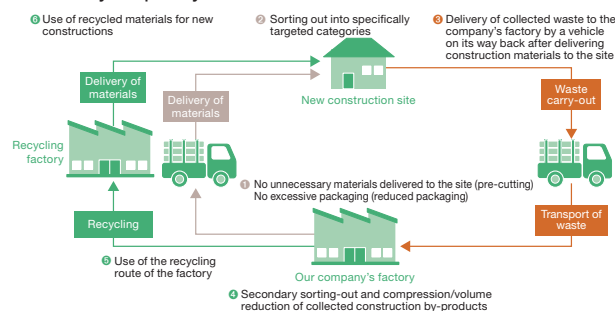
Adopting product development, design, and construction processes conducive to resource conservation and recycling

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, as a general rule, recycling waste materials generated at single-family housing and rental housing construction sites in accordance with waste disposal plans prepared for each region. The recycling is conducted 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 with collecting, transporting, and disposing of waste, and confirm that they perform proper management.

Improving the recycling rate with our Factory Depo

Daiwa House Industry has 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 waste emissions.

■ 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 floors to one that is about 75% lighter than the conventional one. We are introducing a lease arrangement for carpet tiles used at temporary offices erected at construction sites. Under this arrangement, the tiles are collected, cleaned and stored by our Group company DesignArc to be reused at other construction sites. We replaced 74,152 carpet tiles with leased ones in fiscal 2025. Furthermore, construction signboards made of combined materials that were unrecyclable were replaced with signboards composed mainly of recycled wastepaper. In cooperation with paper manufacturers, we established a system for total recycling. We replaced 3,829 signboards with recyclable ones in fiscal 2025.

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, and warehouses. We help minimize the generation of waste at construction sites by conserving resources through comprehensive rationalization of steel-frames and in-house manufacturing and processing of principal members to the specified design dimensions.

We embarked on the production of precast bedding with spandrel walls in fiscal 2021, aiming to reduce scrap from plywood concrete forms and material losses at construction sites. In fiscal 2025, we adopted system construction products in the construction of retail stores and nursing care facilities.

Proper disposal of hazardous waste

Asbestos that can be released during demolition and other works on buildings falls under specified hazardous industrial waste. The Company confirms whether the building employs asbestos-containing materials using a preliminary research sheet, and at properties proven to have such materials, takes appropriate measures in accordance with the Act on Waste Management and Public Cleaning. To keep workers safe, we assign a responsible person for the work, prepare a work plan, and at the work site, ensure that workers wear protective equipment and spray water over the demolition area to wet surfaces during the asbestos removal. Details of the work are recorded and stored for a designated period.



P179 Environmental Data Specially controlled industrial waste emissions (Daiwa House Industry)

Topics

Horizontal recycling of aluminum sash through cooperation (Daiwa Lease)

Daiwa Lease, a Group company, established a horizontal recycling scheme in cooperation with LIXIL Corporation and put it into operation in 2025. The scheme allows used aluminum sash for lease to be collected, recycled into products of equivalent quality, and supplied to Daiwa Lease construction sites.



➤ Daiwa Lease and LIXIL established a circular system for horizontal recycling of aluminum sash (Japanese text only)

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

7—Challenge ZERO Water-Associated Risks

Basic Policy

Products
and servicesBusiness
activities

Procurement

Reducing water consumption in our corporate facilities as well as houses and buildings and identifying and minimizing risks to water resources

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 and golf courses) 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 maps for sites with high flood risk (offices, factories, commercial facilities and others that attract large crowds) to take countermeasures.

Going forward, we will adopt devices with greater water-saving performance, propose rainwater harvesting, and implement flood mitigation measures at the Company facilities.

Management

Reducing water consumption in the stage of habitation

The Group 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 11 companies across 18 sectors (divisions) with water consumption of over 10,000 m³ among its principal 23 subsidiaries. The Company's sectors where water usage is high include factories and offices, and those at Group companies include logistics centers, commercial facilities, resort/sports facilities, hotels and nursing care facilities. For those sectors, we confirm results on a quarterly basis, promote the adoption of water-saving devices, and encourage water recycling to reduce water consumption.

Efforts in managing water risks throughout the supply chain

The Group believes that it is important to identify risks associated with water resources and take measures throughout the supply chain. Since fiscal 2018, we have been conducting water risk assessments and encouraging improvement through periodical surveys conducted among the principal suppliers to three Daiwa Group companies (the Company, Daiwa Lease, and Fujita) on the progress they have made in 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.



P183 Environmental Data Water risk assessment results in timber-producing countries

Main Approach

Employing water-saving equipment

To reduce water consumption during building use, we set targets towards 100% installation of water-saving fixtures—such as low consumption toilets and kitchen faucets, as well as water-saving shower systems—in our houses, condominiums, hotels, and nursing facilities. The installation rate in fiscal 2025 was 99.5%. For single-family housing we build, we are promoting the installation of water-saving shower systems with both shut-off valves and low flow shower heads, which are devices with greater water-saving performance. The adoption rate in fiscal 2025 was 93.0% against a target of 95%, up 2.3 percentage points year on year. Installing a water-saving shower system*

results in a 32% reduction in water consumption compared to a standard shower system.

* A shower system that satisfies building energy consumption performance standards



P181 Environmental Data Water-saving device adoption rate, Water-saving device adoption rate by department (FY2025)

Water conservation across the Group

We ascertain the volume of water intake, wastewater discharge and recycled water across the Group, and set targets for reducing water usage for the 11 companies (in 18 sectors) with water consumption of over 10,000 m³ among the Group's 23 principal companies. In addition, we are formulating water management plans at all nine factories of Daiwa House Industry and promoting initiatives for water conservation. For sectors where water usage is high (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), we take measures such as installation of water-saving equipment, and share case studies amongst Daiwa House Group companies and roll them out across the Group. 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.



P181 Environmental Data Water consumption

P182 Environmental Data Water conservation measures at each facility (FY2025)

Water recycling at our Head Office building and power plants

At Daiwa House Industry's Head Office building in Osaka Prefecture, we reuse wastewater from air conditioners, etc. and rainwater for washing toilets after treating them for recycling. We also fully recycle the cooling water used at Hibikinada Power Station that joined the Group in January 2023.



P183 Environmental Data Water recycling in each facility (FY2025)

Effective use of water resources at factories

Daiwa Lease, a Group company, is reducing water consumption at its factories with the adoption of waterless urinals. The factories are also equipped with rainwater tanks so that the collected rainwater can be used for cleaning the foundation of temporary structures and for watering plants, thereby achieving the effective use of water resources.

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

7—Challenge ZERO Water-Associated Risks

Assessing water stress levels*1 at Group facilities

In 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 the Group's facilities are located. The water stress levels were evaluated using WRI Aqueduct*2, 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 set targets within a range that is deemed reasonable for each facility. Meanwhile, the assessment in fiscal 2024 identified two overseas facilities with water consumption of over 10,000 m³ that are located in areas deemed to be affected by water stress. One is a production factory in Thailand and the other is a hotel in Mexico. We sold the shares in the former in June 2025, while we drew up a water consumption reduction plan for the latter with targets to be managed from fiscal 2026. The volume of water consumption in areas faced by water stress accounts for less than 1% of the total amount of water consumed by the Group.

*1 Percentage of freshwater intake relative to total freshwater resources

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

 P183 Environmental Data Water Usage in Water Stress Areas (Water Intake)

Water risk assessment at Group facilities

Some of the facilities, such as factories and golf courses operated by our Group companies consume large amounts of water, potentially using hazardous chemicals and discharging water to public waterways. We quantified their water resources risks*1 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 the WWF-DEG Water Risk Filter*2. The results confirmed that there are no high-risk facilities.

To take countermeasures for Group facilities with high flood risk, we confirmed hazard maps 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 exposed to such risks, on-site investigations are being conducted, with countermeasures underway.

To carry out activities in line with science-based water-related goals, we applied the Science Based Targets for Nature*3 framework in fiscal 2025 and conducted a state of nature assessment (Step 1) and prioritization (Step 2) for the Group's facilities.

*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)

*3 Science based target setting framework developed by the Science Based Targets Network (SBTN)

 P183 Environmental Data Results of Comprehensive Water Risk Assessment at Group Facilities

Water risk evaluation at suppliers' factories

Since fiscal 2022, we annually survey principal suppliers to three Daiwa Group companies (the Company, Daiwa Lease, and Fujita; 207 such suppliers in fiscal 2025). The survey is intended to ask them about water intake, wastewater discharge, restrictions on water intake, potential impact from flooding, capital investment, compliance, water-related targets, and hazard map of their factories, and to confirm flood proofing measures. Our overseas factories are evaluated using WWF-DEG Water Risk Filter, a water risk assessment tool. We score them according to the progress of their efforts and confirm the degree of improvements. We then share feedback and flood mitigation measures with them through training sessions. The survey received responses from 99% of the principal suppliers. In the event of a disaster, we assess the extent of damage incurred not only at the tier-1 production sites, but also the tier-2 and tier-3 sites as part of business continuity plans (BCP). Also, to ensure a continuous supply of parts in the event of a disaster, BCPs have been prepared in light of the actions to be taken by each manufacturer. The plans cover 14 companies that supply centrally procured components (35 components) deemed critical, in addition to the 45 companies (69 components) that the Company positions as particularly critical. To verify whether the plans function properly during a disaster, we are checking their effectiveness in a phased manner. In the verification, we refer to hazard maps and confirm and assess the status of disaster preparedness drills conducted by each supplier.

 P183 Environmental Data Implementation rate of water risk surveys by principal suppliers

Collaboration with public organizations to reduce water consumption

The Ministry of the Environment organizes Water Project to protect water resources. The Group has endorsed its purpose and joined the project in 2018. In October 2024, we were commended for our efforts to address water circularity issues through our operations, and were certified as a Water Cycle ACTIVE Company under a program administered by the Secretariat of Headquarters for Water Cycle Policy, Cabinet Secretariat.

Furthermore, in order to enhance our efforts to conserve aquatic environments, we have participated in the UN Global Compact initiatives, Forward Faster and The CEO Water Mandate, since April 2025.



 Certified as a Water Cycle ACTIVE Company (Japanese text only)

 Participated in Forward Faster and the CEO Water Mandate (Japanese text only)

Topics

Installing waterless urinals and water-saving devices on shower stalls at sports facilities (NAS)

At facilities for the Group's Sports Club NAS, we are proactively 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 reducing the energy required for hot water supply, utility costs, and CO₂ emissions.

On the other hand, provision of water at shower rooms and pools is an essential element of the service to customers, so reducing water consumption and maintaining service quality may involve an unavoidable trade-off. To maintain the quality of our service, we carefully select the latest water-saving devices and achieve sustained water savings through proper maintenance and management of devices.

At present, our Sports Club NAS has installed 88 waterless urinals at 23 clubs and 1,960 water-saving showers at 42 clubs. The installation has reduced water consumption by 15,425 m³ per month, allowing a 16.4% reduction in the total volume of water consumed by Sports Club NAS.

Prevention of chemical pollution

Policy and Concept

Social issues

At the World Summit on Sustainable Development (Johannesburg Earth Summit 2002), participants agreed on the goal of achieving, by 2020, that chemicals are used and produced in ways that minimize significant adverse effects on human health and the environment. In 2006, Strategic Approach to International Chemicals Management (SAICM) was adopted at the 1st International Conference on Chemicals Management (ICCM1). Since then, the relevant regulations have been tightened mainly in the U.S. and Europe through TSCA*¹, the EU's REACH Regulation*², and the RoHS Directive*³. Domestically as well, restrictions have been tightened through amendments to the PRTR Law*⁴, the Chemical Substances Control Law*⁵ and the Industrial Safety and Health Act. 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 further lowered some of the guideline values for indoor air concentration of chemical substances in January 2025, following the amendment in 2018. In this situation, cross-disciplinary approaches incorporating both construction and medical perspectives are expected. Regarding issues of soil contamination, more stringent management is required to prevent adverse health effects and pollution dispersion.

The 5th International Conference on Chemicals Management (ICCM5) held in 2023 adopted the Global Framework on Chemicals (GFC)*⁶, which aims to strengthen voluntary management of chemical substances by a wider range of stakeholders (including governments and the private sector).

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

*2 REACH Regulation (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 prohibits the use of these substances

*4 A law centered on the PRTR and SDS systems, aimed at promoting voluntary improvement of the management of chemical substances by business operators and preventing any impediments to the preservation of the environment

The Daiwa House Group's impact 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 water bodies. 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 business partners and suppliers. Other steps the Group takes to minimize their impact include reducing use of harmful substances and deploying alternatives. These measures are also effective from a preventive perspective. The Air Pollution Control Act in Japan requires businesses to make voluntary efforts to control the emission of volatile organic compounds (VOCs), one of the precursors to the formation of PM2.5 (fine particulate matter) and photochemical oxidants.

For housing and buildings after delivery, VOC emissions from building materials are a health concern. The Group seeks to reduce this risk by developing low-VOC materials jointly with suppliers and promoting their use, and by ensuring that clients receive appropriate information.

Moreover, almost all of our new construction sites 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.

*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

*6 Global Framework on Chemicals: A framework for managing chemical substances across the lifecycle of chemicals (from production to disposal through use of products) in various sectors (like environment, economy, society, health, agriculture, and labor) through the involvement of relevant stakeholders

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 measure and assess indoor air quality at a specified minimum number of properties and use the results to make improvements. Meanwhile, by responding to requirements related to health considerations for houses and buildings, we expect to 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 propose air quality-oriented specifications with more emphasis on the indoor air quality.

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* after doing appropriate surveys and managing the contamination properly.

* A brownfield is defined as a site not in use due to potential contamination or a site that has been previously developed. In this report, the former definition is applied.

Prevention of chemical pollution

Road Map for the Long-Term Environmental Vision

2055	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					
2030	Reduction rate of release and transfer of PRTR-listed substances (per unit of sales) vs. FY2023	-5%	Reduction rate of VOC emissions (per unit of sales) vs. FY2013	-40%	Compliance with voluntary standards for indoor air quality	100%
2026	Reduction rate of release and transfer of PRTR-listed substances (per unit of sales) vs. FY2023	-2%	Reduction rate of VOC emissions (per unit of sales) vs. FY2013	-35%	Compliance with voluntary standards for indoor air quality	100%

In line with the 7th Medium-Term Management Plan, the Endless Green Program 2026 concluded in fiscal 2025, one year ahead of its original schedule, so the fiscal 2026 targets have not been reviewed.

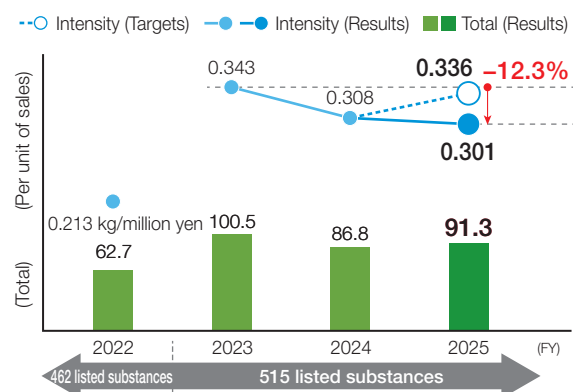
Self-assessment of the Main Targets and Results of Endless Green Program 2026

😊 : Target for fiscal 2025 achieved 🟡 : Target for fiscal 2025 not achieved (achieved 90% or more) 🟠 : Target for fiscal 2025 not achieved (achieved less than 90%)

Release and transfer of PRTR-listed substances achieved targets by reducing the amount of welding materials and solvent content of paints

In fiscal 2025, release and transfer of PRTR-listed substances per unit of sales declined by 12.3% from fiscal 2023, meeting our target. Main contributors were a change in electrodeposition paints, reduction in the amount of welding materials with the use of improved design systems, and reduction of paint and thinner losses through changes in procurement units and improvements in painting methods at our company's factories. We also reduced solvent concentration in paints and used aqueous paints at some factories of the Group companies.

Release and transfer of PRTR-listed substances

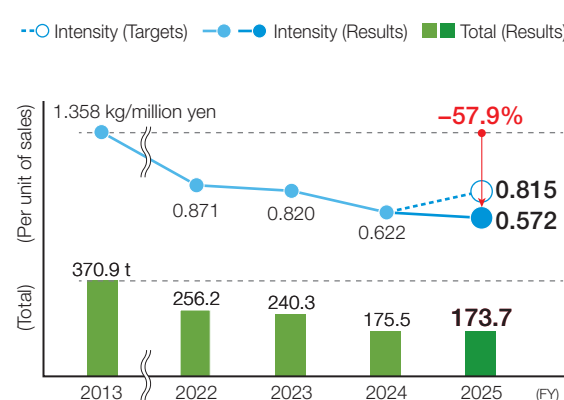


* PRTR-listed substances were revised in fiscal 2023 following the amendment to the PRTR Law. Release and transfer results for fiscal 2022 are calculated for the 462 listed substances prior to the amendment. Results for fiscal 2023, fiscal 2024 and fiscal 2025 are calculated for the 515 substances listed in the amended PRTR Law.

VOC emissions achieved targets by reducing the amount of paint loss, using aqueous paints and capturing VOC

The Group is working at its factories to reduce the emissions of VOC, which is one of the chemicals regulated by the Air Pollution Control Act. In fiscal 2025, VOC emissions per unit of sales declined by 57.9% from fiscal 2013, meeting our target, due to reduction in paint and thinner loss at our factories, as well as the use of aqueous paints and VOC capture in exhaust gas treatment at Daiwa Lease.

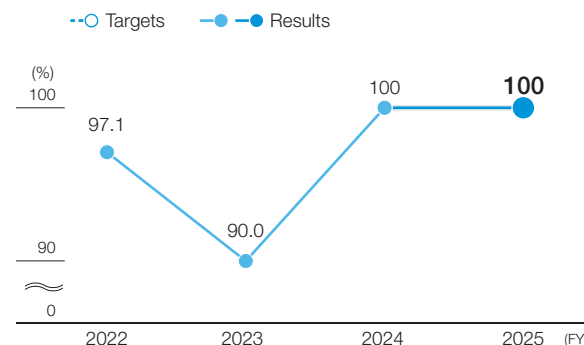
VOC emissions



Compliance rate with voluntary standards for indoor air quality achieved target with 100%

The Group pitches proposals of health-oriented specifications with an emphasis on the indoor air environments. In fiscal 2025, we promoted the adoption of alternative low formaldehyde emitting materials and ensured enough ventilation when work is being done. As a result of such intensive efforts, the compliance rate with voluntary standards for indoor air quality reached 100%, meeting the target.

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



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 less hazardous 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 substances listed in some 20 laws and regulations for management in three ranked categories: totally prohibited; prohibited, restricted, subject to preferential reduction and monitoring; and subject to reduction, management and 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 construction material	
Level 1 Totally prohibited	All materials (Use prohibited)	
Level 2 Prohibited, restricted, subject to preferential reduction and monitoring	Regulated construction materials (by restricted substance) (Use prohibited / Concentration restricted / Subject to preferential reduction)	Major construction materials other than those listed on the left (Status of use must be monitored.)
Level 3 Subject to reduction, management and monitoring	Regulated construction materials (Subject to reduction / management)	Major construction materials other than those listed on the left (Status of use must be monitored.)



P023 Supply chain management (Environment)



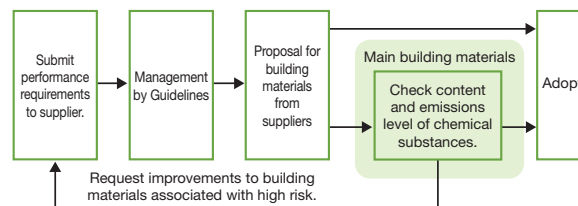
Supply Chain Sustainability Guidelines

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, Fujita, and Daiwa House Reform 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 voluntary standards*¹ (targets) for the five substances designated for mandatory measurement*² under the Housing Quality Assurance Act*³. These standards are stricter than the guideline values specified by the national government*². In fiscal 2018, we established the Indoor Air Quality Measurement Guidelines, after the Ministry of Health, Labour and Welfare changed the guideline values. In line with the Guidelines, we conduct indoor air quality measurements as

a company-wide standard practice to achieve better indoor air environments.

*1 At all properties subject to measurement, average formaldehyde concentration is 50% or less than the guideline value specified by the Ministry of Health, Labour and Welfare, and concentrations of substances designated for mandatory measurement are equal to or less than the guideline values specified by the said Ministry.

*2 Substances designated for mandatory measurement and national guideline values: Formaldehyde (100 µg/m³), toluene (260 µg/m³), xylene (200 µg/m³), ethylbenzene (370 µg/m³), and styrene (220 µg/m³)

*3 Act on the Promotion of Housing Quality Assurance

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 and Fujita provide many residential facilities and school buildings. To contribute to better indoor air environments, as a general rule, the interior finishing materials we use are rated as F Four-Star formaldehyde emission rating (the highest grade under Japanese standards)*. In our single-family housing 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 indoor air quality on completion of construction in accordance with 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 air quality-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 air quality-oriented specifications that focus on the indoor air quality 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 mutagenicity. 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, the Development Department selects materials with lower hazard properties when specifying new materials, and it also improves construction methods to reduce use of harmful chemicals. Production Department has improved how welding is done and switched to using milder solvents for paints and thinners. And Purchasing Department is working to reduce the harmful substance content of paint used to repair exterior surfaces, for instance by requesting manufacturers to develop alternative paints. In this way, we are working across the company to reduce pollution risk from harmful chemical substances. The Ministry of Health, Labour and Welfare and the Ministry of the Environment jointly designated the month of February as Chemical Management Awareness Month. In conjunction with this, we leveraged the Chemical Substance Advisor Program to provide training for our factories and business partners in February 2026.

Preventing air pollution and water pollution

Daiwa House Industry takes preventive measures by conducting measurements and inspections as per the Air Pollution Control Act and Water Pollution Prevention Act at all our applicable factories. We have strengthened our management system and

Reduction in toxic chemicals in our procurement and business activities

comply with emissions standards regarding soot and drainage. With regard to wastewater in particular, we perform ongoing maintenance and are more stringently monitoring discharge from the wastewater treatment facility for the electrodeposition coating equipment, which is the main source of discharge to public waterways. In fiscal 2025, no measured values exceeded the standards for water quality, soot and smoke emissions, or other matters prescribed by environmental laws and regulations.

As part of our community-based initiatives to maintain water quality, our Tohoku, Niigata* and Okayama Factories have each concluded agreements with the relevant municipalities and local irrigation associations. The wastewater discharge requirements contained in these agreements are stricter than those established by the national government. The factories regularly report on the status of water quality monitoring to local communities and are working to foster communication with them.

* Niigata factory was closed at the end of March 2026.

Main Approach

Improvements in design systems and at factories reduced PRTR-listed substances

For some of our single-family housing products, we have been working to systemize the designing process of roof structural sections since October 2022. Optimizing the portions to be welded, we have reduced welding materials, and the reduced welding length is 1,600 m per year. Some parts and materials used in our rental housing products require electrodeposition coating. We applied pre-plating to these parts, which is estimated to have achieved a reduction of 20,000 m² in electrodeposition coating and a reduction of 2,000 m in welding length per year. We will broaden the adoption of pre-plating on parts and materials in our rental housing products to reduce both electrodeposition coating and welding.

Our factories adopted a 30-degree bevel groove for H-beam steel flange welds for offices, factories, logistics centers and other buildings, including our company's training facilities, and achieved a reduction in the amount of welding materials.

In fiscal 2025, our Tochigi Ninomiya Factory switched its welding wires to those with a low manganese content. The change is expected to reduce the release and transfer of manganese compounds by 34 kg per year.

Through these initiatives, we reduce PRTR-listed substances

contained in electrodeposition coating and welding wire.

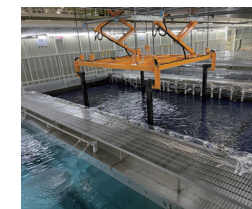
Reduce PRTR-listed substances and VOC emissions by reducing the amount of paint loss and solvent concentration in paints and capturing VOC

Our factories are engaged in activities to reduce PRTR-listed substances. The Group's DesignArc switched some of its undercoats on indoor stairs to low-solvent paints that do not contain PRTR-listed substances (Ethylbenzene, Xylene and Toluene). This led to a reduction in the release and transfer of PRTR-listed substances. Our Group company Daiwa Lease continues reducing solvent concentration in anticorrosive paints for steel frames, while also working to increase the usage of aqueous paints for repair purposes. To capture VOC in the exhaust gas treatment, we adopt push-pull exhaust systems equipped with filters and wet scrubbers and reduce VOC emissions.

Topics

Introduced new electrodeposition coating equipment at Mie Factory (Daiwa House Industry)

The Company introduced new electrodeposition coating equipment at its Mie Factory and put it into operation in fiscal 2025. The new equipment is intended to apply electrodeposition coating to major structural components for steel-frame houses. The chemical pretreatment employed is zirconium conversion coating, which we were among the first in the industry to adopt and which replaces conventional treatments that use water-soluble zinc compounds designated as PRTR-listed substances. We also changed the electroplating pretreatment solution, which is expected to reduce the release and transfer of water-soluble zinc compounds by 200 kg per year. The introduction of this equipment is also estimated to reduce the amount of waste sludge by 90%.



Electrodeposition coating equipment adopted zirconium conversion coating

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, and ultimately eliminate, a soil contamination risk with rigorous management spanning the procedures from soil inspections to contamination countermeasures throughout the process from property acquisition to construction as well as for land we own.

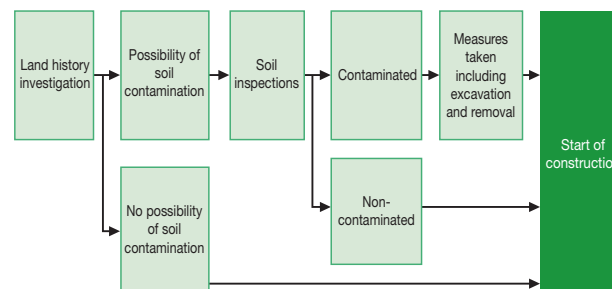
Management

Preventing the spread of soil contamination accompanying land transactions and construction

In principle, prior to purchasing any land, we investigate 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 soil quality inspections where there is a risk of contamination associated with soil transported to or removed from the site. 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



 P132 Deliberation by Business Investments Committee

Main Approach

Brownfield* Redevelopment

Daiwa House Industry assesses the soil-contamination risks when we are undertaking construction work for 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.

* A site not in use due to potential contamination

Examples of brownfield sites developed (results in FY2025)

Prefecture	How site was used	Estimated area (m ²)	Intended use
Osaka Prefecture	Worksite	400	Apartment building
Osaka Prefecture	Factory	9,300	Warehouse
Hiroshima Prefecture	Office	1,700	Office
Kagawa Prefecture	Factory	19,700	Warehouse
Osaka Prefecture	Factory	2,000	Office / Warehouse
Hyogo Prefecture	Factory	84,300	Complex development
Hokkaido	Gas station	1,300	Hotel
Nagano Prefecture	Recreation facility	2,100	Recreation facility
Ibaraki Prefecture	Factory	2,200	Store
Tokyo	Worksite	200	Hotel
Saitama Prefecture	Worksite	2,200	Apartment building
Miyagi Prefecture	Factory	1,000	Apartment building
Tokyo	Warehouse	41,400	Warehouse
Kanagawa Prefecture	Factory	92,700	Warehouse
Gunma Prefecture	Factory	165,700	Warehouse

 P022 Environmental education and awareness-raising

P154 Environmental Data Environmental education provided (FY2025)

Response to Task Force on Climate-related Financial Disclosures (TCFD) and Taskforce on Nature-related Financial Disclosures (TNFD)

Enhanced Disclosure Based on TCFD and TNFD

Changes in the external environment, including the advance of climate change and the loss of biodiversity, are having an intensifying impact on people's daily lives. With this comes higher expectations and interest in the role companies should play. In this context, it is crucial to anticipate multiple scenarios, address risks appropriately, and pursue business opportunities.

This is why the Daiwa House Group discloses information following the framework of "Governance," "Strategy," "Risk Management," and "Metrics and Targets," as advocated by the TCFD and TNFD recommendations. We use this framework as a tool to evaluate climate- and nature-related risks and opportunities and to validate the rationality of our response measures. For TNFD, we adopt the LEAP approach to better assess location-specific natural environment risks and opportunities, analyzing risks and opportunities after understanding the impacts and dependencies within the Group's business activities. In June 2024, we joined the TNFD Forum*¹ and completed our registration as a TNFD Adopter*².

Furthermore, by understanding the impact of risks and opportunities both quantitatively and qualitatively, we facilitate constructive dialogue with investors and other stakeholders, integrating their feedback internally to enhance our strategies and reports. In fiscal 2025, we held our 10th ESG Small Meeting for institutional investors in January and engaged in individual interviews with ten institutional investor firms.

Through proactive information disclosure based on both TCFD and TNFD recommendations, we work to reduce business risks and create new business opportunities, aiming to achieve both environmental sustainability and corporate profitability.

*1 An international organization that provides support for discussions of the TNFD as a stakeholder providing expert knowledge.

*2 Refers to a company that registers on the TNFD website its intention to adopt the TNFD Recommendations in disclosure. Registered companies are required to provide disclosure in line with the TNFD Recommendations in corporate reporting by the fiscal year ending in 2025.

 [P025 Environmental Communication](#)

	Disclosures	Page
TCFD, TNFD	Governance and risk management	P056
	Strategy (Climate-related risks and opportunities, scenario-based validation assessment)	P057, 058
TCFD	Transition plan to achieve carbon neutrality	P059
	Metrics and targets	P060
TNFD	Strategy (Impacts and dependencies on nature, scenario analysis, nature-related risks and opportunities)	P061–066
	Risk management (Management process for the main important risks and opportunities)	P067
TCFD, TNFD	Metrics and targets	P068
	Achievements and future challenges related to TCFD and TNFD	P068
	Synergies and Trade-offs Related to Climate Change and Nature-Positive Measures	P069

Governance

We have established a Corporate Governance Committee to discuss strategies, including ESG initiatives, fully incorporating the expertise of outside directors to address medium- to long-term management issues for sustainable development. Important matters related to environmental management (climate-related, nature-related, etc.) are deliberated and decided by the Sustainability Committee, which oversees all environmental activities. This committee handles fundamental activity matters, risks, and opportunities, reports to the Board of Directors, and provides information to the Corporate Governance Committee as needed. Climate- and nature-related governance follows the Group's environmental management system, with the Sustainability Committee, which oversees all environmental activities, deliberating and making decisions on fundamental activity matters, risks, and opportunities. For details on important sustainability issues beyond the environmental area, such as human rights and the supply chain, please see the pages below.

 [P018 Environmental management](#) (report to the Board of Directors, etc.)

[P019 Reflect achievements in environmental activities in business performance assessment and executive remuneration](#)

[P038 Conducting timber procurement survey at our suppliers](#)

[P040 Promoting the restoration of urban ecosystems by greening with native species, in urban nature-positive efforts](#)

[P077 Basic policy on respect for human rights](#)

[P080 Response to rights of indigenous people](#)

[P120 Corporate governance system](#)

Risk management

We recognize climate- and nature-related environmental risks as factors that significantly impact business activities in the short, medium, and long term, and we are enhancing our management of these risks in order to integrate them into our group-wide risk management process. We identify and evaluate long-term risks and opportunities by considering changes in the external environment and their impact on business activities, organizing them by timeframes (short, medium, and long term) and assessing their materiality* based on the degree of impact and likelihood of occurrence. Material risks and opportunities identified through this process are incorporated into our Medium-Term Management Plan and into our "Endless Green Program" Environmental Action Plan, with management indicators and targets set at the group-wide, divisional, and branch office levels to promote specific response measures. Risk and opportunity identification and evaluation involve detailed analysis approximately every three to five years, aligned with the development of medium-term management and environmental action plans, with annual reviews reflected in target level setting. These are monitored and progress evaluated twice a year through the Sustainability Committee and Environmental Committees of each business division to organize issues and achievements. Additionally, the Board of Directors receives annual progress reports on the Environmental Action Plan and revises strategies and targets as needed.

In fiscal 2025, in conjunction with the formulation of the Environmental Action Plan "Endless Green Program 2029" (EGP2029) (fiscal 2026 to 2029), we re-identified our material climate-related risks and opportunities.

* Climate-related risks and opportunities are assessed in terms of the timeframe over which their impacts are felt, together with their degree of impact and likelihood of occurrence; nature-related risks and opportunities are assessed in terms of the timeframe based on when they arise and their degree of impact.

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

Strategy

Climate-related risks and opportunities include impacts stemming from the transition to a decarbonized society driven by stronger policies and regulations, technological innovation, and shifting market needs, as well as those caused by physical changes such as extreme weather events, sea level rise, and rising average temperatures due to global warming. These impacts go beyond short-term changes and may become evident over the medium to long-term. The Group classifies factors related to external environmental changes associated with climate change into “transition” and “physical changes.” We identify material risks and opportunities by assessing each factor’s degree of impact (large, medium, small) and likelihood of occurrence while considering affected timeframes.

For a world where “transition” progresses, we adopt the 1.5°C scenario*1 that limits temperature rise to below 1.5°C under sustainable development. For a world where “physical changes” progress, we adopt the 4°C scenario*2 with maximum GHG emissions under fossil fuel-dependent development without climate policies, anticipating the most extreme situations.

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

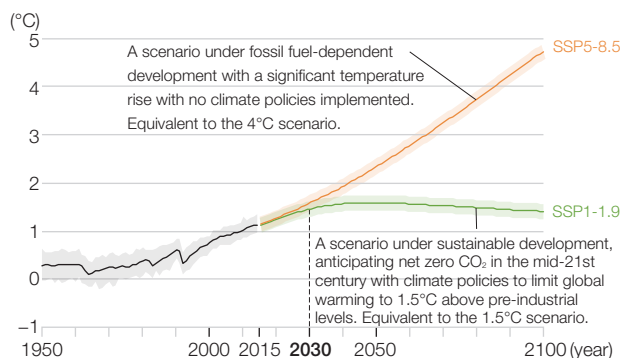
*2 A scenario with maximum GHG emissions under fossil fuel-dependent development with no climate policies implemented.

Scenario-based validation assessment

To develop business strategies that are prepared for future changes in the external environment, we verify the validity of our identified risks, opportunities, and related business strategies using two scenarios (#1 and #3). While additional costs might occur under either scenario, we have confirmed that revenue increases from products contributing to climate change mitigation and adaptation are expected to surpass these costs, reaffirming the validity of our risk responses and the importance of proactively pursuing business opportunities.

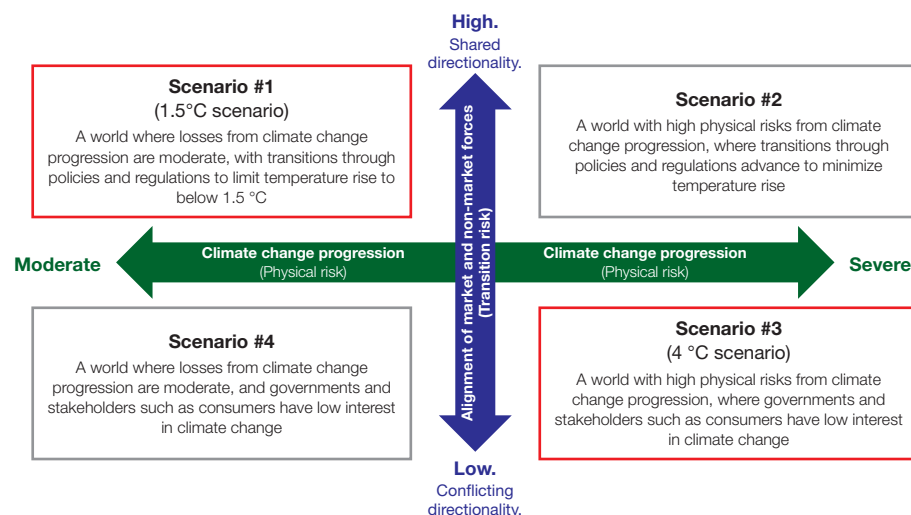
This analysis covers the Group’s main businesses (single-family housing, rental housing, condominiums, commercial facilities, office buildings, and Environment and Energy Business).

Changes in global average temperature



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

Envisioned scenarios



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

Climate-related risks and opportunities

In fiscal 2025, in conjunction with the formulation of the Environmental Action Plan “EGP2029” (fiscal 2026 to 2029), we re-identified our material climate-related risks and opportunities. We examined risks and opportunities across the entire Group, including sites outside Japan, and assessed their materiality in terms of degree of impact and likelihood of occurrence, while taking into account the timeframe over which their impacts are felt. For degree of impact, items whose financial impact can be estimated quantitatively are judged on that basis; the rest are assessed from other, qualitative perspectives such as “impact on our vision and management strategy,” “impact on business continuity and the supply chain,” and “reputation.” Multiplying degree of impact by likelihood of occurrence, the materiality assessment identified two risks and four opportunities.

Timeframes: Short-term (within 1 year); Medium-term (through around 2030); Long-term (through around 2050)
Degree of impact: Small: less than ¥10 billion; Medium: over ¥10 billion but less than ¥100 billion; Large: over ¥100 billion
Likelihood of occurrence: Small (limited likelihood); Medium (possible); Large (highly likely)

■ Material risks related to climate change

Type	Details of risks	Timeframes	Degree of impact	Likelihood of occurrence	Response	Related pages
Transitions Policy	Higher costs for materials and operations due to tighter energy-saving and environmental regulations In fiscal 2025, compliance with energy-saving standards for newly built structures became mandatory in Japan, and the standards are set to be tightened to the ZEH/ZEB level around 2030. There are concerns that WLC* assessments, regulatory upper limits, mandatory LCCO ₂ reporting, responses to municipal decarbonization regulations, and the shift to GX ZEH will increase costs for materials, human capital, and R&D. Regulations are also being tightened in the United States (particularly in states such as California) and Europe, raising concerns over stronger data-management and reporting systems, design changes, additional costs, delays to construction starts and business plans, and also deterioration of operating costs and profitability due to rising prices and procurement costs for raw materials such as timber, steel, and concrete.	Medium term	Medium	Large	We are proactively advancing compliance with energy efficiency standards that meet ZEH/ZEB specifications across all houses and buildings to reduce the risk of sudden cost increases due to regulatory compliance demands. With our Product Development Department and Central Research Laboratory taking the lead, we are revising design standards to accommodate ZEH/ ZEB specifications and advancing the technological development of building materials and equipment to enhance insulation performance while lowering costs. We also promote the continuous monitoring of regulatory trends in each country and region, more efficient data management, stronger collaboration with local partners, the diversification of low-carbon building materials and procurement sources, and the establishment of energy-saving, environmental consideration procurement systems with suppliers, thereby enhancing our global regulatory-compliance capabilities and business stability.	P028, P029
Physical changes Acute	Damage to our own facilities and business-interruption risk due to the intensification of weather-related disasters Damage to key sites such as our head office and factories would affect business continuity, and a prolonged suspension of commercial facilities could lead to lower sales. There is also a risk of higher indirect costs due to rising insurance premiums caused by frequent disasters.	Short, medium and long term	Medium	Large	We perform disaster risk assessments at major business sites and commercial facilities, and we implement measures to reduce disaster-related loss risks. For example, at factories, we have set up monitoring systems using rain gauges, anemometers, and temperature/humidity sensors, and we put flood prevention measures in place, such as drainage ditch construction and sandbag placement. At business sites, we are creating disaster prevention manuals and implementing water barrier installation measures.	P034, P035

■ Material opportunities related to climate change

Type	Details of opportunities	Timeframes	Degree of impact	Likelihood of occurrence	Response	Related pages
Transition Products and services	Growing demand for houses and buildings with low greenhouse gases emissions The Japanese government has set a policy target of ensuring ZEH/ZEB-level energy-saving performance for newly built houses and buildings by 2030, and WLC*-based assessments and regulatory upper limits are also under consideration. If support measures for these are expanded, demand for our mainstay products, ZEH/ ZEB and low-LCCO ₂ timber buildings, is expected to grow.	Medium term	Medium	Large	We have set improvements in our ZEH and ZEB rates as KPIs, and we are expanding our lineup of products that come standard with ZEH specifications, holding ZEB seminars, strengthening education and training for sales and design staff, and developing proposal tools and energy-calculation tools. In addition, in the European and United States markets, we are working to expand sales of high-value-added housing by developing environmental consideration homes that use high-insulation, high-efficiency equipment and renewable energy, conducting proposal-based sales aligned with green mortgages and the like, supporting customers' financing through partnerships with financial institutions, and highlighting environmental value.	P028, P029
	Growing renewable energy demand driven by the government's policy to raise the share of renewables The Japanese government has indicated a policy of reducing greenhouse gases emissions by 73% from the fiscal 2013 level by fiscal 2040 and raising the share of renewable energy in the power mix to 40-50%. With more organizations joining RE100 and other trends, demand for renewable energy and related Environment and Energy Business is expanding, and the need to adjust supply and demand to cope with fluctuating power output is also rising.	Short and medium term	Medium	Large	Leveraging our nationwide land-information network and proposal opportunities for large-warehouse development projects, we develop and operate new renewable energy power plants using diverse methods, including off-site and on-site PPAs, meeting the needs of companies and municipalities committed to RE100. Going forward, we will also work on developing grid-scale storage batteries for supply-demand adjustment tools for solar power, whose output varies significantly over the course of the day and across seasons and is strongly affected by weather and other factors.	P029
Physical changes Products and services	Growing demand for resilience enhancement and adaptation to rising temperatures In Japan, cases where it takes a long time to recover from disasters are increasing, and overseas, large-scale disasters such as hurricanes, wildfires, and the flooding in the Netherlands are occurring frequently. Demand is rising in and outside Japan for energy self-sufficient buildings and highly resilient community development leveraging life continuity planning and business continuity planning.	Medium and long term	Medium	Large	We are promoting the development and adoption of ZEH/ZEBs with enhanced power self-sufficiency for use during disasters, sales of our branded disaster-ready home product, and the establishment of self-sufficient power models using renewable energy in offices and mixed-use developments. In addition, we are strengthening proposals to introduce high-efficiency air-conditioning equipment and unused-heat recovery equipment, even at factories and other sites where demand for air-conditioning was previously low, thereby responding to rising temperatures and expanding new sales opportunities. We also conduct weather-disaster risk assessments and are working to expand resilience-oriented community development matched to the risk level.	P028, P029, P034, P035
Transitions Markets	More orders and new customers from the expanding decarbonization renovation market With the government's greenhouse gases reduction targets and expanded renovation support policies, the decarbonization renovation market is growing. In response to rising needs for energy-saving renovations and renewable energy adoption in existing houses and buildings, we can expect to expand renovation orders, acquire new customer segments, and grow its stock business.	Medium term	Medium	Large	We are strengthening its capabilities to propose energy-saving and decarbonization renovations, introduce the latest environmental technologies, and actively use renovation support programs. Furthermore, by providing Group-wide solutions and collaborating with partner companies, we work to improve customer satisfaction and drive business growth.	—

* An abbreviation of Whole Life Carbon: the total amount of greenhouse gases emitted across a building's entire life cycle, from material procurement and construction to operation, demolition, and disposal.

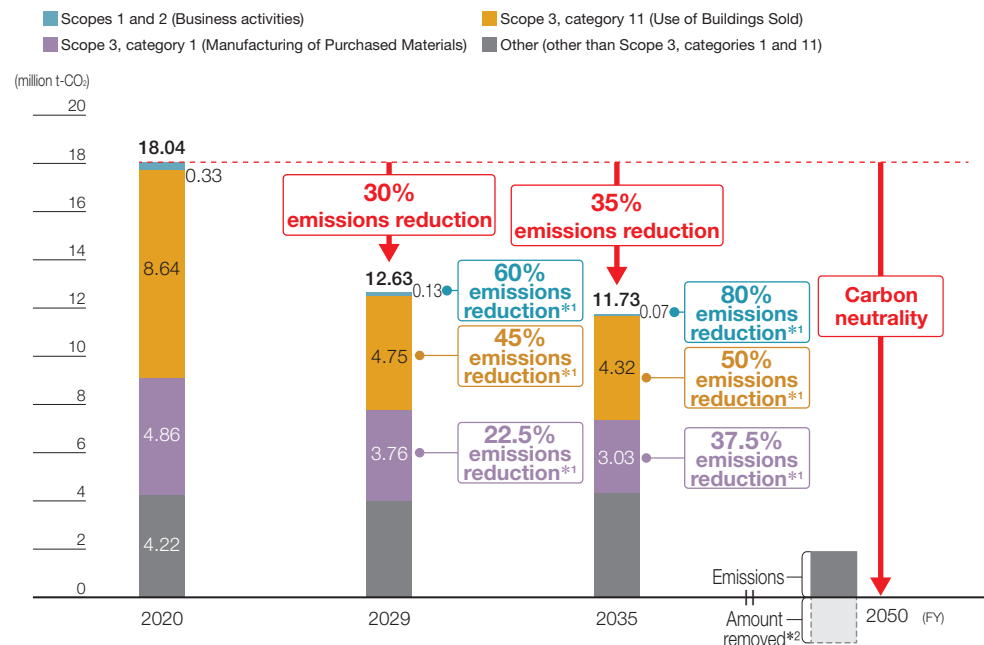
Response to the Task Force on Climate-related Financial Disclosures (TCFD)

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 to make efforts to achieve carbon neutrality by 2050 as declared in its Long-Term Environmental Vision. We have set a milestone of reducing greenhouse gases emissions across the value chain (Scopes 1, 2, and 3) by 35% by 2035 (vs. fiscal 2020), and we are accelerating our efforts across all businesses and on all fronts. In conjunction with the formulation of the Environmental Action Plan “EGP2029” (fiscal 2026 to 2029), we revised the greenhouse gases emissions target for the value chain, changing the base year from fiscal 2015 to fiscal 2020 and expanding the scope to include operations outside Japan.

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

Target for GHG emissions across the value chain



Key actions for achieving targets

– FY2035



Scopes 1 and 2

- Upgrade to energy-saving equipment in our existing facilities
- Switch to renewable electricity using renewable energy we generate
- Make newly built company-owned facilities ZEB-compliant and install solar power generation equipment
- Convert company vehicles and privately owned vehicles to CEVs



Scope 3, category 11
(Use of Buildings Sold)

- Make buildings sold ZEH- and ZEH-M-compliant and promote GX ZEH and GX ZEH-M
- Make buildings sold ZEB-compliant
- Install solar power generation equipment on buildings sold



Scope 3, category 1
(Manufacturing of Purchased Materials)

- Promote the use of low-carbon building materials
- Offer those suppliers ideas for saving and generating energy

FY2035 – FY2050

- Replace heavy construction machinery and logistics trucks with electric models
- Adopt synthetic methane and biofuels

- Further improve ZEH and ZEB performance (increase BEI* and expand installed solar power generation capacity)
- * Ratio of primary energy consumption of designed buildings compared to benchmark buildings

- Increase the use of low-carbon building materials

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

Metrics and targets

Aiming to minimize risks and maximize opportunities associated with climate change, we have set management metrics and targets in the Environmental Action Plan “EGP2029” and are working hard to reach them. Correspondence between the key climate-related risks and opportunities and the EGP2029 management metrics is shown below.

Type	Key climate-related risks and opportunities	Management metrics (EGP2029)						
		GHG emissions reduction rate derived from use of products (vs. FY2020)	GX ZEH(-M) Series rate, ZEB rate, etc.	The number of ZEH-renovation equivalents	Renewable energy generation equipment construction results (EPC)	Renewable energy power plants development and operating (IPP)	Sales of electricity generated by the company-owned renewable-energy power stations (PPS)	Implementation rate and number of climate change adaptation measures
Transition risk	Higher costs for materials and operations due to tighter energy-saving and environmental regulations	●	●					
Physical risk	Damage to our own facilities and business-interruption risk due to the intensification of weather-related disasters							●
Opportunity	Growing demand for houses and buildings with low greenhouse gases emissions	●	●					
	Growing renewable energy demand driven by the government's policy to raise the share of renewables				●	●	●	
	Growing demand for resilience enhancement and adaptation to rising temperatures							●
	More orders and new customers from the expanding decarbonization renovation market			●				



Response to the Taskforce on Nature-related Financial Disclosures (TNFD)



Strategy

Process for identifying Nature-related risks and opportunities

The Daiwa House Group identifies nature-related risks and opportunities using the process shown below, assessing its impacts and dependencies on nature across the value chain.

STEP 1 We organized the linkages of the Daiwa House Group's business with GICS® production processes (36 production process classifications were applicable).

STEP 2 Using ENCORE, a tool developed by the United Nations Environment Programme World Conservation Monitoring Centre (UNEPWCMC) and others, we evaluated the dependencies and impacts of the above production processes on the natural environment and identified those that are "Very High" and "High."

STEP 3 To ensure the comprehensiveness of risks, among the items rated as less than "High" in ENCORE, we referred to the guidelines for built environment systems, energy systems, and the forest products sector in the Roadmaps to Nature Positive issued by the WBCSD*, which are related to the Group's business, and considered additional risks for items rated as "Very High" or "High."

STEP 4 From among the "Very High" and "High" items (approximately 160 items), we narrowed down the important items (54 items) from the perspectives of business scale, position in the medium-term management plan, and business activities at the Group.

STEP 5 We conducted scenario analysis. In addition to risks already identified, we considered newly anticipated risks and opportunities based on external environments under each scenario. Subsequently, we evaluated the potential timeframes and the degree of financial impact for each scenario.

STEP 6 After examining risks and opportunities through scenario analysis, we grouped similar items by type and content, ending up with 8 risks and 7 opportunities. We classified these risks into those arising from "transition" and those arising from "physical changes," and examined action policies. We confirmed that the action policies are consistent with our environmental action plan Endless Green Program.

* In this report, content corresponding to each stage of the LEAP approach (Locate, Evaluate, Assess, Prepare) recommended by the TNFD is indicated with an icon on the relevant pages.

* World Business Council for Sustainable Development: A global business organization that seeks sustainable development.



➤ GICS® | S&P Dow Jones Index (spglobal.com)

Response to the Taskforce on Nature-related Financial Disclosures (TNFD)



Businesses' impacts and dependencies on nature

Using ENCORE, a tool developed by the United Nations Environment Programme World Conservation Monitoring Centre (UNEP-WCMC) and others to assess the scale of a company's impacts and dependencies on nature, we identified the Daiwa House Group's dependencies and impacts on the natural environment.

Among these, we visualized the impacts and dependencies on nature in the Group's core business areas of construction and real estate as well as in the Environment and Energy Business.

Construction and real estate businesses

In the construction and real estate businesses, impacts on nature across the value chain are characterized by a high degree of terrestrial ecosystem use. This includes deforestation associated with the use of timber, land alteration due to construction, and local environmental impacts associated with building use. There is also a significant impact in terms of solid waste due to waste generation during the production and construction phases.

In terms of dependency on nature, these businesses depend on ground water and surface water, as they are used in raw material production, processing, and facility operations.

Environment and Energy Business

For the Group's Environment and Energy Business, the main impacts on nature are terrestrial ecosystem use and water use, stemming from the development and operation of power stations, which can impact their local environments.

In terms of nature dependencies, we identified reliance on surface water and climate regulation. To generate its own power, the Group needs cooling water for thermal power generation as well as stable and predictable sunlight for solar power. In the case of biomass power generation, the Group is also dependent on genetic materials, such as wood pellets.

Impacts and Dependencies on Nature in the Group's Value Chain

Value chain Business / Impacts and dependencies on nature		Upstream	Direct operations	Downstream
		Resource extraction and mining (including raw material transport) Material production (Material transport)	Real estate development Production, design and construction Renewable energy-based power generation	Facility operation Building use Electricity retailing Demolition
Construction and real estate businesses 	Impacts	Terrestrial ecosystem use (Deforestation due to timber use)	Terrestrial ecosystem use, solid waste (Land alteration due to construction; waste generation during production and construction)	Terrestrial ecosystem use (Impacts on local environments due to building use)
	Dependencies	Ground water, surface water (Water use in raw material production and processing)	—	Surface water (Water use during facility operation)
Environment and Energy Business 	Impacts	Terrestrial ecosystem use, water use (Local environmental impacts during power plant development and operation)		
	Dependencies	Surface water, climate regulation (Cooling water use during power generation; reliance on stable climate for reliable power generation) Genetic materials (Procurement of wood pellets for biomass power generation)		

Response to the Taskforce on Nature-related Financial Disclosures (TNFD)

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Daiwa House Group's impacts and dependencies on nature

The Group's impacts and dependencies on nature, identified through analysis using the ENCORE tool, were organized into heatmaps by business segment.

Tendencies in Daiwa House Group's Business as Interpreted from the Heatmap

Impacts: Impact drivers with major effects caused by Daiwa House Group's business operations are ecosystem use (terrestrial/ freshwater/marine) and water use.

Dependencies: Ecosystem services on which Daiwa House Group has major dependencies are groundwater, surface water, and climate regulation.

VH Very High H High M Medium L Low VL Very Low NA Not applicable																			
Business	Value chain	Sub-industry (reference ENCORE)	Impacts										Dependencies						
			Changes due to use of terrestrial, freshwater, and seawater			Utilization/ complementation of resources	Climate change	Pollution/removal of pollution					Direct use			Control of production processes	Disaster control		
			Terrestrial ecosystem use	Freshwater ecosystem use	Marine ecosystem use	Water use	GHG emissions	Non- GHG air pollutants	Water pollutants	Solid waste	Soil contaminants	Disturbances	Genetic materials	Ground water	Surface water	Water flow maintenance	Climate regulation	Flood and storm protection	Mass stabilization and erosion control
Construction and Real Estate	Procurement	Construction materials (cement, concrete, brick, plaster, etc.)	VH	H	H	H	H	M	M	H	NA	H	NA	VH	VH	NA	NA	NA	NA
		Timber	H	NA	NA	NA	H	NA	H	NA	H	NA	NA	H	VH	M	NA	M	L
		Glass	NA	NA	NA	VH	H	H	H	L	NA	NA	NA	M	M	M	NA	NA	NA
		Steel	NA	NA	NA	H	H	NA	NA	H	NA	NA	NA	M	M	M	VL	NA	L
	Manufacturing	Manufacturing	NA	NA	NA	H	H	M	H	H	H	M	NA	M	M	M	VL	M	VL
	Construction	Single-family housing, rental housing	VH	H	NA	H	H	H	M	H	M	H	NA	VL	VL	NA	NA	NA	NA
		Office buildings, commercial facilities	VH	H	VH	H	H	H	M	M	H	H	NA	NA	NA	NA	NA	NA	M
	Operation	Environmental and facility services	NA	NA	NA	NA	NA	NA	NA	M	NA	NA	NA	M	M	M	H	H	M
		Infrastructure maintenance services	M	NA	NA	H	H	L	L	NA	L	NA	NA	NA	NA	M	M	H	NA
		Real estate services	VH	NA	NA	NA	H	M	M	H	M	NA	NA	M	H	NA	NA	VL	L
Environment and Energy	—	Biomass power	NA	NA	NA	H	H	H	H	H	NA	NA	VH	M	M	M	VL	M	L
		Hydroelectric power	VH	VH	NA	VH	H	NA	H	NA	H	NA	NA	M	VH	VH	VH	H	H
		Thermal Power	NA	H	NA	VH	H	H	M	H	M	H	NA	M	VH	M	VL	M	L
		Solar power	VH	NA	NA	VH	NA	NA	L	NA	L	NA	NA	VL	VL	NA	VH	M	M
		Wind power	H	M	H	NA	NA	NA	L	NA	L	M	NA	NA	NA	NA	VH	M	M
Other	—	Hotels and resorts	NA	NA	NA	NA	NA	NA	NA	M	NA	NA	M	H	H	NA	M	M	L
		(Commercial facility) infrastructure holdings	NA	NA	NA	H	NA	M	H	M	H	NA	NA	NA	NA	NA	NA	NA	L
		Leisure facilities	NA	NA	NA	NA	NA	NA	NA	M	NA	NA	NA	M	H	NA	NA	M	L
		Land transportation	NA	NA	NA	H	H	M	H	H	H	M	NA	M	M	M	VL	M	VL
		Healthcare facilities	NA	NA	NA	NA	H	NA	M	M	M	NA	NA	M	M	NA	NA	NA	L

* The heatmap does not show production processes that apply to all the Group's businesses. Some production processes are omitted for such reasons as the absence of "Very High" and "High" entries for impacts and dependencies in ENCORE. There are also some omissions related to the types of impacts and dependencies.

Response to the Taskforce on Nature-related Financial Disclosures (TNFD)

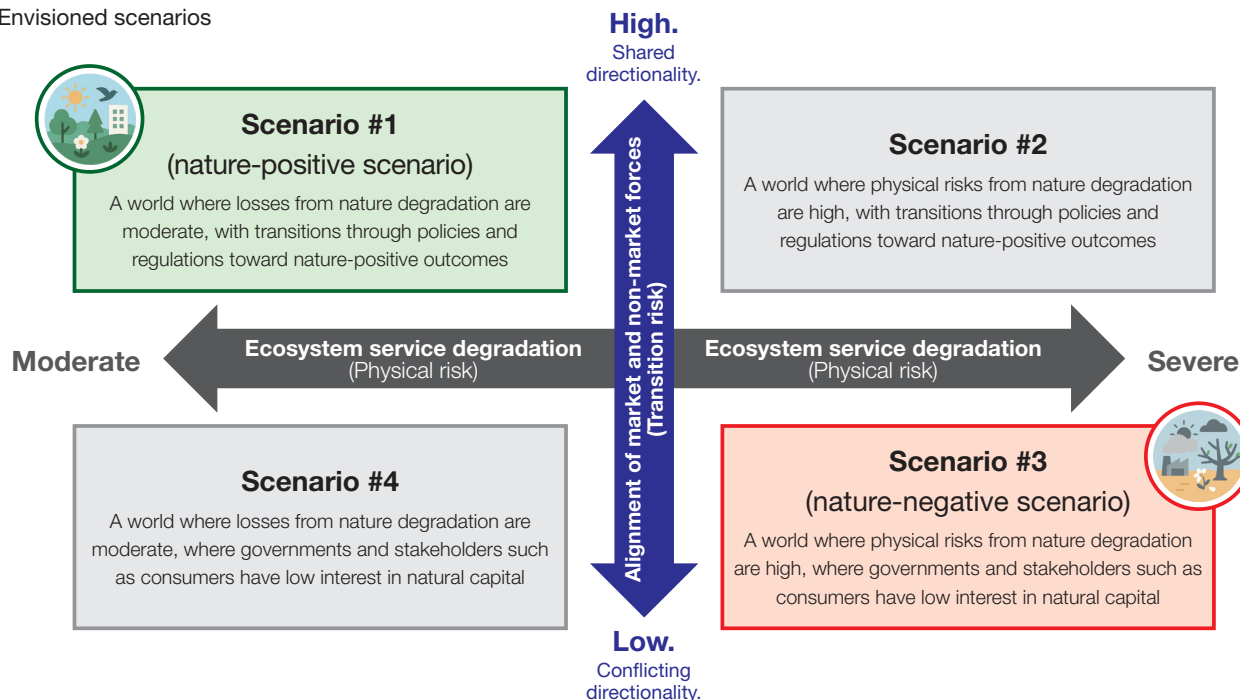


Scenario analysis and evaluation of nature-related risks and opportunities

After confirming the Group's impacts and dependencies on nature, we identified and evaluated nature-related risks and opportunities based on qualitative scenarios developed in line with TNFD guidance. In formulating these scenarios, we selected 2030 and 2050 as the main timeframes and focused on two of four scenarios defined along two axes: (1) degradation of ecosystem services (physical risks); and (2) alignment of market and non-market forces (transition risks). The two scenarios we focused on were a nature-positive scenario and a nature-negative scenario. We collected information on drivers of external environmental changes under each scenario—such as government policies, consumer preferences, and the state of nature and ecosystem services—and created concrete narratives for each scenario. This information-gathering drew on sources such as the Kunming-Montreal Global Biodiversity Framework (GBF), nature and biodiversity-related strategies in Japan and other countries where we operate, and IPR FPS + Nature.

Based on the narratives of these two scenarios, we examined what nature-related risks and opportunities could arise in the Group's businesses. We then evaluated them in terms of their expected timeframes and financial impact, and identified those with high materiality.

■ Envisioned scenarios



Scenario #1 Key features of scenario #1 (nature-positive scenario)

- Modest losses from nature degradation
- Expanded designation and restoration of protected areas, targeting biodiversity-critical regions
- Global acceleration of policy and financial transitions that support nature-positive outcomes
- Consumer demand for transparency regarding impacts on nature increases
- Growing public criticism and opposition to businesses that negatively impact nature



Scenario #3 Key features of scenario #3 (nature-negative scenario)

- Nature and ecosystem services are degrading rapidly and severely
- Lack of global coordination due to anti-ESG sentiment and conflicts between developed and developing nations leads to political, financial, and economic confusion and absence of systematic action
- Companies focus on short-term measures to mitigate the negative impacts of nature degradation
- Weak demand for nature-related technologies



Response to the Taskforce on Nature-related Financial Disclosures (TNFD)

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Nature-related risks and opportunities

With reference to relevant societal trends and other external environmental information, and based on the Group's impacts and dependencies on nature, we identified our nature-related risks and opportunities. Each was evaluated for its degree of impact: large, medium, or small. Where possible, the impact was assessed quantitatively based on estimated financial effects. Otherwise, we used qualitative criteria such as impacts on corporate vision and management strategy, business continuity and supply chains, as well as local communities. The materiality assessment identified eight risks and seven opportunities.

■ Main nature-related risks

Potential timeframes: Short-term (within 1 year); Medium-term (through around 2030); Long-term (through around 2050)
Degree of impact: Small: less than ¥10 billion; Medium: over ¥10 billion but less than ¥100 billion; Large: over ¥100 billion

Type	Details of risks	Nature-positive scenario		Nature-negative scenario		Response	Related pages
		Potential details timeframes	Initial impact level	Potential details timeframes	Initial impact level		
Transitions	Policy	Fewer business opportunities due to stricter nature conservation regulations on development In the development and construction of housing, office buildings, and renewable power systems, trends such as development restrictions and expansion of protected areas may hinder land acquisition and new construction, resulting in lost business opportunities or diminished project feasibility.	Medium term	Large	—	—	P013, P040
		Higher cost of countermeasures due to stronger environmental and greening regulations during development Most of the development and contracting projects undertaken by the Group involve the alteration of the natural environment. If regulations concerning environmental assessments at the time of development or the quantity and quality of greening at the time of completion are strengthened, the cost of countermeasures will increase while usable land (land available for building) decreases. This could lead to a decline in feasibility in the development business and lower profit margins in the contracting business.	Medium term	Small	—	—	
		Higher costs and resource supply constraints due to strengthened resource circulation regulations If regulations on resource circulation are strengthened, costs may increase due to design and traceability requirements focused on recycled materials. Resource shortages could also arise due to tight supply-demand conditions for recycled materials.	Medium term	Large	—	—	P013
	Policy and markets	Shortages of mineral resources and wood pellets due to strengthened regulations for nature conservation Development restrictions and expansion of protected areas could disrupt supply and increase procurement costs for mineral resources. In biomass power generation, restrictions on wood pellet production or global limitations on their use may lead to supply shortages.	Medium term	Medium	—	—	P013
	Markets and reputation	Reputational damage due to concerns about negative impacts on nature during development or operations If our development or operation of residential, commercial, renewable energy, or logistics facilities negatively impacts surrounding biodiversity or ecosystems, it may result in reputational damage and declining sales.	Short term	Medium	Short term	Medium	P013, P040
	Reputation	Reputational damage due to resource procurement impacting nature If our procurement of construction materials or timber negatively impacts biodiversity or ecosystem services, it may result in reputational damage and declining sales.	Short term	Medium	Short term	Small	P013, P038, P039
Physical changes	Acute and chronic	Project delays or shutdowns and higher costs due to water scarcity Some of the processes involved in the manufacture of materials essential for the buildings the Group supplies use water. If withdrawal of water is restricted due to water shortages or a drop in the water table, production capacity at the factories of the Group and its suppliers may decrease. Water intake restrictions could delay construction projects or increase water-related costs. Some of the Group's facilities provide services that require water use. Hotels, sports facilities, golf courses and other facilities operated by the Group may be forced to reduce the scale or quality of services such as provision of bathing facilities and watering grass.	Short term	Medium	Short term	Medium	P049, P050
		Decrease in timber supply due to climate change, increase in forest fires, and water shortages, etc. There is extensive use of timber in the structural materials and interior materials for the buildings supplied by the Group. If there is a decrease in the supply of timber due to climate change, an increase in forest fires, water shortages, and other factors, stable procurement of timber may become difficult, which could lead to an increase in procurement costs.	Short term	Medium	Short term	Medium	P049

Response to the Taskforce on Nature-related Financial Disclosures (TNFD)

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■ Main nature-related opportunities

Potential timeframes: Short-term (within 1 year); Medium-term (through around 2030); Long-term (through around 2050)
Degree of impact: Small: less than ¥10 billion; Medium: over ¥10 billion but less than ¥100 billion; Large: over ¥100 billion

Type	Details of opportunities	Nature-positive scenario		Nature-negative scenario		Response	Related pages
		Potential details timeframes	Initial impact level	Potential details timeframes	Initial impact level		
Business opportunities	Products and services						
	Growing demand for buildings with high water-use efficiency Demand is increasing for buildings that make effective use of water resources—such as net-zero water buildings—through measures like water conservation, rainwater harvesting, and greywater reuse.	Short term	Medium	Short term	Medium	Under EGP2026, the Group sought to adopt water-saving fixtures in residential-use buildings such as housing, hotels, and nursing-care facilities, as well as in its renovation business, achieving an adoption rate of more than 99%. By fiscal 2029, we aim to raise the adoption rate of water-saving fixtures with even greater water-reduction effects, such as at-hand water shut-offs for bathroom showers and kitchen sinks, touchless faucets for washbasins, and low-flush toilets. We will also promote rainwater use in buildings, the adoption of water-circulation systems, and rainwater infiltration through permeable paving and greening. In the leadup to fiscal 2035, we will strengthen proposals for highly resilient products with low water-environment impact that are drought- and disaster-resilient.	P049
	Increase in unit prices per building and increase in demand for green space projects due to growing need for greening The development and contracting projects undertaken by the Group generally include exterior work along with work on the main building. If clients have a growing need for greening due to stronger regulations on green spaces and greater awareness of the natural environment, demand for ecosystem-considerate greening work may rise, potentially leading to higher sales. Demand for specialized greening such as rooftop and wall greening as well as for green infrastructure technologies such as flood control could also increase project order opportunities.	Medium term	Medium	—	—	When proposing exterior greening and planting to customers, the Group uses the slogan “Let’s connect greenery!” The goal is to ensure that at least half of the newly planted trees (tall trees and shrubs) indigenous species suited to the nature of each region. In addition, Daiwa Lease, a Group company, has launched an environmental greening business and is offering advanced proposals for wall, rooftop, and indoor greening, primarily to business operators in Japan. By fiscal 2029, we will bring the area of ecosystem-considerate greening to 2 million m ² (cumulative from fiscal 2022). Furthermore, by fiscal 2035, we will steadily practice indigenous-species greening in our construction business and create a cumulative total of at least 3 million m ² of greenery that contributes to biodiversity.	P013, P040
	Increase in demand for buildings utilizing sustainable timber There is extensive use of timber in the structural materials and interior materials for the buildings supplied by the Group. Due to stricter regulations in response to worsening deforestation and other related issues, along with growing interest in timber traceability, demand for housing and buildings constructed with wood sourced from sustainably managed forests may increase, driven by stronger customer and tenant preferences for such construction.	Medium term	Small	—	—	The Group conducts an annual survey of suppliers addressing timber procurement and confirms legal compliance and sustainability to decrease use of timber produced in high-risk areas and timber for which legal compliance and sustainability cannot be confirmed. We have declared our commitment to achieving zero deforestation from timber procurement, and we are expanding this commitment to our suppliers. By fiscal 2029, we will expand the scope beyond the timber surveys conducted to date to include concrete formwork and principal fittings and fixtures. Aiming to raise the share of S-ranked timber in total procurement to at least 99% and to practice zero-deforestation timber procurement, we will enhance the Group’s appeal to customers with a strong interest in the natural environment.	P013, P038, P039
	Products and services, markets						
	Increase in demand for buildings that support resource circulation and reduce costs through recycling In general, buildings are constructed using large amounts of resources, only to be dismantled and discarded after their useful life. With the strengthening of regulations related to resource circulation and growing awareness, demand may increase for buildings with greater durability and those that foster better resource circulation. Additionally, cost reductions through efforts to promote resource circulation are also anticipated.	Medium term	Large	—	—	For single-family and rental housing, the Group provides a long-term initial warranty on the structural frame and waterproofing and has established a mechanism to extend the warranty with periodic inspections and maintenance. This provides homes that owners can live in with peace of mind over the long term and promotes the extended service life of buildings. The Group also conducts buyback-and-resale, purchasing vacant houses and vacant stores, renovating or refurbishing them, and selling them again. Going forward, in light of the increase in vacant houses and stores and the sharp rise in new-build prices, we will develop systems and strengthen our information-management framework to expand this business.	P046
Nature conservation opportunities	Markets						
	Creation of market for non-residential wood buildings With a view to promoting decarbonization, forest resource circulation, and biodiversity conservation, there is a growing trend toward timber and wood-composite construction in the non-residential building sector. Advances in technology and regulatory updates have greatly expanded the potential for non-residential timber and wood-composite buildings, and a diverse range of projects is beginning to emerge. This could lead to new business opportunities for the Group, which has mainly handled steel-framed construction.	Medium term	Large	—	—	We launched the Future with Wood Promotion Department to strengthen our wood structure and finish business, and we are promoting proposals for wood structure and finish construction, mainly for small- and medium-scale buildings such as stores, offices, and welfare facilities with a total floor area of less than 3,000 m ² . By fiscal 2035, we aim to achieve sales of 300 billion yen and industry-leading scale in the non-residential timber construction business.	P017
	Resource efficiency						
	Reduction of operational costs through water conservation at our facilities Reducing water usage through water conservation efforts at resort and sports facilities, hotels, golf courses, and other properties operated by the Group could lead to cost savings.	Short term	Small	Short term	Small	At facilities with high water usage (hotels, commercial facilities and stores, sports facilities, factories, etc.), the Group promotes water use reduction by installing water-saving devices for bathroom showers and faucets, waterless toilets, and rainwater tanks. By fiscal 2029, we aim for a 47% reduction in water usage per unit of sales (vs. fiscal 2012), and we will promote reductions in water-stressed areas. Furthermore, for sites with a large environmental impact, we aim to achieve targets based on the SBTN methodology while improving efficiency in water-intensive sectors, thereby meeting our company-wide water-usage reduction target in fiscal 2035.	P013, P049
Nature conservation opportunities	Protection of ecosystems						
	Conservation of biodiversity on company-owned land and at Group facilities Some company-owned sites are included in nature conservation areas. There are also other sites which are significant for conservation of biodiversity, including sites where agreements have been concluded with surrounding local governments. The Group can contribute to the creation of local ecosystem networks by continually working to conserve ecosystems and upgrading the level of management at such sites.			*		The Group conducted biodiversity-related surveys of its own operational sites and identified sites important to biodiversity, such as designated nature conservation areas. At some of these significant sites, we score the management and conservation status using a checklist based on ABINC certification and are advancing the formulation and implementation of management and conservation plans. By fiscal 2029, we will complete a framework capable of conducting biodiversity assessments and risk responses at the same sites covered by our climate-change site management. At sites with a particularly high conservation effect, we will promote biodiversity conservation activities.	P013, P042

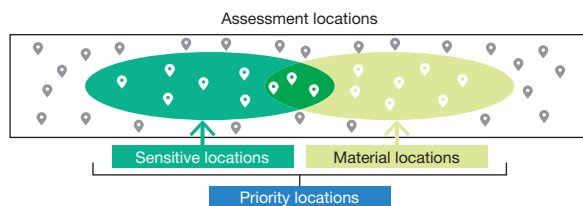
* Although nature conservation opportunities may not directly affect corporate business, we consider them important to the sustainability of ecosystem services, and we have identified them as opportunities and formulated strategies for them.

Response to the Taskforce on Nature-related Financial Disclosures (TNFD)

Risk management

Management process for the main important risks and opportunities

We specify priority locations for high-priority nature-related risks and identify and manage detailed risks.



Assessment locations: All geographic locations of the organization's direct operations, upstream, and downstream.

Sensitive locations: Locations where the organization's direct operations and assets/activities in upstream and downstream value chains come into contact with nature in areas considered ecologically sensitive

Material locations: Locations where the organization has identified material nature-related dependencies, impacts, risks and opportunities.

Management process for main important risks

■ Direct operations (Group facilities) | Biodiversity impact assessment

We assess the degree of impact on biodiversity at our directly operated sites (assessment locations)*¹ and conduct self-assessments*² to ensure ecosystem-considerate site management.

In fiscal 2025, of the 41 sites assessed as significant sites (sensitive locations), 20 had a biodiversity management and conservation plan formulated,*³ for a plan formulation rate of 48.8%. Going forward, we will advance the formulation of management and conservation plans that reconcile business operations with biodiversity conservation at all significant sites, and we will conduct monitoring in line with these plans.

Assessment locations	Directly operated sites (1,773 sites)
Priority locations (Sensitive locations)	Significant sites (41 sites) Sites with a management and conservation plan formulated (20 sites)

*¹ We refer to the certification criteria for Natural Symbiosis Sites promoted by Japan's Ministry of the Environment and use the Environmental Assessment Database System (EADAS) to determine significant sites (areas) for biodiversity.

*² We use a site management assessment method that scores conservation and management status using a checklist based on ABINC certification. This approach is the standard and allows us to develop and implement plans that do not negatively impact biodiversity.

*³ Depending on the facility's use, such as offices, we omit the preparation of a biodiversity management and conservation plan for sites where the absence of negative impacts on biodiversity has been confirmed through interviews and the like.

[P176 Environmental Data Biodiversity assessments for Daiwa House Group sites](#)

■ Direct operations (Group facilities) | Water risk assessment

We assess the level of water stress in areas where Group facilities are located using WRI Aqueduct. For facilities in Japan, we confirmed that water-stress levels are at or below a certain threshold. At a hotel in Mexico that, based on the fiscal 2024 assessment, is located in a water-stressed area and uses more than 10,000 m³ of water, we plan to formulate a reduction plan and conduct target management starting in fiscal 2026.

For Group facilities (factories and golf course) that use a lot of water, have the potential to use hazardous chemicals, and discharge into areas of public water, we use the WWF-DEG Water Risk Filter to examine water quantity and quality based on the regional characteristics and risk responses of each facility. We have confirmed that there are no high-risk facilities.

Assessment locations	Sites where EGP2026 water usage is aggregated (all sites)
Priority locations (Sensitive locations)	Facilities that use a lot of water in water-stressed areas (Hotel in Mexico)

[P050 Assessing water stress levels at Group facilities](#)

[P050 Water risk assessment at Group facilities](#)

[P183 Environmental Data Results of Comprehensive Water Risk Assessment at Group Facilities](#)

■ Upstream (Supply chain) | Timber procurement assessment

We conduct an annual survey of timber procurement based on the Group's independent assessment criteria, and we categorize timber into ranks SSS, SS, S or C. We use risk assessment tools to ascertain source-country risk status (legal compliance, biodiversity, human rights, etc.).

We have set numerical targets and are implementing initiatives to reduce the rate of C-ranked timber with risk of deforestation. We have also taken measures which include requiring suppliers of C-ranked timber to submit an improvement plan aimed at sustainably harvested timber procurement, in addition to thoroughly checking the timber's public documents and switching sources to low risk areas.

Assessment locations	27 source-countries for timber procurement
Priority locations (Sensitive locations)	High risk areas (Sarawak in Malaysia, Tasmania in Australia, Russia*) * Russian hardwood Share of procured timber from high-risk areas: 0.3%
Priority locations (Material locations)	Areas with large volume of procurement (China, Southeast Asia)

[P038 Conducting timber procurement survey at our suppliers](#)

■ Upstream (Supply chain) | Water risk assessment

We conduct surveys of water risk at the factories of the Group's major suppliers because of the increase in water risks such as heavy rain, flooding, and drought cause by the impact of climate change.

We also conduct assessments for timber, which is our main raw material, based on the water risk level and procurement volume of the country of origin.

[P050 Water risk evaluation at suppliers' factories](#)

[P183 Environmental Data Water risk assessment results in timber-producing countries](#)

Management process for main important opportunities

■ Downstream (Products) | Expansion of the area of ecosystem-considerate vegetation cover

The Group recommends that at least half of trees (tall trees and shrubs) we plant be indigenous species suitable to the nature of each region under the slogan "Let's connect greenery!" Each business division set targets for the percentage of properties where indigenous species account for at least 50% of plantings, monitors performance quarterly, and promotes initiatives.

[P040 Planting greenery of native species in urban nature-positive efforts](#)

Response to the Taskforce on Nature-related Financial Disclosures (TNFD)

Metrics and targets

The Group has formulated the following targets on nature-related dependencies and impacts and monitors their achievement.

■ TNFD global core disclosure metrics and measurement metrics for nature-related dependencies and impacts

Category	Metric number	Driver of nature change	Metric	Measurement metric	Metrics of the Environmental Action Plan “EGP2029” and items for which performance is tracked	
					Metrics*	Related pages
Dependencies and impacts	C1.0	Land/freshwater/ocean-use change	Total spatial footprint	Total spatial footprint (km ²) (total) · Total surface area under the organization's oversight, management, or control (km ²) · Total area disturbed (km ²) · Total area rehabilitated or restored (km ²)	• Formulation rate of management and conservation plans and monitoring implementation rate at significant sites of company facilities · Among directly operated sites, the area of sites in proximity to important biodiversity · The area of sites for which a biodiversity management and conservation plan has been formulated	P013, P042, P176
	C1.1		Extent of change in land/freshwater/ocean use	Extent of change in the use of land/freshwater/ocean ecosystems (km ²)	—	—
	C2.0	Pollution/pollution removal	Total amount of pollutants released to soil, by type	Total amount of pollutants released to soil, by type (t)	— (Leak-prevention controls are in place)	—
	C2.1		Wastewater discharge	Volume of water discharged (m ³) · Concentration of key pollutants in the wastewater discharged · Temperature of the water discharged	· Volume of wastewater discharged · Discharge concentration at significant sites located in water-risk areas	P182
	C2.2		Waste generation and treatment	Total amount of hazardous and non-hazardous waste generated, by type (t) Weight of hazardous and non-hazardous waste disposed of (t)	· Construction waste emissions (by item) · Specially controlled industrial waste emissions (Daiwa House Industry)	P179
	C2.3		Plastic pollution	Total weight of plastic used or sold (polymers, durable goods, packaging) (t)	• Recycling rate of waste plastics material (Manufacturing) • Reduction rate of incineration and final disposal of amenities that are plastic-containing products specified in law (hotels) vs. FY2021	P013
	C2.4		Total amount of non-greenhouse-gases (non-GHG) air pollutants	Non-GHG air pollutants by type (t) · Particulate matter (PM2.5 and/or PM10) · Nitrogen oxides (NO _x , NO, NO ₂) · Volatile organic compounds (VOCs or NMVOCs) · Sulfur oxides (SO _x , SO, SO ₂ , SO _x) · Ammonia (NH ₃)	• VOC emissions reduction rate (per unit of sales) vs. FY2013 · NO _x and SO _x emissions in the manufacturing phase	P184
	C3.0	Resource use/resource replenishment	Water withdrawal and consumption from areas of water scarcity	Water withdrawal and consumption from areas of water scarcity (m ³)	· Water usage (withdrawal) in water-stressed areas	P183
	C3.1		Quantity of high-risk natural primary commodities sourced from land/ocean/freshwater	Quantity of high-risk natural primary commodities sourced from land/ocean/freshwater (t)	• Proportion of S-ranked timber in procured timber • Traceability assurance rate for high-impact commodities · Volume of timber procured	P013, P174

* • **Bold:** Related EGP2029 metrics
 · Regular type: Items for which performance is tracked (no target set)

Achievements and future challenges related to TCFD and TNFD

Governance and risk management

At the Board of Directors, while a certain level of reporting and deliberation occurs on how decisions are made in light of climate-related risks and opportunities and the trade-offs among them, the challenge is that this particular process is not clearly organized or documented. Because sustainability-related risks, such as climate change and nature, are among the important management issues that affect business activities over the short, medium, and long term, we will study ways to enhance their management, aiming to integrate these risks step by step into a company-wide risk-management process.

Strategy

In fiscal 2025, in conjunction with the formulation of the Environmental Action Plan “Endless Green Program 2029” (EGP2029) (fiscal 2026 to 2029), we re-identified the material climate-related risks and opportunities for the entire Group, including sites outside Japan. Going forward, for the identified risks and opportunities, we will work toward disclosure in line with the SSBJ standards—including the disclosure of financial impact—taking into account their relationship with our business strategy and Medium-Term Management Plan.

Metrics and targets

Aiming to minimize risks and maximize opportunities associated with climate change, we have set management metrics and targets in EGP2029 and are working hard to meet them. For the EGP2029 metrics and targets, we manage progress via regular monitoring and revise them as needed to improve their effectiveness.

For the nature-related area, we checked the status of our target-setting and performance-tracking against the global core metrics presented by the TNFD. Going forward, we will track our progress toward the targets.



Synergies and Trade-offs Related to Climate Change and Nature-Positive Measures

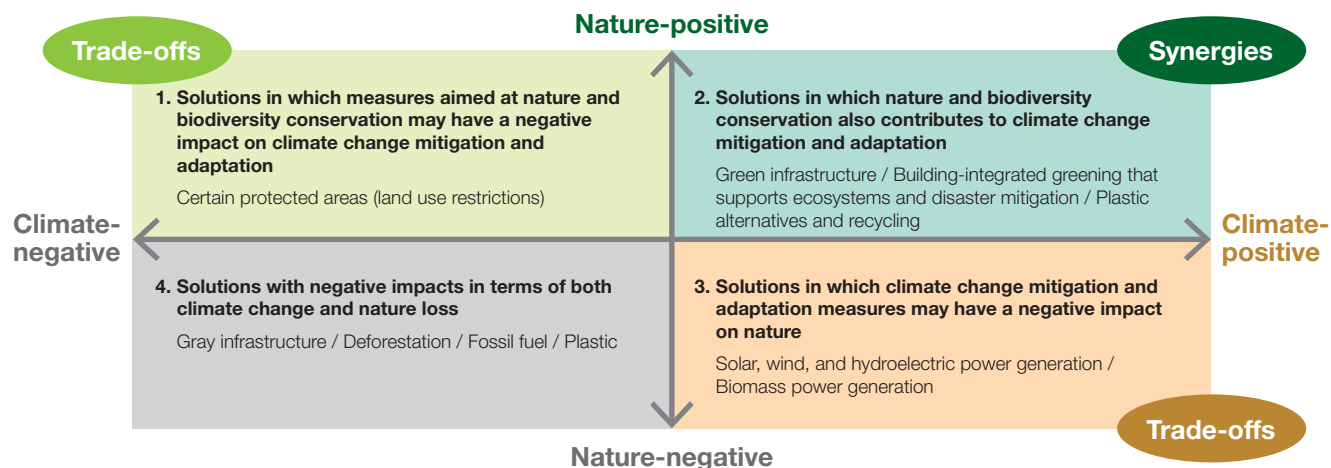
Synergies and Trade-offs Related to Climate Change and Nature-Positive Measures

Different solutions to address climate change and promote nature-positive outcomes may produce synergies, but can also involve trade-offs.

For example, in the Group's Environment and Energy Business, if projects are poorly planned, they could have negative impacts on nature, such as the loss of wildlife habitats or depletion of water resources.

The Group recognizes that while appropriately planned measures may generate synergies, trade-offs can also arise. Therefore, we are promoting initiatives that minimize trade-offs and enhance synergies between climate and nature-related activities.

■ Classification of representative solutions for the synergies and trade-offs between climate change and nature/biodiversity



Created with reference to the classification used in the Finance for Biodiversity Foundation's "Unlocking the biodiversity-climate nexus"

Major businesses and initiatives related to the Group	Trade-offs: Negative impacts on both climate and nature	Synergies	Related pages
Construction and real estate businesses Green infrastructure: Building-integrated greening that supports ecosystems and disaster mitigation	If nearby ecosystems are not taken into consideration and the selection of plant species is not appropriately planned, the health of those ecosystems could be impacted.	By carrying out greening that takes local ecosystems into consideration, biodiversity can be improved. It can also contribute to climate change mitigation and adaptation through flood mitigation, carbon sequestration, and reduction of heat island effects.	P040: Promote greening with indigenous species
Construction and real estate businesses Promoting the use of wood	If sustainable procurement is not implemented, there could be adverse impacts on both climate and nature, such as deforestation and changes in land use.	The implementation of sustainable procurement can help maintain biodiversity while also contributing to climate change mitigation.	P038: Procuring sustainable timber
Construction and real estate businesses Plastic alternatives and recycling	Impacts may also include increased energy consumption and pollution associated with recycling, as well as land-use changes for producing raw materials used in alternatives to plastic.	By using sustainable plastic alternatives and implementing proper recycling, we can help mitigate climate change through reduced petroleum consumption while having a positive impact on nature by reducing extraction.	P047: Material recycling of waste plastics
Environment and Energy Business Solar, wind, and hydroelectric power	If plans do not take biodiversity into account, there could be adverse effects on nature, such as contributing to the loss of wildlife habitats or water shortages.	By planning measures with consideration for local ecosystems, we can promote climate change mitigation while maintaining biodiversity around power generation systems.	P042: Biodiversity assessments at directly operated sites, including power plants
Environment and Energy Business Biomass power	The production of biofuels can contribute to land-use changes and land degradation.	By using sustainable biofuels, we can promote climate change mitigation while maintaining biodiversity.	— (Legality and sustainability of wood pellets used in biomass power generation are confirmed)

CHAPTER

2

Implementation Report

Society

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Long-Term Social Vision

Looking ahead to 2055, which marks the 100th anniversary of Daiwa House Industry's founding, the Group has established its vision for each priority social theme.

We will also clarify our 2035 milestones and promote initiatives aimed at resolving issues related to a broad range of stakeholders.

Priority themes		Stakeholders	Milestones for 2035		Aspirations for 2055
Human capital	Human resources development	Employees	The creation of an environment where employees can autonomously shape their own careers and tackle challenges that transcend organizational boundaries, while also building a talent base that supports business continuity and securing successors for key positions.		Providing appealing opportunities and compensation to the human talent that supports business transformation and growth in the Daiwa House Group, and creation of an organization where employees and the Company grow together through dialogue.
	Motivation and working in comfort	Employees	Employees are physically and mentally healthy, working toward peak performance and high productivity, while also aiming to put in place systems that employees can utilize as they wish.		
	DE&I	Employees	Aiming to create an environment where diversity, including gender, disability, and nationality, functions organically and serves as a source of value creation.		
Compliance		Employees	Business Philosophy	Aiming for zero serious violations of compliance by instilling the Company’s business philosophy.	Aiming to be a corporate group in which every employee makes decisions and acts with integrity and fairness, guided by high ethical standards.
			Preventive system	Enhancement of system to prevent compliance violations.	
Local communities		Local residents	Community development	In both urban areas and suburban housing projects, addressing social issues specific to each region and creation of new value to maintain and enhance the appeal of these communities.	Redesigning local communities with a focus on regeneration, circularity, and sustainability.
Occupational health and safety		Business partners	Industrial accidents	Strengthening our health and safety management system with the aim of achieving a frequency rate of less than 0.3 for on-site workplace accidents that result in four or more workdays of lost time at the Group’s construction and production sites.	Creation of a comfortable, appealing, and employee-friendly environment that ensures the well-being of all who work at construction and production sites.
			Comfortable work environments	Aiming to enhance health and safety measures at construction and production sites, such as with heatstroke prevention, by properly positioning equipment, while also reducing workload and creating a work environment where all can approach their jobs in comfort.	

Long-Term Social Vision

Priority themes	Stakeholders	Milestones for 2035		Aspirations for 2055
CS and quality	Customers	Product quality	Ensuring thorough compliance with internal quality standards and elimination of similar defect cases, and aiming to reduce the lost profit rate (as a percentage of sales) to 0.15% or below, while providing our customers with safe and reliable products.	Consistently providing outstanding products with the aim of maximizing customer satisfaction, and earning trust as a company favored by society.
		Service quality	Through sincere and courteous service and our CS management system, aiming to earn our customers' satisfaction and trust, while also establishing a framework to measure customer loyalty and quantify and visualize true customer satisfaction.	
Supply chain	Suppliers	Strengthening partnerships	Actively listening to suppliers' opinions and requests, identifying areas for improvement, and taking corrective action with the aim of strengthening engagement and preventing compliance violations before they occur.	A resilient supply chain established by building mutually beneficial relationships with suppliers, and securing sustainable procurement practices and key players.
		Promoting CSR procurement through collaboration with supplier companies	Establishing a state in which the CSR procurement policy, the "Supplier Code of Conduct," is firmly established among supplier companies, and where they independently comply with and work to improve their practices in accordance with the Code of Conduct.	
		Establishing an emergency response system	Establishing a system that allows quick confirmation of the safety of technicians at partner contractors in the event of an emergency, while also promptly providing safe and secure housing to local residents.	
		Balancing construction quality and productivity	Utilizing digital transformation (DX) at construction sites to improve productivity and ensure quality.	
		Evolving into a group of skilled professionals capable of handling highly difficult properties	Securing highly skilled technicians and supporting the development of young technicians, aiming to evolve into a high-quality team of skilled workers capable of constructing highly difficult projects.	
Human rights	All	Due diligence	Working to ensure that our human rights due diligence initiatives also become firmly established across Group companies both in and outside Japan, and for Group companies to independently identify the details of any adverse impacts on their operations and implement corrective measures.	Maintaining a high level of awareness among employees regarding respect for human rights, fostering a corporate culture in which words and actions that respect human rights are consistently practiced, and ensuring that the human rights of all individuals engaged in Group business are respected.
		Raising awareness	Continuously implementing human rights education and aiming for an organization that respects the human rights of employees. (Over 80% of employees feel that their dignity is respected.)	
		Access to relief	Through an awareness of our consultation and whistleblowing hotlines, we aim to ensure that employees can use these internal channels at any time to address human rights issues, thereby enabling the early detection and prompt resolution of human rights infringements. (Over a 90% rate of employees making efforts to use consulting and whistleblowing hotlines when they have concerns of human rights issues.)	

Social Action Plan (Endless Social Program)

History of the Action Plan

The Daiwa House Group formulates specific goals and plans, known as the “Endless Social Program (ESP),” roughly every three to five years as we look toward realizing our purpose and vision for each priority theme. Being aligned with the Medium-Term Management Plan timeframe, we promote ESP initiatives.



Linking materialities and the Social Action Plan

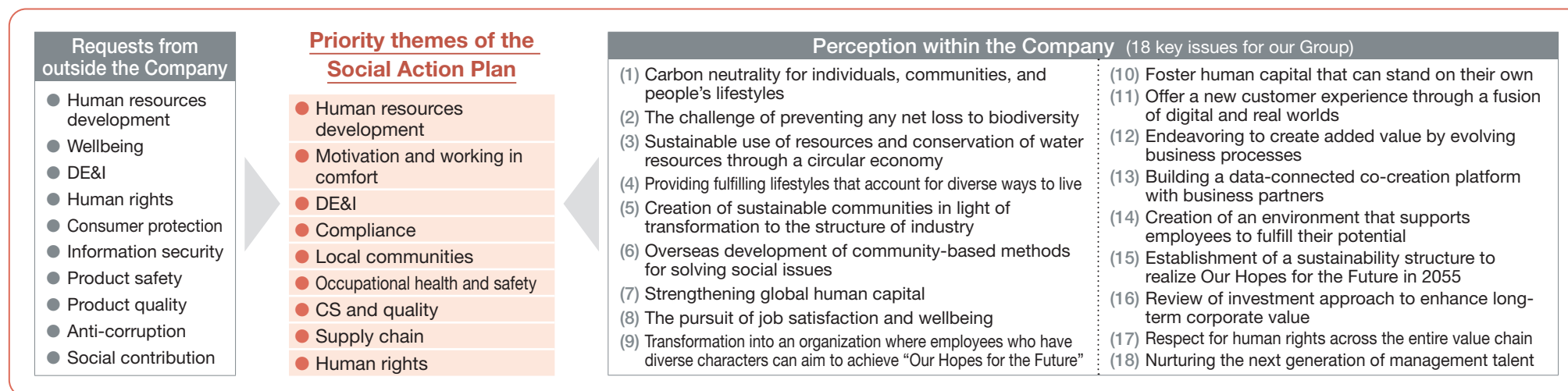
In fiscal 2022, the Daiwa House Group set forth priority issues (materiality) in order to realize Our Hopes for the Future (purpose). As part of this process, we considered what elements would be necessary to realize Our Hopes for the Future (purpose), given the direction of social change as we identified materiality. We selected 18 key issues, including the pursuit of job satisfaction and wellbeing, fostering human capital that can stand on their own, respect for human rights across the entire value chain, and other matters pertaining to society.

As for the external environment, we identified items requested by GRI (Global Reporting Initiative), an international guideline for sustainability information disclosure, and items evaluated by ESG evaluation bodies, among other external requests.

Consequently, we identified “nine social themes,” which are of much interest to stakeholders and closely related to our business. For these priority social themes, we have formulated the Social Action Plan, Endless Social Program (ESP), in accord with the period covered by the Medium-Term Management Plan.

Overall Social Action Plan

In the ESP, we formulate concrete targets and plans, and work toward achieving the identified “nine social themes.”



Social Action Plan (Endless Social Program 2029)

As Endless Social Program 2029 is set to begin in fiscal 2026, fiscal 2025 results are for reference.

The key management metrics for “human capital” (specifically, “human resources development”), “local communities,” “CS and quality,” and “supply chain” are stated on a non-consolidated basis.

Priority themes		Elements	Key management metrics	FY2025 results (reference)	FY2029 targets
Human capital	Human resources development Motivation and working in comfort DE&I	General (KGI)	Productivity per man-hour	—	(Established in FY2026)
			Human capital ROI*1	—	
			Number of projects in the multi-complex business	10	
		Human resources development	Number of applicants for the open recruitment-type system	198	
			Positive response rate for items related to “challenge” and “growth” in the Self-Discovery System	82.1%	
			Succession coverage rate	—	
		Motivation and working in comfort	Presenteeism	—	
			Ratio of childcare leave taken by male employees	77.6%	
		DE&I	Ratio of females in managerial positions (construction industry)*2	—	
Compliance		General (KGI)	Zero serious compliance violations	0	0
		Instilling business philosophy	Rate of compliance training implementation	100%	100%
		Enhancing systems to prevent compliance violations	Ratio of compliance violation prevention measure implementation	100%	100%
Local communities	Community development		Number of development and management projects aimed at solving social issues	Urban areas 9	Urban areas 17
			Number of residential complexes that utilize community management	Suburban areas 10	Suburban areas 14
Occupational health and safety	General (KGI)		Frequency rate of industrial accidents resulting in four or more days of lost time at construction sites	0.39	Less than 0.4
			Frequency rate of industrial accidents resulting in four or more days of lost time at production sites	0.46	Less than 0.45

*1 Planned to be set using a different calculation standard from the Endless Social Program 2026

*2 Planned to designate eligible companies in FY2026

Social Action Plan (Endless Social Program 2029)

As Endless Social Program 2029 is set to begin in fiscal 2026, fiscal 2025 results are for reference.

The key management metrics for “human capital” (specifically, “human resources development”), “local communities,” “CS and quality,” and “supply chain” are stated on a non-consolidated basis.

Priority themes	Elements	Key management metrics	FY2025 results (reference)	FY2029 targets
CS and quality	General (KGI)	Lost profit/sales	0.24%	Less than 0.18%
	Housing solutions Product quality	Construction management and final inspection First time pass rate	78.8%	90%
	Housing solutions Service quality	Overall satisfaction rate (overall response: housing only)	—	95%
	Business solutions Product quality	Free of charge for the current fiscal year AF*1/ sales	0.21%	Less than 0.15%
	Business solutions Service quality	Customer satisfaction rate	—	—
Supply chain	Strengthening partnerships	Business partner questionnaire “Overall Satisfaction in Transactions”	74.3%	77%
	Promoting CSR procurement	Rate of procurement activity implementation by business partners based on key items in the CSR Purchasing Policy “Supplier Code of Conduct” (Key items: “legal compliance,” “human rights and labor,” “stable supply,” and “quality”)	—	100%
	Establishing an emergency response system	Creating a database of business partners’ track records and capabilities in assembling emergency housing	—	Completion of database creation
	Balancing construction quality and productivity	Partner account management system*2 enrollment rate	48%	85%
	Evolving into a group of skilled professionals capable of handling even highly difficult projects	Number of certified technicians in the Technician Career Up System	3,285	8,000
Human rights	General (KGI)	Rate of affirmative responses to questions regarding respect for human rights (in-house survey)	64.3%	72%
	Ongoing implementation of human rights education	Rate of participation in human rights education	96.7%	100%
	Improving access to relief	Rate of affirmative responses to questions regarding access to relief (in-house survey)	72.3%	82.5%

*1 Amount incurred with free post-construction work

*2 A common account management system for accessing systems related to our construction quality



Social Management

Concept and Policy

To realize our vision for priority social themes, the Group formulated its Social Action Plan and promotes sustainability management through a unified, global efforts across the Group, aiming to both address social issues and improve corporate profitability. Based on our action plan, we are enhancing the effectiveness of the PDCA cycle at our business sites by incorporating sustainability activities into performance evaluations.

Social management organization

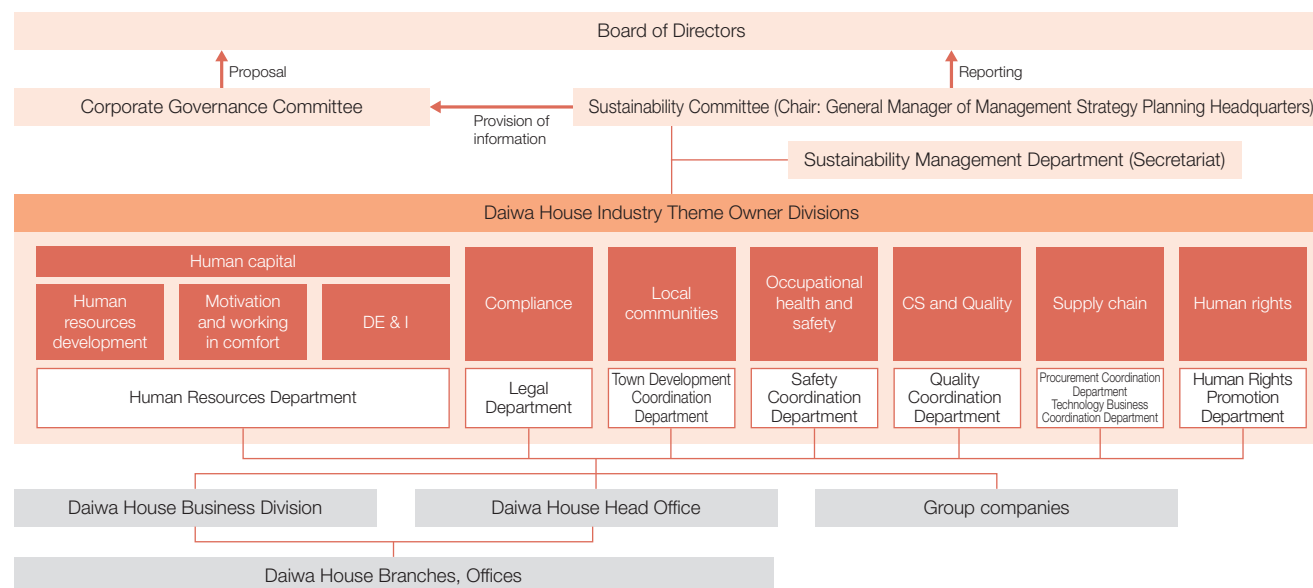
The Sustainability Committee, chaired by the head of the Management Strategy Planning Headquarters (Director and Managing Executive Officer), meets more than twice annually. This committee deliberates on and decides upon important issues to be addressed by the Group, particularly in the area of social responsibility, and directs and oversees Company-wide efforts related to these decisions. In addition, in order to raise the effectiveness of our vision and strategy for medium- and long-term corporate value enhancement, under this organization the Sustainability Committee provides information as necessary to the Corporate Governance Committee. The Corporate Governance Committee, which includes external directors and external auditors, discusses the provided reports from diverse and long term perspectives and makes recommendations to the Board of Directors to facilitate sustainable corporate management. Furthermore, the “Endless Social Program,” being a Social Action Plan formulated alongside the Medium-Term Management Plan, is a key aspect of our sustainability management and is designated as a matter to be reported to the Board of Directors. Once a year, the Sustainability Committee reports on its progress to the Board of Directors, and conducts a timely review of strategy, targets, and plans.

In fiscal 2025, the Board of Directors deliberated on an outline for the formulation of the next Social Action Plan, “Endless Social Program (ESP) 2029.” Regarding priority themes pertaining to human capital, we were instructed to expand the extent of our focus to align with the range of financial information, to promote the implementation of policies and measures across the entire Group, to set long-term goals

for 2035 as milestones for the next decade, and to formulate an action plan using a backcasting approach. Based on the newly formulated ESP2029, the Group will work as one to address

issues facing society in the social domain, while accelerating the enhancement of corporate value and steadily advancing toward the realization of Our Hopes for the Future (purpose).

Social management organization



 P120 Corporate governance system

Roles of conference bodies

Conference body	Principal members	Conference frequencies	Principal roles
Board of Directors	Directors, external directors	Annually	Supervision of strategy
Sustainability Committee	General Manager of Management Strategy Planning Headquarters, Executive Officers in charge of priority themes in the environmental and social areas, Head of Head Office function	Over twice annually	Drafting and examining strategy and adopting the final text, managing the progress of the Group management metrics
ESP officer review (Held for each priority theme)	Executive Officers in charge of priority themes, heads of theme owner divisions, heads of KPI owner divisions	Biannually	Implementing strategy, managing the progress of individual management metrics

■ Respect for human rights

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, we established and announced the Daiwa House Group Human Rights Policy. This policy was developed with input from outside experts and has been approved by our Board of Directors.

It is clearly stated in the Daiwa House Group Principles of Corporate Ethics and Code of Conduct 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 prohibit forced labor and child labor in Group companies and our supply chains. Furthermore, we honor “Children’s Rights and Business Principles.”

The Company also stipulated the harassment prevention regulations pursuant to revisions in relevant laws in June 2020, and in 2025 formulated its policy pertaining to customer harassment.



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

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

➤ [Policy regarding customer harassment \(Japanese text only\)](#)

• The Supply Chain Sustainability Guidelines

The Group established the Supply Chain Sustainability Guidelines for our business partners, consisting of (1) the Business Partner Code of Conduct, (2) the Corporate Activity Guidelines, and (3) the Guidelines for Products, and requires adherence with standards such as those related to human rights, quality, safety, the environment, and compliance. It also includes our commitment to respect for human rights, in line with the Group’s human rights policy, and explicitly states the prohibition of child labor, forced labor, discrimination, and harassment.



➤ [Supply Chain Sustainability Guidelines](#)

• Timber Procurement Policy to Achieve Zero Deforestation

In 2021, the Group established a “zero deforestation policy” aimed at the elimination of deforestation. In accordance with this policy, we seek to procure timber only from suppliers that handle timber products with due consideration for the rights and safety of indigenous peoples, local residents and workers in the country of origin.



P038 [Zero Deforestation Policy](#)

Management

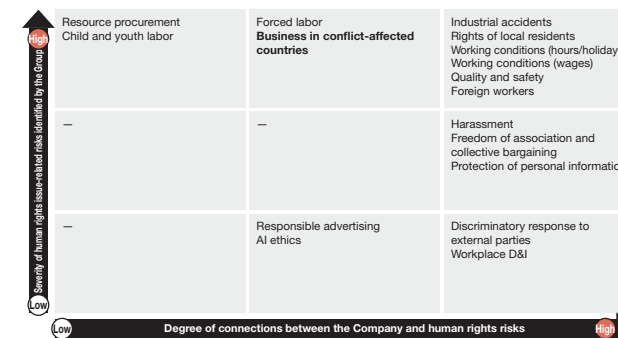
Human rights risk map

As a first step in human rights due diligence, in fiscal 2023 the Company identified and assessed significant human rights risks and developed and published a human rights risk map (domestic edition).

Starting in fiscal 2025, we formed a working group on human rights due diligence comprising multiple Head Office divisions, and expanded the scope of this initiative to include our overseas supply chains. That same year, with the assistance of external experts, we revised our human rights risk map to create a global version. In this way, we can compare general human rights risks related to the Group’s business with potential human rights risks that may arise in light of our future business development, so that we will ascertain the issues that require attention and formulate countermeasures, thereby striving to prevent and mitigate human rights risks in the supply chain for our products and services.

In fiscal 2026, based on the newly developed risk map, which identified foreign workers employed by our contractors and subcontractors as the most significantly affected stakeholder group, and recognizing the increasing number of such workers at our production and construction sites, we launched specific initiatives focused on this group. Looking ahead to future overseas operations, we also plan to expand these initiatives to our overseas sites.

■ Human rights risk map (consolidated; including overseas)



➤ [Sustainability Report 2024](#)

[Identifying and assessing negative impact on people in human rights due diligence](#)

Conducting questionnaire survey

In order to identify general human rights risks related to Group business using the human rights risk map and to ascertain the actual state of human rights risks within the Group, we conducted a human rights questionnaire survey covering all employees in fiscal 2024. As a result of comparing response results from 38,638 participants, or about 95% of the total, with the human rights risk map, we determined that “harassment” and “work hours” were key issues. Based on those results, in fiscal 2025, the Company conducted a “human rights focus survey” focusing on “harassment” and “work hours.” We seek to better understand workplace-level trends (personal experiences and instances witnessed) and the factors contributing to long work hours at the workplace level and call for corrective measures and improvements at each workplace. In fiscal 2026, the next fiscal year, we plan to conduct another human rights focus survey to confirm the effectiveness of corrective measures and efforts to make improvements. Through ongoing monitoring, we will carry out human rights due diligence that involves corrective actions and improvements at the workplace level, as well as verification of the effectiveness of those measures.

■ Respect for human rights

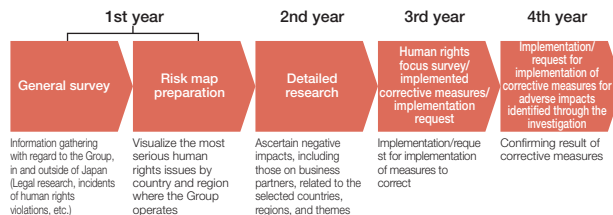
Implementation of human rights due diligence

Under our Social Action Plan (ESP2029), first launched in fiscal 2026, we promote human rights due diligence on a four-year cycle.

As human rights risks evolve over time, we plan to review our human rights risk map every four years and will implement corrective and improvement measures every year through human rights focus surveys and impact assessments* of rights holders. Following that, in line with the risk map review, we plan to once again identify key issues.

* A process for identifying and assessing the adverse impacts of business activities on the human rights of rights holders, and prioritizing responses in accordance with the UN Guiding Principles.

■ Overview of human rights due diligence (consolidated; including overseas)



Structure relating to human rights issues

The Group recognizes the importance of respecting human rights throughout our entire supply chain as well as our own business activities, and has established the Human Rights Promotion Department, which specializes in the day-to-day respect for human rights and is overseen by the General Manager of Management Administration Headquarters (Executive Vice President). In addition, human rights awareness 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 staff are appointed as well as the human rights awareness promoters at every branch office in a way that maintains gender diversity to make consultations regarding harassment easier.

The Executive Vice President is designated as the person responsible for human rights issues within our business.

Monitoring is conducted primarily based on information received through various internally established whistleblowing hotlines, and significant matters are referred to the Internal Control Committee for discussion.

■ 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, Partners Hotline)
Human Resources Department	Wages, work hours, freedom of association, collective bargaining rights, etc.
Disciplinary Committee	Deliberation of inappropriate behavior and disciplinary action
CSR Procurement Subcommittee	Human rights in supply chains
Human rights awareness promoters and harassment prevention staff	Provides consultation relating to human rights at each branch office

Joint training by human rights awareness promoters around Japan and harassment prevention staff

The Company conducts annual training for those responsible for consulting hotlines (human rights awareness promoters) and harassment prevention staff stationed at branch offices, factories, and research centers across Japan, with the objective of raising the quality of consulting hotline responses.

Fiscal 2025 training gave participants hands on experience of the entire consultation response process, with an introduction to business site harassment prevention training and roleplaying, among other activities. Based on case studies, they gained an understanding of initial response procedures and issues and a deepened understanding of harassment through exercises involving the determination of whether a situation constitutes harassment. The training was held at three venues and drew 136 participants. Feedback from attendees included comments such as, “It was helpful for my work to be able to reflect on and simulate actual counseling sessions,” and “Through

the discussions, I gained a clear understanding of how each person's feelings and perspectives differ regarding counseling cases, and I realize I need to take that into account when handling cases in the future.” We will continue work to improve our ability to handle harassment consultations through regular training sessions that use real-life case studies.

Response to employee harassment issues

・ Whistleblower hotline “Human Rights Hotline”

The hotline accepts consultations with regard to harassment, striving for the early detection, and solutions to, harassment in the workplace.

 P129 Various whistleblowing systems, target scope of consultation service, operational procedure

・ Harassment self-check

The Company has all employees conduct regular harassment self-checks. Through these self-checks, we foster a harassment-free workplace culture by reflecting on one's own words and actions, viewing harassment as a personal matter, updating knowledge of harassing behavior, and endeavoring to improve behavior.

・ Harassment prevention staff

Harassment prevention staff appointed at the Company's branch offices around the country attend regular specialized training courses on harassment, and are also given backup and advice as needed by the Human Rights Promotion Department of the Head Office on how to handle and resolve harassment cases so that they can accept queries at branch offices.

・ Distribution of “Sexual Harassment Self-defense Guidebook” and carrying a personal safety alarm

In addition to distributing to all employees of the Company the Sexual Harassment Self-defense Guidebook aimed at preventing sexual harassment and raising awareness of self-defense, women salespeople and those in construction 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.

■ Respect for human rights

· Policy regarding customer harassment

In April 2025, the Company formulated and announced its policy on customer harassment so as to protect employees from harassment by customers. To appropriately respond to and prevent customer harassment, we have established response methods and procedures, and provide education and training for employees.



➤ Policy regarding customer harassment (Japanese text only)

Human rights awareness activities for employees

· Company-wide human rights awareness training

The Group conducts training to raise awareness of human rights for all officers and employees via e-learning at least once a year. Through such training, we seek to improve each individual's sense of human rights, thereby leading to the prevention of harassment, while fostering an organizational culture of mutual respect and recognition based on respect for self and others.

In fiscal 2025, the Company held a session titled "Why Study Human Rights?" (attendance rate: 98.5%), in which employees learned about current trends in human rights, and a session titled "Recognize, Protect, Connect—Toward a Workplace Where Everyone Can Work with Peace of Mind (Preventing Sexual Harassment)" (attendance rate: 95.6%), in which employees learned how to respond when a third party witnesses behavior that may constitute sexual harassment. The training was conducted for all employees and part-time employees on indefinite contracts.

· Human rights awareness training for directors

We continuously conduct human rights training for management. In February 2026, we invited an external expert to give a lecture to directors, emphasizing the importance of shifting the perspective in managing subordinates from "management that tries to make people act" to "management that creates an environment where people want to act." All directors participated. (*16 directors responded to the survey.)

· Job grade-specific training to raise awareness of human rights

As part of our job-grade specific training, we conduct systematic and ongoing human rights training for executives, managerial staff, chief staff, and new recruits to ensure that they will fulfill their responsibilities in accordance with their respective roles.

· Human rights awareness training for new recruits

We conduct human rights awareness training via e-learning for employees who have newly entered the Company, and work to raise awareness on basic knowledge with regard to harassment, internal regulations, and consulting hotlines among all employees. In addition, sales staff primarily learn how to prevent complicity in discrimination, while purchasing staff learn how to prevent complicity in human rights violations occurring within the supply chain; by completing these training sessions and passing the confirmation test, they will have acquired knowledge regarding human rights.

· Training for managers

The Company regularly conducts training on harassment for managers. In addition to response records in the event that there is a whistleblowing case, and details with regard to the response given to a whistleblower, we offer training to facilitate whistleblowing by third parties, and that covers penalties in the event a harassment case arises, and other content. To prevent against serious cases, we aim to create an environment where employee concerns can be promptly and easily reported.

· Human rights slogan contest

The Group solicits human rights slogans every year. In the third round of judging, the votes of all employees select the top and outstanding runner-up entries, the authors of which are presented with commemorative gifts. Out of 24,554 entries in fiscal 2025, four top entries and 20 runner-up entries were chosen and displayed on posters throughout the Company during Human Rights Week (December 4 to December 10). Going forward, we will work to raise awareness of human rights through submission of human rights slogans and related voting.

· Response to human rights infringements

In fiscal 2025, among the consultations received through whistleblowing and other channels, as a result of investigations we imposed disciplinary action in 21 cases found to have violated harassment prevention regulations. Taking into account the details of a case and the wishes of the parties involved, we implement measures to prevent recurrence, such as conducting training and follow-up interviews with the parties, as appropriate, depending on the workplace situation.

Response to our employees risky behavior toward business partners

The Group has established a system to obtain feedback from our business partners with the aim of fostering a corporate structure that enables safe and sustained business activities based on a spirit of co-existence and co-prosperity.

· Whistleblowing hotline "Partners Hotline"

This hotline is used to identify any speech or behavior by Group employees that may be problematic from an ethical or compliance standpoint, as well as any issues among suppliers, and to strengthen relationships of trust with business partners. The Company corrects any problems identified by the reporting as appropriate. From fiscal 2024, the psychological safety of whistleblowers has been ensured by subcontracting the acceptance of whistleblower reports to an external specialized company.

· Questionnaire surveys for business partners

For the Company's employees to reveal and improve upon issues with our business partners, every year we conduct an anonymous survey of members (4,386 companies) of the Confederation of Partner Companies.

The results of the questionnaire survey are reported to the relevant division executives, including the Company's Representative Director, and feedback is provided to the offices that serve as the contact points with business partners. The results are communicated to business partners, and include improvement measures provided by branch offices.



P109 Cooperation with business partners

■ Respect for human rights

Response to rights of indigenous people

As we procure timber globally, we have established our Biodiversity Guidelines [Timber Procurement] to avoid complicity in biodiversity loss or human rights violations. In accordance with these Guidelines, we carry out an annual timber procurement survey and confirm the rights and working conditions of indigenous people by incorporating the Guiding Principles on Business and Human Rights and “FPIC*” into the evaluation criteria. The survey establishes areas with a strong possibility of destroying forests and violating human rights as “high risk areas.” When we ascertain ongoing procurement from such areas, we demand that the relevant suppliers take corrective action.

In fiscal 2025, the percentage of wood procured from such high risk areas, excluding certified wood, was 0.3%. We also amend survey items when needed, including high-risk areas based on information obtained from NGOs and forest certification bodies possessing detailed information on logging areas worldwide.

* FPIC: Free, Prior and Informed Consent

Conducting human rights due diligence with sources of centralized purchasing

The Procurement Department undertakes human rights due diligence with all sources of centralized purchasing for housing to prevent risks materializing in supply chains and to prevent their occurrence in the first place.

We conduct a questionnaire survey on human rights, work environment, harassment, foreign workers, and risks in procurement of raw materials, etc., and all surveyed partners (243 companies as of the end of 2025) have responded. We provide feedback on the survey results to all suppliers to raise awareness of human rights. In addition to lectures on the SDGs and carbon neutrality, we provide briefings on human rights due diligence and report on the results during the annual meetings (two separate meetings, in Tokyo and Osaka, respectively) that we hold jointly with our business partners. We strive to raise awareness of human rights issues in supply chains and to prevent risks before they occur.

Measures to protect personal information

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. Based on this policy, we have formulated regulations for the protection of personal information. Having appointed the General Manager of Management Administration Headquarters, a Representative Director, as a personal information management officer, we are working to establish an organizational and personnel-based security management system. Furthermore, all employees undergo training upon joining the Company to ensure they fully understand our approach to personal information protection and our internal regulations. We recognize that personal information is of the utmost importance when using information technologies (IT); 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 designated a person to be responsible for information management, not only for personal information, but for all of the information assets held by the Company, established rules governing the handling of information depending on its importance, and conduct employee training. In fiscal 2025, we invited an external instructor to conduct information security training for our executives. In addition, we reviewed our systems to enable a rapid response in the event of information security incidents, such as the cyberattacks that are increasing around the world, and worked to ensure strict compliance with our policies.



[Privacy Policy](#)

[DX Annual Report \(Japanese text only\)](#)

Percentage of all employees covered by collective bargaining agreements and agreement details

There is no organized labor union at the Company. However, 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.

Each branch is in compliance with the agreement that, with the selection of employee representatives, covers overtime and holiday work (Article 36 Agreement), and provides opportunities for dialogue between employees and Company representatives.

■ Securing human resources linked to business strategies

Concept and Policy

To secure the human resources who will lead the Company into the future and build a diverse organization, we are working to recruit a broad range of human resources regardless of age, gender, educational background, or disability, based on a recruitment plan linked to our business strategy and a hiring strategy that flexibly responds to the recruitment market.

For new graduate recruitment, rather than selection based on application forms, we focus on individual interviews. In mid-career recruitment, we aim to secure a wide range of human resources by hiring those who have experience or potential, not only candidates who have a track record in the same industry but also people from different fields. Furthermore, in the belief that handing down technical expertise is essential for stable business continuity, we also place emphasis on the hiring of senior employees.

Management

Strengthening competitiveness in recruitment and securing optimal human resources

• New graduate recruitment

Due to an earlier start to employment search activities, a period of approximately one year elapses from the job offer until a recruit actually joins the Company, so throughout that year we provide follow-up and support. In our follow-up program for prospective employees, we hold social gatherings, events to deepen understanding of the job, study sessions for qualification exams, one-on-one consultations, and seminars on changing one's mentality to that of a working adult. These and other activities showcase the Company's appeal and provide any number of opportunities to dispel the anxieties of prospective employees, thereby minimizing the gap between their expectations and reality after joining the Company.

• Strategy to recruit young engineers

To sustainably recruit students who are hoping to work in

technical positions, we have implemented recruiting activities whereby alumni and alumnae from schools that wish to bolster hiring form close relationships with students at their alma mater. A recruitment team with three alumni/alumnae of different generations is formed for each school. The purpose of this program is to build relationships with universities and to make the Company more appealing by conducting extensive university visits and student follow-ups.

In addition, in an educational program for recruits who have graduated from industrial high schools, we have instituted a two-year construction college (full time) study exchange scheme. During their first two years of employment, they have no specific duties except for practical training at our construction sites during lengthy breaks from vocational school, so that they can concentrate on acquiring specialized knowledge and skills as an engineer while being fully paid. Moreover, they maintain contact with the Company during the educational program period via regular on-site training and face-to-face meetings. Regular 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 with their personal development.

• Mid-career recruitment

The recruitment of human resources who have gained experience at other companies is, we believe, essential to the sustainable growth of the Company from the perspective of ensuring diversity. Given this, we have implemented a referral recruitment program in which we select employees through referrals from our own employees. Referral hiring is a system in which our employees introduce their friends and acquaintances, 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 as an incentive to all employees to cooperate in referral hiring activities.

Implementing open company internships

The Company holds open company events in person and online during the summer and winter to help participants gain a better understanding of the Company and the various job roles we offer.

Furthermore, in the architectural design field, we offer long-term internships lasting two weeks at our branch offices in each area. The aim is to make the Company more appealing by providing a deeper understanding of business and work-related matters by accepting students at actual workplaces where business is conducted.

Assessing suitability through interviews

Employees involved in hiring are kept up to date on the type of candidate the Company seeks to recruit as well as its hiring criteria. In addition, we have introduced AI-based interviews to conduct objective evaluations based on data derived from the talent requirements formulated for each job category. During in-person interviews, we place a high value on qualities such as proactivity and sincerity in building positive relationships with stakeholders, such as customers, business partners, and colleagues. For the students as well, we confirm that they are a good fit for the Company so that there is no mismatch. In this way, we carry out the selection process by dividing assessment roles, namely, between data-driven evaluations and face-to-face evaluations of compatibility.

■ Developing human resources linked to business strategies

Concept and Policy

Ever since its founding, the Company has believed that the heightened value of our human resources is the source of our corporate value, based on “developing people through business” as espoused in our Corporate Creed. The Company establishes a variety of human resource systems that serve as foundations for the concrete implementation of human resource strategies aimed at realizing Our Hopes for the Future (purpose). The Company, which operates a wide range of businesses globally, pursues the development of diverse human resources in line with its business strategy, and designs systems that accommodate an array of career paths.

In addition, we have established a “Human Resources Development Policy” and a “Human Resource Development Ecosystem” with the aim of promoting business development and thereby allowing employees to lead more fulfilling lives. We are promoting the creation of three foundations for individual growth (creation of opportunities, coworkers and workplaces) in each workplace to foster an environment where everyone can grow.

To provide a workplace where all employees can thrive, we are implementing reforms to our human resources system that take into account changes in our business strategy and the external environment.

■ Human Resources Development Policy



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

[Daiwa House Group's Hopes for the Future \(purpose\)](#)
(Japanese text only)

P196 **Social Data**
Investment in human resource development

Management

Personnel system and promotion system

The Company's employees are either nationwide employees (who are available to work anywhere in Japan) or regional employees (who work only at branches within an area where it is possible to commute from a specific address). Nine grades are set for each respective position in line with their level of knowledge and skill. Grades 1 to 4 are classified as management positions such as department heads, deputy department heads, and managers, while grades 5 to 9 are classified as chiefs and general positions. The level of ability and knowledge required for each grade is clearly defined as competency requirements, and promotions are determined by an examination to assess whether the requirements for the next higher grade have been met. In addition, promotion to Grade 4 requires the acquisition of mandatory licenses specific to the job type and department.

Moreover, the skills and knowhow possessed by senior employees are precious assets for the Company, and in the belief that these should be passed on to the next generation, retirement age is extended. Furthermore, we will establish an evaluation system that ensures employees receive fair evaluations while choosing from a variety of work arrangements, including reduced-hour work schedules.



P087 **Promotion of active roles for the senior generation**

P090 **Job location filing system**

A dialogue-focused evaluation system

The Company conducts “evaluation and development consultations” designed to clarify role expectations and support employee growth through dialogue between supervisors and subordinates. We have established a once-a-year assessment cycle for individual performance evaluations, and revised our approach to include a year-round review of both results and processes, incorporating medium- and long-term initiatives rather than focusing solely on short-term results. Specifically, at the beginning of the fiscal year, we hold discussions to set goals and reach a consensus on the employee's role and outcomes (goals) expected within the organization. During the fiscal year, we schedule opportunities to review progress and make course adjustments or revise goals as needed. At the end of the fiscal year, we discuss the issues for future growth through feedback on results verification and evaluation results.

In addition, to ensure that goals are fair while also making

them more challenging, we implemented a system that allows evaluators to confirm goals and set their degree of difficulty.

For managerial staff, we promote management that balances individual growth with the achievement of organizational goals through goal-setting and progress reviews, leading to their continued growth as managers.

FA program and internal recruitment system

The Company implements the Free Agent (FA) Program that allows employees to voluntarily transfer to a position or department of their choice.* In fiscal 2025, applications were received from 70 individuals, and 29 of those made it through to the third round of judging and transferred to their preferred job type and division. Internal recruitment seeks out personnel for new businesses and specialized positions such as those in overseas operations, and details are communicated to all employees as necessary through official notices.

Utilizing these systems enables motivated human resources to be placed in appropriate positions, thereby simultaneously improving individual abilities and motivation, revitalizing the organizations to which they are transferred, and working to energize and strengthen the character of the Company as a whole.

Employees who have taken advantage of this system have given positive feedback, noting that it allows them to choose their own career paths and tackle new challenges in different fields while leveraging their past experience.

* Age, years of service, and other conditions apply.

Collaborative Training Support System linking business division/Group company

The Human Resources Department holds a Human Resources Development Liaison Council meeting every month, aiming for the sustainable enhancement of educational measures. Training representatives from business divisions and technology divisions share training content and effective methods, and discuss how education should be provided to develop the individuality and capabilities of employees. In addition, the Company's Human Resources Department and the training representatives at each Group company periodically get together and share their thoughts on human resource development in the Group, acquiring knowledge and exchanging information related to such development. In addition, we are strengthening our system for tracking KPIs, such as the amount of investment and time spent in training across all Group companies with the aim of improving human capital.

■ Developing human resources linked to business strategies

Company-wide education (training) system to promote growth

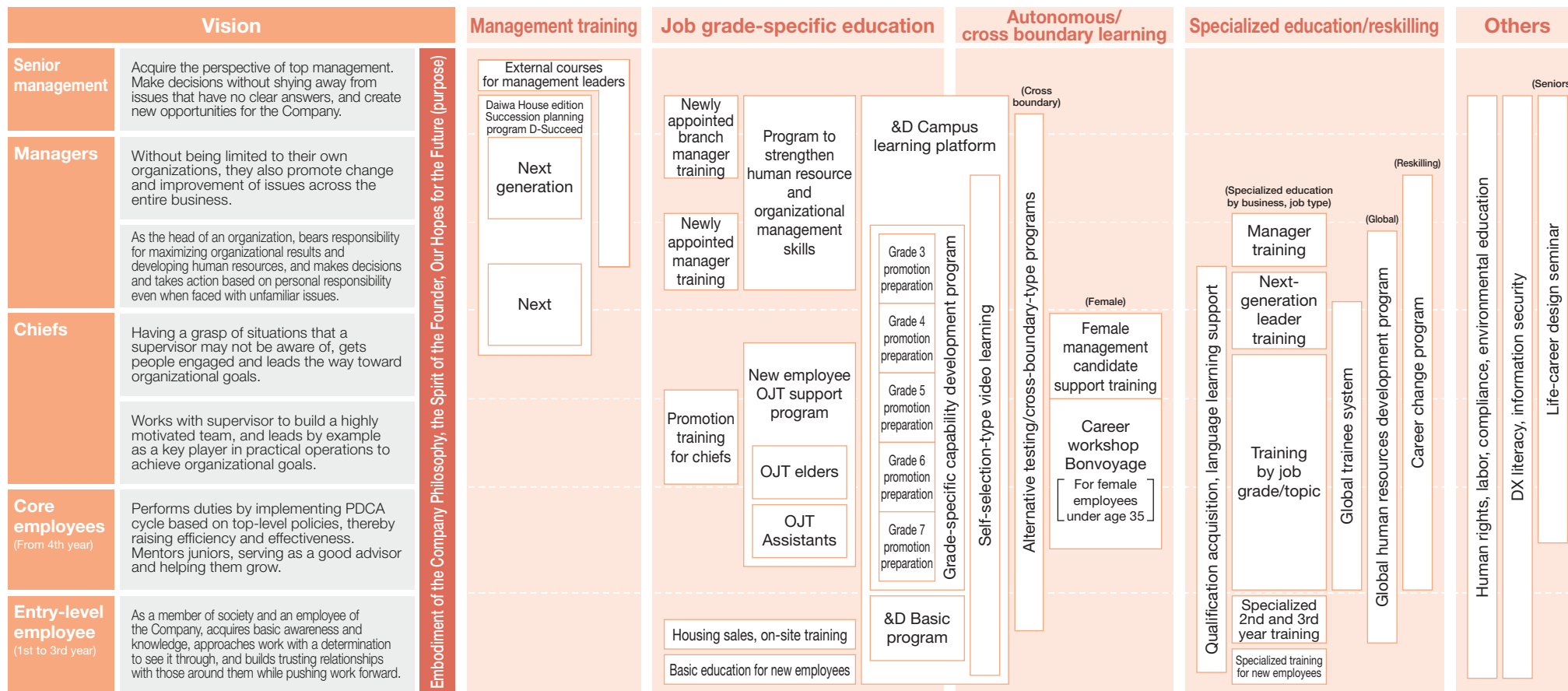
The Company provides job grade- and job type-specific training (including online training) and e-learning programs to help employees acquire the knowledge and skills they need for their duties, to learn about laws and regulations, and raise their awareness of compliance and other risk management issues. In particular, with regard to job grade-specific education, after learning the basic theories required for each job function in joint training, the program involves acquiring skills while putting that knowledge into practice in each workplace.

We also provide support for self-improvement and skill enhancement, such as learning to obtain public qualifications, hands-on business literacy, and language learning. In addition, we have established a bonus system for passing major qualifications necessary for work, including those for real estate transaction specialist and architect, and we encourage employees to obtain these qualifications.



P084 Implementation of the “&D Campus” learning platform

■ Training system



■ Developing human resources linked to business strategies

Implementing succession planning program (D-Succeed)

We adopted the Daiwa House edition of the successor development plan, “D-Succeed,” as a systematic program to continuously, and in a deliberative manner, produce management leaders. Our training and assessment activities are divided into two categories: the “Next Generation,” (generally 40-50 year old candidates) which selects candidates for key positions in sales, engineering, and management, such as branch managers, with a view to their future promotions to the executive class; and “Next,” (generally candidates in their 30s) which selects candidates mainly in their 30s for systematic training as future management personnel. For fiscal 2025, based on recommendations from branch managers and head office department heads, 25 members of the “Next Generation” and 26 members of the “Next” group were selected following a screening process conducted by branch managers who oversee each area, executive officers in charge of the functions in which the candidates are engaged (such as sales, engineering, and administration), and senior management.

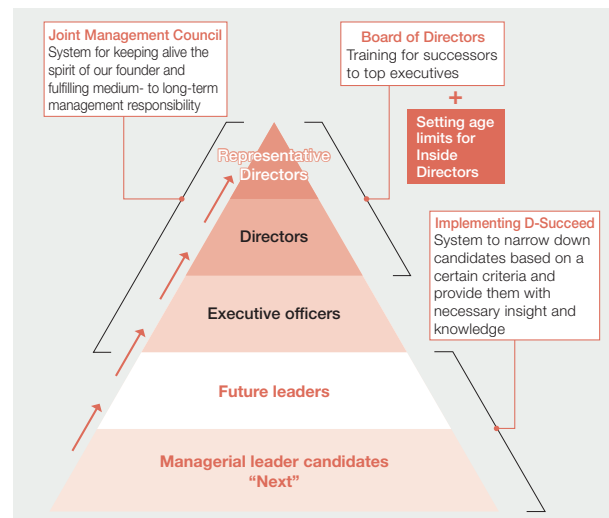
・ Next Generation

This structure is designed to identify, develop, and create a pool of diverse leadership candidates, regardless of job type or gender. Following development and assessment, a total of 43 individuals have been appointed to key positions since fiscal 2020, over the program’s six-year history.

・ Next

Next is a three-year program designed to provide early development opportunities to acquire the perspective and vision required of future business leaders. In the first year, participants learn and reflect inward upon leadership theories, while also focusing on the business environment and business issues, charting their vision for the future. The second year will see students expand their perspectives and horizons, think about their ideal future selves, and acquire basic management literacy. With the aim of strengthening awareness of oneself in society and further enhancing the ability to constantly change, the third year offers programs that are also taken by others, as well as individual programs that allow participants to interact with employees from other companies.

■ Framework for fostering successor candidates



Program to strengthen human resources and organizational management skills

To further develop our business and nurture human resources, it is essential to strengthen the management skills of line managers who play key roles in each workplace. Consequently, from fiscal 2024 and over the course of four years, we are implementing a program to strengthen human resources and organizational management skills, available to all line managers (approximately 1,600). In a six-month program, participants reflect on their own management styles in an off-site training-type format, learn the latest management theories, apply them to their daily management activities, and receive regular coaching based on their learning progress. In this way, participants are able to acquire the ability to achieve both “management that raises business performance,” and “management to help people thrive.”

Human resource development system through OJT for new employees

The Company provides training and support for new and entry-level employees throughout the organization so that they may steadily acquire basic skills. Managers, such as sales office managers and section managers, are responsible for OJT, and OJT elders are appointed as leaders to conduct OJT. Furthermore, we appoint OJT Assistants who are close to newcomers in seniority and can provide informal counsel. In addition, we distribute an “OJT Handbook” to OJT managers and OJT elders to help them understand basic knowledge and skills related to OJT, and we conduct online training sessions prior to new employees joining the Company to efficiently support their growth.

In addition, new sales and administrative employees who joined the Company in fiscal 2025 underwent approximately four months of practical training in housing sales, regardless of the division to which they were assigned. By experiencing OJT under veteran housing sales staff, they gained a practical understanding of the “spirit of housing,” a concept that our employees value, and through hands-on B2C sales, developed the ability to build trust with individual customers from the ground up, while experiencing for themselves the Company’s reputation and strengths in the market. We do this to help new employees use these experiences in their own work and to encourage communication within the workplace, which leads to a sense of unity and collaboration across businesses and job types.

Implementation of the “&D Campus” learning platform

The Company implemented “&D Campus” in fiscal 2024 as a learning platform that aggregates educational measures such as collective training and e-learning. In addition to our own e-learning program, we have made all courses on the external video learning service “Schoo” available to every employee, creating an environment where they can freely select and take courses according to their individual attributes and interests, thereby promoting independent learning among employees. In fiscal 2025, 75.5% of employees watched videos on the external video learning service “Schoo.”



■ Developing human resources linked to business strategies

Operation of the Multi-Experiential Career Support Program

In addition to the existing internal recruitment system*¹, the FA program*², and other systems, we conduct the Multi-Experiential Career Support Program with the goals of supporting self-realized employee growth and career development, as well as networking within the Company. This program is designed to allow the knowledge and experience gained from secondary employment to flow back into the Company's core business. Under the program, the Company has established a menu of secondary jobs, consisting of (1) Company-arranged (open recruitment-type) secondary employment; (2) individual self-arranged secondary employment (application-type); (3) 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 (4) human resources exchange with other companies in which employees are transferred to other companies for a certain period to experience work outside their own company.

In fiscal 2025, a total of 56 people (39 people with (3)) used the Multi-Experiential Career Support Program. Users are surveyed regularly, and after participating in the program, comments included: "I was able to gain experience not possible only in my main work," as well as

"Taking advantage of the secondary employment program has broadened my horizons, leading to new ideas and business opportunities, while also strengthening organizational collaboration through expanded professional networks," "I got into the habit of acting independently, which contributes to organizational vitality," and "Strengthening expertise enhances the competitiveness of both myself as an individual and the Company, and by broadening career opportunities, it leads to an increase in my personal market value and a stronger sense of commitment to the Company."

*¹ This system allows candidates to apply to publicly advertised divisions.

*² A program that allows employees to voluntarily transfer to a position or department of their choice.

Introduction of support system to earn advanced degrees from domestic professional graduate schools

To drive growth and business expansion for the Company as we pursue Our Hopes for the Future (purpose), it will be critical to have management who can think a step ahead and leaders who can generate business. Therefore, starting in fiscal 2026, we introduced a support system to earn advanced degrees from domestic professional graduate schools for employees at the G4/L4 level and above, with the aim of supporting those who are proactively pursuing their education to become future leaders. To support employees who are motivated to chart their own career paths and independently pursue an MBA (Master of Business Administration) or MOT (Master of Technology Management), the Company will provide loans covering a portion of the associated costs (up to 1.5 million yen). (Repayment is not required if the employee remains with the Company for more than five years starting from April 1 of the year following graduation from graduate school.) Note that students at domestic professional graduate schools attend classes outside of work hours (such as weekday evenings and weekends) while continuing their regular business duties.

In fiscal 2025, there were 14 applicants, and five were admitted.

[Housing design] Training new employees

New employees at the Company who are assigned to intensive training or the Housing Design Section in preparation for acquiring a first-class architect license receive one year of training at the Head Office and a half year of training at a business site where they learn basic architectural knowledge, CAD operations, plan creation, and other aspects of the work processes and the mindset required of a designer. Subsequently, the system in which such employees are assigned to offices nationwide allows for efficient and well-balanced acquisition of specialized knowledge and prevents inconsistencies in training due to differences in office environments.

Branch offices where new employees were dispatched to stated their impressions, saying: "They have retained basic business knowledge, and they've immediately performed as assets as soon as they assumed their duties here." Conversely,

the new employees who had received training commented, "The knowledge gained from such long-term practical experience enabled me to understand my strong and weak points, and was extremely useful after my posting."

We will continue to promote the development of designers who can right from the start contribute at work sites.

[Housing design] Legal compliance training

As one measure we take to prevent recurrence of non-compliance with building standards, we hold training sessions on legal compliance for housing design. Having acquired knowledge of laws and regulations, such as a series of regulations related to type-certified specifications, each individual takes responsibility and works thoroughly to prevent recurrence. This is a system whereby employees cannot take the internal examination for internal qualifications for the system of type certified specifications without first having completed this training. The rate of attendance in fiscal 2025 was 100%.



P106 [Housing design] Internal qualifications for the system of type-certified specifications

[Housing sales] Compliance study sessions

Preventing incidents of risk before they occur requires an accurate performance of tasks through greater knowledge. Consequently, the Company conducts ongoing "compliance study sessions" and "proficiency tests" with the aim of heightening the knowledge of laws and regulations, and internal rules, among sales managers and representatives. Retesting will be administered to those who fail until all eligible candidates have passed. By conducting training sessions and tests with content tailored to real-world business practices, we work to raise awareness of compliance in day-to-day operations, thereby helping to prevent recurrence and deter future violations of laws and internal rules. The pass rate for proficiency assessment tests in fiscal 2025 was 100%.



P127 Compliance study sessions (Housing)

■ Developing human resources linked to business strategies

[Architectural design] Adoption of internal short-term study abroad system

The Company has introduced an internal short-term program to study overseas with the aim of broadening the horizons of employees engaged in architectural design and providing them with further opportunities for growth. We began accepting applications for the program in fiscal 2024.

To achieve growth as an engineer, widening one's perspective through involvement in a great variety of applications and large-scale projects is vital. However, the fact is that the branch office an engineer is attached to will be the determining factor behind what applications and scale of a property can be experienced. Moreover, frequent transfers to gain experience places a heavy burden on employees' lives. This system functions to improve skills and knowledge through study abroad during the design phase of a large-scale project or special properties, without changing the engineer's original worksite.

In fiscal 2025, two projects had one person each apply as a short-term exchange student, and they are currently working on large-scale projects.

[Construction] Specialized training

In construction design, we handle a wide variety of buildings according to customer specifications, including commercial facilities, distribution centers, medical facilities, and food factories. Therefore, so that employees acquire the knowledge necessary to design an array of building types, we hold study sessions organized by Head Office departments, which are equipped to follow up with the sales and design staff at each branch office for each building purpose.

In fiscal 2025, training sessions were held on 12 topics, including evacuation safety verification methods, design details, and measures to prevent condensation-related issues, and approximately 400 to 900 people participated in each session. Going forward, our offices and Head Office departments will continue to work as one to train exceptionally skilled technicians capable of delivering high-quality buildings of any type.

Developing Global Human Resources

The Company is looking to discover and nurture talented individuals who will succeed in rolling out future overseas business as we move forward with our global expansion plans.

· Global trainee system (overseas training)

The Company has introduced a global trainee system as an incremental program aimed at young, as well as mid-career technicians to develop technical human resources who can play an active role in overseas operations. In fiscal 2025, from each business division we selected participants (eight employees) in technical positions who are expected to be responsible for future overseas business operations, and after a preparatory period dispatched them to the U.S., Malaysia, Australia, and the Netherlands where our overseas bases are located, for a training program lasting approximately five months. At each location, participants learned about the unique local business practices, technologies, and management methods, and attained a mindset to deal with future overseas assignments. After completion of training, the employee's assignment is decided primarily by the business division to which the employee originally belonged, taking the employee's preferences into account and in consultation with the Overseas Division, as well as other relevant parties. Furthermore, training is also conducted prior to being assigned to overseas locations. In addition, we provide systematic training to management candidates in the overseas business.



DAIALOG10 (Japanese text only)

· Daiwa In-Tech Program (short-term training in Japan for national staff)

In anticipation of future overseas business expansion, we established a training program in Japan to improve the technical skills of national staff (local staff) working in our overseas subsidiaries.

In fiscal 2025, as was the case in the previous year, we provided training to our Hanoi, Vietnam staff who support the design of our single-family and rental housing. Being difficult to visualize the drawings they handle in their daily work, 11 of the employees visited Japan for a 12-day training program that availed them the opportunity to see our products first hand. With great enthusiasm they checked construction methods and materials at actual construction sites, completed sites and

factories, and deepened their understanding of drawings and fittings.

In addition, they were able to meet face-to-face and exchange opinions with the Japanese staff who request design support, and thereby raised the level of communication.

As a result of the training, participants reported a deeper understanding of buildings and increased motivation, while also boosting the accuracy of drawings and decreasing the number of reported drafting errors.

· Language learning support

Advancing global business development requires improving the language skills of all employees. The Company has therefore prepared designations of external language learning courses and provides support to encourage learning, such as subsidizing part of the course fees. In addition, we also enable the taking of TOEIC® IP tests for those who wish to periodically confirm their language ability.

Career change program

As part of the restructuring of our business portfolio to promote sustainable management, we will need to reassign personnel and provide reskilling. Therefore, in order to support employees who have been transferred across businesses and job types, we have been implementing a career change program from fiscal 2024. This program involves inventorying an employee's career to date and developing a mindset that will enable them to proactively engage in reskilling in a new environment.

Career design support

We introduced a "career design support system" 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 as a second stage in their life. This system has the goal of creating an environment where employees can develop independence and autonomy by reflecting on the know-how, skills, and strengths they have cultivated at the Company while considering the contours of their career, thereby cultivating a foundation for producing human resources who can play an active role in society in a wide range of fields.

■ Developing human resources linked to business strategies

Promotion of active roles for the senior generation

The Company has set its retirement age as 65, but has established a system in which employees nationwide can choose a retirement age of either 65 or 67. Allowing employees to choose their own retirement age promotes an environment where motivated senior employees can continue to thrive without being constrained by age. Furthermore, there are three courses available under the “Active Aging System,” a reemployment system for retirees offering multiple paths according to job responsibility, and allowing participants to choose the same number of working days and salary as when they were active employees. In addition, while this system’s participants can work until age 70, it also enables the possibility for those in technical positions to continue working in an environment where they can demonstrate their expertise regardless of age.

By taking the initiative to help senior employees play an active role, in addition to passing on advanced skills, technical expertise, and experience while securing talent, we also attract talented individuals from outside the Company. By shifting our focus from hiring recent graduates to expanding mid-career hiring, we are attracting talented individuals with advanced experience and skills, regardless of industry or job type, who see the potential to thrive here and are choosing to join the Company. As a result, the number of mid-career hires aged 50 and older is steadily increasing. This has been an enormous help to us as we tackle new businesses and business schemes.

・ Life design seminar

We carry out a “life design seminar” each year for employees who turn 60 years old. In an era where people are living to 100, this seminar’s content seeks to convey to participants an understanding of the importance of constantly acquiring new knowledge and skills that will enable post-retirement life planning while keeping in mind each individual’s overall work and life balance. In addition, the seminar provides lectures on personnel systems, public pensions, corporate pension systems, health management, and other topics for people aged 61 and older, supporting each individual in creating a fulfilling life plan.



P194 Social Data

Diversity indicators Employment and hiring of seniors

In-house commendation system

・ Daiwa House Award

Once a year the Company honors and rewards its branches, sales offices, individuals, and Group companies that have achieved outstanding results, with the goal of further raising the overall strength of the Company. In this way, we spotlight exemplary workplaces and individuals, thereby raising awareness among other employees.

■ Overview of the Daiwa House Award

	Name	Evaluation category	Details
Nobuo Ishibashi (the founder) Award	Award for the Best Branch Management	Branch	Branch with the most excellent management in terms of both performance evaluation and management soundness evaluation
	Excellent Group Company Award	Group company	Group company with excellent management, with high overall evaluation including financial and non-financial aspects
President's Award	Award for the Best Sales Office Management	Sales office	Sales office with the most excellent management in terms of both performance evaluation and management soundness evaluation
	Special President's Award for Safety	Branch	Branch that exceeded 5,000 days without any workplace accidents
	Challenge! We Build ECO Contest	Branch/ Employees	An exceptional case from among the environmental activities conducted at each branch and factory
	President's Award for Outstanding Employee	Employees	Employee with outstanding business performance



➤ Establishment of the Daiwa House Award, an in-house award system to maximize employee job satisfaction and pride (Japanese text only)

・ “Distinguished Service Award” honors technical employees

The Company has established a “Distinguished Service Award” with the goal of boosting the motivation of technical employees engaged in manufacturing who, through their outstanding achievements, have made significant contributions during the year. Since fiscal 2021, we have continued to promote the theme of “actively working toward the SDGs.” We quantitatively evaluate each department based on established evaluation criteria and their achievements during the year.

As a supplementary prize to the Distinguished Service

Award, we offer study tours to the overseas business sites we are working to develop. Among our goals is the exchange of opinions about what the tour members felt during their inspections, heightening interest and curiosity in overseas business, and also to cultivate technicians who will play an active role in overseas business.

■ Main awards in the in-house commendation system

Awards system name	Category	Job type
Owner's Introduction, Outstanding Employee Award	Housing	Sales
Exhibition Hall Route Contract Excellent Base Award		
Outstanding Sales Employee Award		
Team Sales Award	Housing/rental housing	Sales
Sales Promotion Competition Outstanding Employee Award	Livness	Sales
Design Competition	Housing/rental housing	Design
Product Competition “Daiwa Works”	Architecture	Design
Customer Support Office Branch Office-Individual Award	After-sales support	After-sales support
Housing Construction Division Award	Construction promotion	Construction
All-Japan Factory Enhancement Case Study Competition	Factory	Factory
Technology Competition (Invention)	Technology/production/purchasing departments	All job types
Technology Competition (Technology Enhancement)		Technology
Distinguished Service Award	Branch office, factory	Technology
Safety Competition		All job types
Safety Award	Technical, factory	Technology
Architect Advisor Outstanding Sales Award	Housing	Sales
Non-sales employees introduction competition	Housing	Non-sales

Daiwa Future100, a system to generate new business

From fiscal 2024, the Group launched Daiwa Future100, an in house entrepreneurship program, as part of its efforts to heighten the value of its human capital and foster future business generation. This is a system that solicits business ideas from all Group employees, regardless of age or position, with the aim of realizing business growth by bringing these ideas to market and

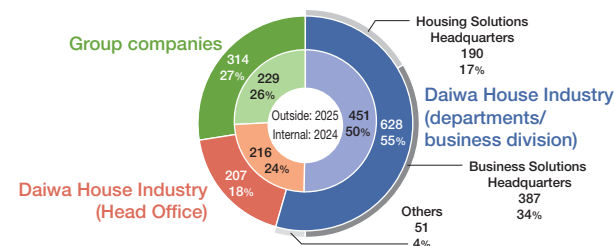
■ Developing human resources linked to business strategies

collaboration with external partners. Project proposals that are selected will be commercialized and growth driven primarily by the originator serving as the project manager. In fiscal 2025, in the second round, Daiwa Future100 received a total of 1,149 applications (first round: 896 applications). Through a three-stage screening process, a total of five business proposals passed final review, with one proposal selected on conditional approval.

We are proceeding with verification of the business proposals that passed final review in order to move them toward commercialization, and among the proposals approved in fiscal 2024, one has moved into the full-scale business operation phase, with the proposing employee serving as the project manager. Furthermore, according to a survey, 92% of past participants reported that “I felt personal growth,” and feedback indicates that what they learned through the program has had a positive impact on their day-to-day work. We operate the program with a focus on the cycle of challenge and learning, providing individualized feedback on all project proposals, even those that were not selected. Looking ahead to our goal of growing into a 10 trillion yen corporate group on our centennial anniversary and realizing Our Hopes for the Future (purpose), we will continue to work as one to foster a corporate culture that embraces the challenge of creating new business segments and to develop the next generation of leadership talent.

[!\[\]\(9c2e8d1b5bd77cb5c9f83b7a9cff79fd_img.jpg\) Launch of Daiwa FUTURE100, an in house entrepreneurship system Human capital investment up to 30.0 billion yen \(Japanese text only\)](#)

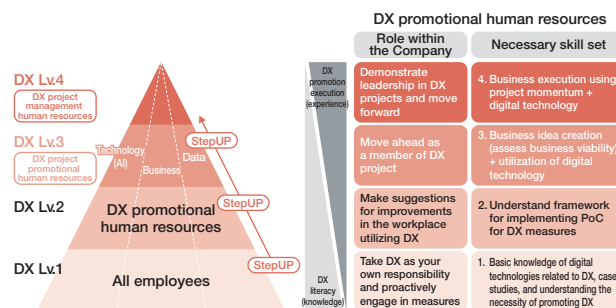
■ Breakdown in number of applicants



Developing DX human resources

Under the Seventh Medium-Term Management Plan, the Company treats initiatives for digital transformation (DX) as priority action areas, and from fiscal 2023 we have implemented DX literacy education for all employees to develop DX human resources. In fiscal 2025, we offered DX Lv.1 (basic mindset) to employees who joined the company in April or later, and DX Lv.2 (practical course) for those who wished to participate. In addition, in order to raise the data utilization skills of all employees, we conducted a “Data Utilization Course: Literacy Edition” (total number of participants: 16,239, five e-learning sessions totaling 180 minutes), and as an advanced course for those who wished to participate, we offered a “Data Utilization Course: Practical Edition” (new participants: 24, three e-learning sessions totaling 202 minutes). In addition, as part of our DX Level 3 (technology AI edition) initiatives, we conducted training within the Digital Strategy Department to develop talent in AI-driven development using Claude Code. We will continue to develop human resources who can proactively promote DX in each division and organization.

■ Diagram of DX talent capable of leveraging digital technology



■ Number of participants by level and class hours (FY2025)

Rank	Number of participants	Course time
DX Lv.1	1,197	80 minutes
DX Lv.2	725	440 minutes
DX Lv.3 Technology (AI)	6	—

Implementing Daiwa House Competition

Since 2005, the Company has been hosting the “Daiwa House Competition” with the support of Shinkenchiku-Sha Co., Ltd. This highly regarded idea competition has attracted attention not only from students but also from working professionals and even from overseas. Its purpose is to provide a stage for challenges, particularly for the generation that will shape the future of the construction industry, while also creating opportunities to deepen discussions about daily life and housing. Every year, renowned architects serve as judges.

Many Group employees have also applied to this competition as an opportunity to put their skills to the test by leveraging the experience and knowledge cultivated through their daily duties, and there are those who have been honored with awards. In the fiscal 2025 competition, held under the theme “A home you want to return to,” saw 341 entries, and while no entry was selected for the Grand Prize, a total of seven works received awards.

[!\[\]\(066cb4a00c9d9f40edb6f87372ec6f08_img.jpg\) !\[\]\(24377e79ecb79b4f251fbfab58d46b4d_img.jpg\) Daiwa House Competition 20th Daiwa House Competition Results announcement \(Japanese text only\)](#)

■ Developing human resources linked to business strategies

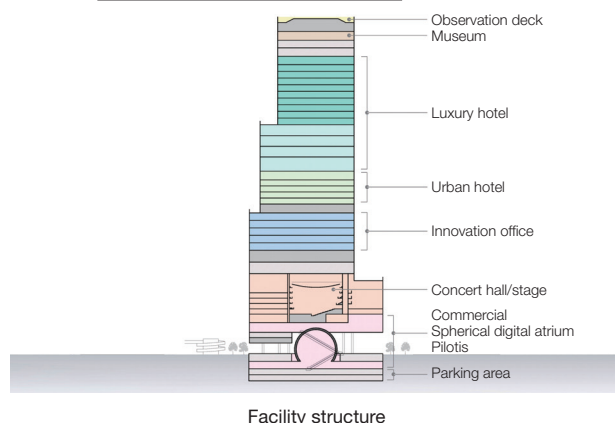
Main approach

[Building construction] Large-scale redevelopment project

Daiwa House Industry and Group company Fujita have commenced the Osaka Marubiru Redevelopment Project (tentative name) with the goal of completing construction by fiscal year 2030, with the utmost priority being the securing of safety and quality. The building to be constructed in this project will serve a variety of purposes and is set to be the tallest skyscraper in the Osaka Station area, which for the Company represents new technical challenges. As it carries out this initiative, the Company is recruiting personnel, primarily from those who are engaged in construction at work sites and factories nationwide, through voluntary applications and recommendations as it aims to enhance technical capabilities and experience. Throughout the duration of this project, scheduled to participate are approximately 50 employees who will be divided into three groups, namely, manager class, mid-level, and junior staff, being assigned tasks appropriate to their respective levels. Through this initiative, we plan to develop the human talent that will support the Group's future business and provide employees with experiences that will lead to the emergence of leadership skills.

Our ongoing efforts will work to create an environment that enables the Company's employees to continue fully utilizing their abilities as they tackle new challenges.

Full-scale start of Osaka Marubiru Redevelopment Project (tentative name) (Japanese text only)



Roundtable discussion with former overseas assignees

Looking to expand the Group's overseas operations, Daiwa House Industry, Fujita, and Daiwa Lease jointly host round tables for technicians who are interested in pursuing overseas careers in the future. At the 7th roundtable, after presentations on the work and lifestyles of employees involved in sales operations in the U.S. and the subway project in Manila, Philippines, a small-group discussion was held with the speakers.

A total of 83 people attended on the day of the event, and participants shared feedback such as, "I was able to get a concrete picture of what working abroad would be like" and "I was able to think about my career path before and after an overseas assignment," which served as a valuable reference for the future.

Holding a data utilization workshop

With the aim of improving business operations through data utilization, the Company held a data utilization workshop in which analytical tools were used. Through lectures and hands-on exercises led by external instructors, the workshop provided opportunities for participants to visualize how they can apply what they learn to their own work. To date, these sessions have been held at the Tokyo Head Office, the Kita-Nihon Branch, and the Hokuriku Branch, with a total of 359 participants, who shared their feedback, stating, "I realized that tasks I'd previously struggled with can now be done easily, so I'd like to try this out in my work," and "It looks like reporting tasks can be simplified." More than 85% of participants felt they could apply what they learned to their actual work, making it a very productive session.

Implementing 16th "New working practices / cross-border programs"

As the "New working practices / cross-border programs" component of our "Multi-Experiential Career Support Program," we invited applications in fiscal 2025 for participation in the "ALIVE Project," a cross-industry leadership development project. This project brings together the next generation of leaders from different industries who form teams to address real-world challenges faced by social bodies, and over the course of approximately three months (four sessions, total of seven days), participants develop their leadership skills and enhance an awareness and ability to understand actual social issues by proposing solutions to these challenges.

In fiscal 2025, 12 people participated, with one commenting that, "Tackling challenges with people other than my usual coworkers made me realize I had unrecognized abilities that had cultivated throughout my professional career."

■ Workability and job satisfaction for employees

Concept and Policy

The Daiwa House Group Corporate Creed states that “We ensure a good working environment for all employees, conscious that it ties directly into our progress.” We are committed to creating a workplace environment for employees that is conducive to safety and health and designing a flexible personnel system that allows each employee to choose their own way of living and working.

In addition, as our health management policy, we set forth that “Health is the basis for building homes and developing communities. We support the creation of a lifestyle environment in which employees and their families can be active and thrive.” Furthermore, the Daiwa House Group Principles of Corporate Ethics and Code of Conduct states “caring for health and safety.” Together with advancing the maintenance and promotion of employees’ health, we seek to create a climate for work that enables employees to perform at their best so that they can work with health and vitality in a psychologically sound workplace environment.



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

➤ [The Daiwa House Group’s Business Philosophy](#)

➤ [Daiwa Lease Introduction of a System That Allows Employees to Choose Their Prescribed Working Hours According to Their Life Stage and Personal Values \(Japanese text only\)](#)

Management

Ensuring compliance regarding labor issues

At the Company, triggered by the 2024 problem*, we are actively working to correct long working hours under the strong will of the Representative Director and President.

* Changes in the working environment are being sought as the overtime work limit restrictions in the Workplace Reform Act come into effect.

• Survey on actual work hours to prevent unpaid wages

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.

• New Work Style Reform Project

Under the leadership of the Executive Vice President, we are implementing the “New Work Style Reform Project,” in which headquarters divisions participate across boundaries. Our policy is to “ensure that work sites enable employees to do their work without stress and focus their efforts on their mission of value creation.” We collect requests for improvement from employees and work to quickly resolve issues by eliminating or simplifying tasks and improving efficiency through digital technology. We will also promote operational efficiency by incorporating digital technology to integrate information and other measures.

The status of responses to employee comments is announced internally on the project intranet each month.



P094 [Progress on the New Work Style Reform Project](#)

• Implementation of health checkups

All employees (including those in management) whose monthly overtime or holiday work exceeds 80 hours are subject to health checkups by occupational health physicians (OHP), and health guidance is provided with the aim of preventing health problems.

• Conclusion of an agreement on overtime and holiday work (Article 36 Agreement)

In accordance with Japan’s Labor Standards Act, we have an Article 36 Agreement with representatives of a majority of employees at each branch in Japan. The agreement concerns overtime and holiday work and covers all employees except for managers and supervisors.



P191 [Social Data](#)

[Basic information Average overtime hours worked](#)

Job location filing system

We created this system to enable employees to express their preferences regarding where they would like to work. As a company that holds branches nationwide, we conduct a course-by-course employment management system with two categories: nationwide employees (who are available to work anywhere in Japan) and regional employees (who work only at branches within an area where it is possible to commute from a specific address). The job location filing system, conducted every year to confirm each employee’s preferences, allows nationwide employees to apply to switch their status to a regional employee or, if preferred, to change work location due to personal circumstances.

By limiting work location, the system enables employees to choose a work style suitable to their personal circumstances that require consideration, such as childcare, nursing care, and medical treatment, thereby promoting employee retention and performance improvement. Nationwide employees are provided with a higher salary standard and benefits than regional employees, in consideration of the burden of relocating nationwide.



P098 [Achieving equal pay for equal work and a guaranteed living wage](#)

■ Workability and job satisfaction for employees

Introduction of flextime

In fiscal 2022, we introduced a flextime program, which has no core hours, for all employees with some exceptions. Through this we are promoting flexible and more productive work styles.

Building interactive relationships

We hold one-on-one meetings at a frequency determined by individual departments and divisions as an opportunity for communication to support subordinates' growth and to improve performance.

Recently, we have reassessed real relationships to enhance creativity and strengthen risk prevention through face-to-face interactions, to formally train new and young employees, and to ensure psychological safety. Therefore, from April 2025, we switched to a five-day in-person work week, in principle, except in special circumstances.

Self-Discovery Review System

To realize Our Hopes for the Future (purpose), and in order to increase the value of human capital, one of the priority themes in the 7th Medium-Term Management Plan, we have established the Self-Discovery Review System, under which employees deepen their self-understanding regarding career development once a year. The system is designed to enable employees to gain a clearer vision for their own careers by asking specific questions about their strengths that can be applied to their work, and what kind of work they would like to do in the future and in what capacity. Analysis of the results of the system makes it possible to visualize career inclinations by age group, which serves as useful basic data in considering future strategic personnel and human resource development measures.

In addition, we have developed an environment in which employees can receive individual suggestions for learning content based on their responses, thereby establishing a mechanism that supports continuous learning and growth.

[Housing sales] Adopted a “sales team system”

In our single-family housing business, we faced issues such as uneven distribution of work, individual differences in ability, dependence on manpower, development of the next generation of managers, insufficient education for young employees, and early turnover. To address these issues, we introduced a “sales team system” in fiscal 2024, shifting from individual sales to teams of four to five people, and linking the evaluation of managers to team performance. As a result, the sharing of sales know-how and issues within teams has taken place, fostering a culture in which each team aims for higher achievements, which has led to an increase in the number of contracts per person, not only among young employees but overall. In addition, we are working to create a vibrant work environment by certifying managers with strong management skills as Prime Managers, while also developing the next generation of managers. Some managers have commented that they find it rewarding to see young employees growing. Furthermore, we have established a system to commend teams with outstanding performance and, by sharing best practices in sales and team management, aim to improve sales capabilities across the country. This has also had the effect of preventing turnover among young employees in their first few years with the company, and we will continue to develop a structure that makes it easier for sales representatives to demonstrate their skills.

In fiscal 2025, we established a system to evaluate sales representatives with strong comprehensive proposal capabilities as Prime Advisors. Approximately 20% of sales representatives nationwide have been certified. We aim to improve overall sales capabilities by selecting the initiatives of certified sales representatives as best practices and sharing and deploying them nationwide.

[Housing sales] System to choose commission-based compensation

We have established a system that allows employees to state their preference for “commission-based” compensation, which features a relatively higher proportion of performance-linked pay (sales promotion allowance) for orders received than “standard” compensation.

By providing the opportunity for employees to choose a compensation system in which results (orders received) are directly reflected in their compensation, we aim to increase the satisfaction and fairness of compensation and increase their motivation to win orders. With the introduction of the “sales team system” in fiscal 2024, managers are expected to play a team management role, and as such, managers who wish to switch to commission-based compensation will in principle be removed from the position of manager.

[Housing sales] Sales staff with design knowledge Architect Advisor

Since fiscal 2024, we have had a system in place to certify sales representatives who have transferred from design (including interior coordinators) to housing sales after acquiring advanced design skills as Architect Advisors, and as of fiscal 2025, approximately 30 such employees are active.

Architect Advisors undergo a one-year training period after transferring to the sales division to acquire knowledge essential to sales. In addition, Architect Advisors share their design skills with other sales representatives, which improves the proposal capabilities of all members and promotes mutual improvement in abilities. Through this, we aim to establish a high value-added proposal system, thereby avoiding lost opportunities and increasing the average sales value per housing unit.

■ Workability and job satisfaction for employees

Distribution and utilization of “ENGAGEMENT BOOK”

The Group published the “ENGAGEMENT BOOK” as a booklet that provides an awareness of improving the work environment and organizational culture to realize Our Hopes for the Future (purpose). This booklet is structured with an emphasis on “dialogue,” as it also aims to learn about employees’ thoughts and what they value through work. It is used as a tool to encourage development from individual work to group work, and to enable employees to think and act independently. By discovering and addressing organizational issues through dialogue between supervisors and subordinates, and between seniors and juniors, we aim to improve job satisfaction and other factors.

Promotion of health management

The Company has established a system in which the President is the chief in charge of health management promotion, the officer in charge of human resources and sustainability is responsible for promoting health management, and Well-being Promotion Group, Human Resources Department plays a central role in promoting health management in cooperation with the occupational health staff and health insurance associations. In addition, administrative departments at each branch is tasked with serving as the headquarters for the Safety and Health Committee. To find solutions to issues at each branch, the OHP, employee representatives, and Safety and Health Committee members work together and promote initiatives in line with the health management strategy map.

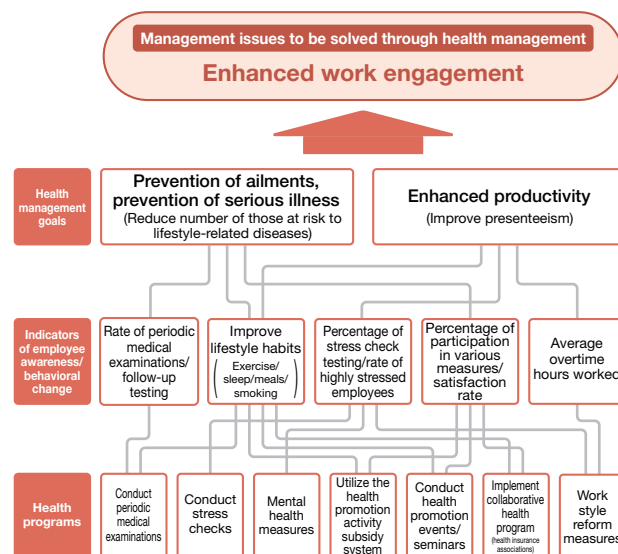
Having employees feel “healthy and happy” and eliciting their performance to its fullest potential leads to enhanced work engagement.

□ P195 Social Data
Health management

■ Chart for Health Management Promotion System



■ Health management strategy map



Mental and physical health counseling service

As part of our efforts to promote the mental and physical health of our employees, we have established a dedicated external consultation service.

• EAP Service: E-Partner Inc.

Employees can call a dedicated number to talk with a professional counselor by phone, in person, or by e-mail about personal or professional challenges and concerns, including work, family, individual matters. Family members can also use the service. In addition, persons responsible for general affairs, as well as supervisors and others can consult with and receive advice on how to deal with individuals with health issues. Privacy is protected and the details of consultations will not be revealed to the Company. In addition, “Kokoro Monogatari” (consultation case studies) and “Hotto Times” (newsletters based on interviews with counselors) are distributed monthly by E-Partner Inc. to support mental health.

• Cradle: Cradle Inc.

This service provides online seminars and healthcare support related to DE&I. It provides medical coupons that can be used at hospitals and clinics, as well as wellbeing coupons that can be used at home.

• Free 24-hour telephone consultation: T-PEC Corporation

Telephone consultations with medical staff are available 24 hours a day, 7 days a week, free of charge.

* Service of the health insurance association

• Chatbot health consultation: T-PEC Corporation

This is a chatbot service that answers health-related concerns and questions. It can also help with health concerns and questions regarding family members, including young children.

* Service of the health insurance association

■ Workability and job satisfaction for employees

Risk assessment concerning the health and safety of employees

・ Periodic medical examinations and stress checks

We collaborate with the health insurance association to conduct periodic, comprehensive medical examinations, including lifestyle-related disease checkups. We have achieved a medical examination participation rate of 100% for thirteen consecutive years starting in 2013, focusing on the early detection and treatment of diseases and health risk management. We also support employees to maintain and improve their health by ensuring that those who require further examination or treatment are thoroughly reexamined. An external instructor provides specific health guidance through health improvement training to employees identified by the health insurance association as suffering from metabolic syndrome, to encourage them to take the initiative in improving their health.

Since 2016, we have also conducted annual stress checks for all employees, including those at branches with fewer than 50 employees, for which there is a legal obligation to make efforts, and the mental health status of employees is verified and monitored by a specialized external organization. We also recommend interview meetings for those employees who have been determined to be dealing with high levels of stress.

We analyze and monitor the physical and mental health conditions at 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. The results are used to implement a population approach* aimed at lowering the overall health risk of the entire branch office.

* An effort to work with entire groups to reduce risk as a whole

■ P195 Social Data
Health management

・ Implementation of asbestos health checkups

We require executives, full-time employees (regular, non-regular, and contract), part-time and temporary employees, and former employees (voluntary) who have a history of involvement in asbestos-related work or peripheral work to undergo asbestos health checkups at least once every six months. The Company bears the cost of tests, including secondary tests, and retains copies of individual test results and labor reports for 40 years.

■ P048 Proper disposal of hazardous waste

・ Health promotion activity subsidy system

The Company provides subsidies for health promotion events, such as sports tournaments and seminars, planned and implemented at each branch to promote improvements in the workplace environment and as a population approach. In fiscal 2025, we set a target of having 80% of business worksites implement health promotion activities, and achieved an implementation rate of 78.1%.



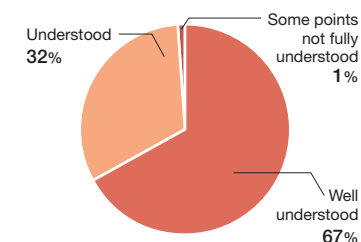
Saitama-Higashi Branch
Scene at a sports tournament

・ Mental health measures

The Company has provided mental health line care training (e-learning) for those in management since fiscal 2018. Participants learn about the points of “noticing, listening, and connecting,” which are the basics for early detection of persons with mental health issues, as well as of the importance of responding to persons with mental health issues and improving the work environment. In fiscal 2025, we implemented an e-learning program for newly appointed managers, incorporating “basic” and “applied” management skills. Approximately 95% of managers took the course, deepening their understanding of mental health line care.

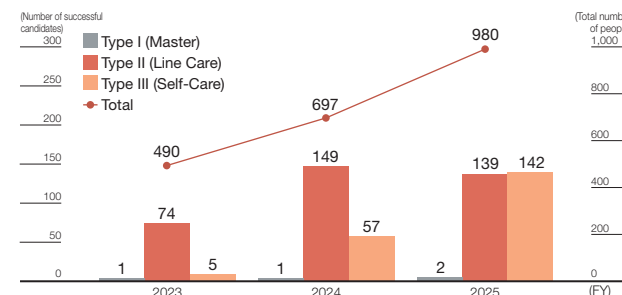
In addition, in response to the increasing tendency for employees to internalize their stress, we are promoting self-care by also making Type III (self-care course) eligible for the congratulatory allowance for obtaining a license, which is provided to those who have passed the Certification Test for Mental Health Management® (Osaka Chamber of Commerce and Industry). As of the end of January 2026, 980 employees have passed the Certification Test for Mental Health Management® (Type I, II, and III).

■ Degree of understanding “line care training”



■ P199 Social Data
Safety and health education

■ Number of successful candidates in the Certification Test for Mental Health Management



Notice to employees regarding changes with significant impact

In the event of a major business change that may have a significant impact on our employees, we aim to notify them six months prior to its implementation.

The Company has not conducted any layoffs for the purpose of workforce adjustment in fiscal 2025.

■ Workability and job satisfaction for employees

Main approach

Progress on the New Work Style Reform Project

The Company viewed the 2024 problem (upper limits on overtime work) as an opportunity to improve business operations, and launched the “New Work Style Reform Project.” In the first year, we focused on issues that could be resolved quickly, starting with problems experienced by many employees. In the second year, which began in fiscal 2025, we have worked to fundamentally reform work styles through the resolution of issues that will have a greater impact, addressing 22 themes in seven areas: “workflow,” “expense reimbursement,” “contracts,” “internal information,” “reports to the Head Office,” “attendance and applications,” and “others.” Specifically, we have worked to smooth workflows, simplify expense reimbursement, digitize contract operations, enhance in-house information searches using generative AI, reduce reports to the Head Office by 37%, and reduce verification work for attendance and applications.

As a result, we were able to implement improvements through 95 measures. In the future, as the next stage of work style reform, we will introduce new methods, including generative AI, and promote efforts to transform work at job sites into an “exciting and stress-free way of working.”

 [DX Annual Report](#)
[Work style reform \(Japanese text only\)](#)

Selected as Health & Productivity Management Outstanding Organization

In March 2026, the Company and 35 Group companies were selected as 2026 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. In addition, four of the 35 companies were selected for the first time, and Cosmos Initia Co., Ltd., a Group company, was certified for the first time as one of the White 500, the top 500 companies in the large enterprise category, while Daiwa House Asset Management Co., Ltd. was certified for the fourth consecutive year as one of the Bright 500, the top 500 companies in the small and medium enterprise category.

 [35 Daiwa House Group companies selected as 2026 Certified Health & Productivity Management Outstanding Organizations \(Japanese text only\)](#)

Implementation of an online smoking cessation outpatient program

Since fiscal 2021, we have conducted an online smoking cessation outpatient program each year for insured members of the Daiwa House Industry Health Insurance Association. Under this program, participants receive guidance from physicians via smartphone at home, and smoking cessation aids are delivered to their homes. The program fee of 60,500 yen per person is fully subsidized for the first 200 applicants. In fiscal 2025, we also allowed 30 insured members who had not been able to quit smoking in the past to try the program.

■ Past results

Fiscal 2021: 147 out of 176 people quit smoking (using Champix)
Smoking cessation success rate: 83.5%
Fiscal 2022: 134 out of 186 people quit smoking (using Nicotinell patches)
Smoking cessation success rate: 72.0%
Fiscal 2023: 142 out of 182 people quit smoking (using Nicotinell patches)
Smoking cessation success rate: 78.0%
Fiscal 2024: 118 out of 143 people quit smoking
Smoking cessation success rate: 82.5%

Response to social health issues

As a company with overseas bases, the Daiwa House Group recognizes the importance of addressing global health issues such as the three major infectious diseases (tuberculosis, malaria, and HIV/AIDS). For overseas expatriates, we have established a system to ensure that they undergo health checkups not only when leaving Japan and returning to Japan as required by law but also annually at their place of assignment. In addition, we provide overseas insurance, necessary vaccinations against hepatitis A, rabies, etc., and consultation services for mental health and pediatric care, thereby establishing a health management system that includes accompanying family members.

Furthermore, in fiscal 2025, through the Daiwa House Group Investment Limited Partnership (“Our Hopes for the Future” Fund), our Group company Daiwa House Ventures invested in SORA Technology, which develops measures against infectious diseases such as malaria, primarily in Africa. Through this investment, the Daiwa House Group and SORA Technology will contribute to the healthy lives of people in developing countries by improving drainage infrastructure to improve public health and through other measures.

 [Investment in SORA Technology, Aiming to Eradicate Malaria in Africa \(Japanese text only\)](#)

■ DE&I (Diversity, Equity & Inclusion)

Concept and Policy

It is vital that we incorporate diverse perspectives and different values and enhance our ability to adapt to change so that we can accurately identify the challenges facing our uncertain and increasingly complex society and solve them through our business. For this reason, we believe that promoting diversity is essential for us to achieve sustainable growth.

The significance of our commitment to diversity management lies in our focus on creating even better products and services, including housing and urban development, as well as in our business processes. To this end, we respect our employees' diverse values, gender, abilities and disabilities, gender identity, sexual orientation, gender expression, age, nationality, language, culture, lifestyle, and other aspects of their knowledge and experience. We foster a workplace culture where each employee's perspectives and ideas are recognized and all employees can demonstrate their abilities by working together, based on fair opportunities.

Management

Promotion system

We launched a project to empower women in 2005 as a touchstone for the promotion of diversity. Later, the project was established as a specialist section, and the promotion system was established in keeping with the times. In 2025, it was reorganized into the Well-being Promotion Group, with the officer in charge of human resources and sustainability also directly overseeing DE&I. We promote diversity in both knowledge and experience to leverage DE&I in management and create new ideas in products, services, and processes, as well as to strengthen decision-making from diverse perspectives.

Support for work-life balance

The Company is developing an array of systems where diverse human resources can choose from varied lifestyles and express themselves while playing an active role. We are pushing forward

to create a virtuous cycle in which the experiences gained through childbirth, childcare, and nursing care can be put to good use in the workplace.

■ 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 legally expire and use the reserve as needed
Paid leave per hour	A system that allows employees to take annual paid leave on a per-hour basis
Home holiday program	A system to take planned annual paid leave for the purpose of spending time with their family, personal refreshment, self-development, etc.
Consecutive holidays (Re Vacation)	A system that encourages employees to take multiple annual paid leave vacations 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 eligible employees to take leave indefinitely until the reason for termination of nursing care leave arises
Subsidy program to support with travel expenses for elderly parents' nursing care (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 in certain circumstances, such as childcare or nursing care
Flextime program	A program that allows employees to decide their own start and end times and working hours

Setting of diversity scores

The Company monitors four items (the percentage of female employees in management and chief positions, the rate of male employees taking childcare leave, the employment rate of persons with disabilities, and the retention rate of young employees) in order to measure and promote diversity in each division. Among these, the rate of male employees taking childcare leave has been incorporated into the Management Soundness Assessment to promote the realization of diverse work styles.



P192 Social Data Basic information

P193 Social Data Diversity Indicators

Family-career Support Program

We are committed to creating workplaces that match the diverse life stages of each employee and enable a balance between work and family life, regardless of gender. In particular, the child-rearing stage is a major turning point for reexamining personal values and work styles. In order to link this opportunity to the growth of human resources and the evolution of workplaces, we are working to create an environment where all employees, including those who are raising children, can safely demonstrate their abilities without restrictions. One such program is the Family-career Support Program, which offers a range of assistance to employees and their families in balancing their careers and child rearing.

・Expectant father and mother registration form

We encourage employees to register when their or their partner's pregnancy enters the stable period. This ensures that necessary information is provided in a timely manner and support is provided across the entire workplace, beginning with preparations for childcare leave.

・Handbook for Fulfilling Work and Child Rearing

We have released a handbook containing information about child rearing and tips for returning to work. It provides useful information on return-to-work support and team management that is useful not only for the individual but also for supervisors and co-workers, fostering a culture of understanding and cooperation with child rearing throughout the workplace.



Handbook for Fulfilling
Work and Child Rearing

・Life-career balance interviews

Interviews are conducted with supervisors before and after childcare leave. Flexible work arrangements are designed together in line with each employee's career outlook and desires, supporting a smooth return to work as well as long-term career development.

■ DE&I (Diversity, Equity & Inclusion)

・Ikukyu MBA

We have introduced an external educational program for employees on childcare leave or just returning to work. By providing opportunities to continually hone business skills, we ensure workers are able to hit the ground running after their return, as well as facilitating their career growth.

■ 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 eligible family members
Support system for balancing childcare/childrearing with career building	A system that provides information to facilitate early return to work after childcare leave, staggers working hours to secure more working time after returning to work, and offers subsidies for the use of childcare and after-school facilities, baby sitters, 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

Initiatives to address the declining birthrate

To support the life plans of employees and address the social issue of the declining birth rate, the Company introduced the Mirai Support System (Assisted Reproductive Technology Support System) on April 1, 2026, which supports fertility treatment and egg freezing. We have made it a basic stance to promote “Co-creating a Brighter Future,” and have provided support for balancing work and childcare through the payment of childbirth allowances and benefits at the start of childcare leave, time-based paid leave, and flexible working hour systems. In recent years, the number of births resulting from assisted reproductive technology has been increasing, and the ability to balance fertility treatment with work has become an issue. There is also growing public interest in egg freezing. Against this background, we have introduced this system as part of our efforts to create an environment in which employees can take the initiative in envisioning their future and continue working with peace of mind.

We will continue to give full consideration to the choices

and futures of each employee and strive to enable them to envision their future with hope.

	Overview
Fertility treatment support	Payment of actual out-of-pocket expenses for treatments covered by insurance
Fertility treatment benefit	A one-time payment of 30,000 yen upon starting fertility treatment
Egg freezing support	A one-time payment of 300,000 yen upon freezing eggs

Policies and measures for balancing work and nursing care

In a survey on the actual situation of nursing care conducted by the Company in November 2025, approximately 30% of employees aged 40 and older responded that they have family members who require nursing care. In addition, approximately 60% of employees who are not currently providing nursing care responded that they may be involved in nursing care within the next five years. In light of these circumstances, the Company regards nursing care as a form of diversity and positions support for balancing work and nursing care as an important initiative. With the aim of creating an environment in which employees who provide nursing care can continue working with peace of mind, we will widely consider and promote measures to support the balance between work and nursing care, such as continuing to conduct surveys and establishing consultation services in collaboration with external specialist organizations.

Policy of Support for Balancing Work and Nursing Care

- ・ Support employees in balancing work and nursing care, rather than having them focus solely on nursing care, so that they can continue working as much as possible without significant changes even when faced with the need to provide nursing care.
- ・ Provide information so that employees can prepare themselves in advance.
- ・ Foster an organizational culture in which employees help each other.

Mindset and advance preparation for nursing care

The Company has compiled information on public services available when nursing care is needed, as well as information on company systems, and posted them on the Support for

Balancing Work and Nursing Care Portal Site on the intranet, and disseminates information on a regular basis. We have also established consultation services so that employees do not have to handle problems on their own.

Empowering female employees

We are working to promote the empowerment of women, based on our belief that a company where women can work and play an active role is a company where everyone can work and play an active role.

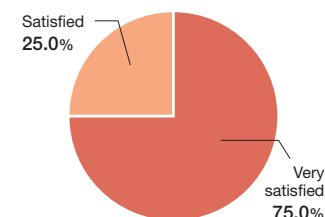
・ Training and strengthening of management staff

We are working to develop and strengthen female managers in order to incorporate diverse perspectives into management decision-making and enhance corporate value. We provide training for management candidates and their supervisors with the aim of building a pipeline for continuous appointment to management and senior management positions. In addition, we hold career workshops for young to mid-level employees to encourage autonomous career development in anticipation of life events.

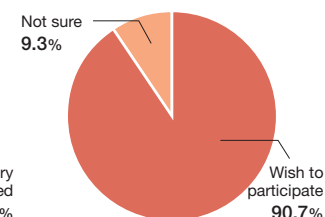
・ Addressing women's health issues

Focusing on the impact of women's health issues on their work, we provide video screenings for managers and information services concerning DE&I as opportunities to learn about the health issues for each generation and life stage. We also provide health support, such as medical coupons that can be used at hospitals and clinics, in response to health issues specific to women.

■ Career workshops: Satisfaction with lectures on women's health issues (N value: 44 participants)



■ Video screening: Wish to participate in next screening (video on women's health issues) (N value: 75 participants)



■ DE&I (Diversity, Equity & Inclusion)

· Retaining and nurturing female employees in sales and technology divisions

We are actively assigning and cultivating women to sales and engineering where the ratio of females is low.

In the sales division, we hold internal information exchange meetings and conduct training sessions for networking purposes about once a year. In addition, since 2007, we have held the Housing Manufacturers Female Salesperson Meet-up, which has now expanded to nine participating companies, including Daiwa House Industry, as of April 2025.

As an effort to improve the working environment for female engineers and technicians working at construction sites, we have developed protective equipment such as lightweight helmets and safety belts. We also promote the introduction of temporary toilets for women. These improvements at the construction site have led to a comfortable work environment for all on-site workers, including men. Furthermore, many of our female construction staff participate in the National Low-rise Housing Work Safety Council's "Jutaku Komachi" program, and the entire low-rise housing industry is working to create a comfortable working environment for women. Through these efforts, female construction workers are more involved in site management, while the number of female site supervisors who are active while raising children has been increasing.

Additionally, by expanding the scope of jobs to include positions where there are few women, such as after-sales service staff who make regular visits after the delivery of a house, we are attracting the support of customers of the same gender. This has also led to a lifestyle proposal called *Kaji* (Housework) Share House, which aims to shift the concept of household chores, the burden of which tends to fall on women, to chores shared between all family members.

 [Kaji Share House \(Japanese text only\)](#)

· Efforts to avoid the effects of unconscious bias

In order to avoid the impact of gender role stereotyping on human resources development, the theme of unconscious bias is included in training for new managers to prompt a shift in mindset for developing diverse human resources.

Promoting employment for people with disabilities

· Introduction of the "Shared" model

In addition to complying with statutory employment rates, the Company views the employment of persons with disabilities as part of its efforts to promote DE&I, and assigns employees with disabilities to various departments such as sales, design, construction, and administration, depending on their aptitudes. Since September 2025, the Osaka Head Office has introduced a "Shared" model. Under this system, a task manager oversees work requested by various departments within the Company and assigns tasks to employees with disabilities in accordance with their aptitudes and abilities. As a result, employees with disabilities and general employees can perform duties that essentially contribute to business operations on the same floor, thereby deepening their understanding of each other on a daily basis.

· Introduction of universal support system

To promote active participation in each department and provide reasonable accommodation, the Company has established its own Universal Support System, which provides support, including costs, for the introduction of necessary tools and for employees around them learning about disabilities. We are also working to improve understanding of DE&I, including the presence or absence of disabilities, and to foster a supportive culture through the implementation of e-learning for all employees and in-house seminars, including those held at Group companies.

· Establishment of special-purpose subsidiary

The Daiwa House Group established Daiwa Life Plus*1 in 2011 and Daiwa House Bloom*2 on April 1, 2021, with the aim of creating a work environment that takes into account the characteristics of each individual's disability and appropriately managing employment. These companies have been certified as special-purpose subsidiaries.

*1 Special-purpose subsidiary of Daiwa LifeNext

*2 Special-purpose subsidiary of the Company

 P138 [Joining The Valuable 500](#)

Establishment of Daiwa House Bloom

We are promoting a co-creation initiative involving both agriculture and welfare, in which people with disabilities and the elderly can gain confidence and a sense of fulfillment in life and participate in society through their activities in the agricultural field.

The Cultivation Business Development Section of the Company developed the Daiwa Cultivation Method*, which enables anyone to participate in the cultivation of moth orchids even without experience or specialized knowledge. With a view to creating a workplace where people, primarily those with intellectual disabilities, can work with peace of mind throughout their lives using this cultivation method, the Company established Daiwa House Bloom in 2021. As a result of repeated consideration and trial operation of the type of work to be performed, the company started a contract cultivation business for miniature moth orchids "COCOLAN" in Miki City, Hyogo Prefecture, in fiscal 2022, and began employing persons with disabilities as a certified special-purpose subsidiary. At the same time, the company also hired elderly people living in the region, and cultivation work is carried out through work sharing in which persons with disabilities and elderly people cooperate with each other.

In addition, all mini orchids grown at Daiwa House Bloom are purchased and sold by the Company, allowing Daiwa House Bloom to operate in a stable manner. As well as sales on our e-commerce site, the mini orchards are also sent to building owners to congratulate them on taking delivery of their buildings.

As expressed in the floral symbolism of orchids, "Happiness will come your way," the workers cultivate them with all their heart so that they will be a bond between people and weave warm relationships.

In fiscal 2025, we received the White Ribbon Award at the Okinawa International Orchid Show and won a bronze medal at the Japan Grand Prix International Orchid and Flower Show.

* Patenting of the Daiwa cultivation method.

"Cultivation equipment and methods" Application No.: 2019-046438

Registration No.: Patent 6993370 (registration date: December 13, 2021)

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



Work scene of cultivation COCOLAN

■ DE&I (Diversity, Equity & Inclusion)

Initiatives for LGBTQ

We are working on two fronts to ensure that people in sexual minorities such as LGBTQ can perform to the best of their abilities with peace of mind: the establishment of systems and structures, and initiatives to promote workplace understanding. This includes the introduction of a Same-Sex Partnership System, under which same-sex partners are regarded as spouses and are eligible to enjoy leave, company housing, and other benefits programs. Since its introduction, the number of users of the system has been gradually increasing. 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, not just for themselves but also including superiors and colleagues.

In addition to including LGBTQ as one of the themes of mandatory training for new hires, we also collaborate with other companies to promote understanding in the workplace by holding events such as film screenings and lectures.



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

Building codes that make it easier for business partners to work at our factories

At our factories, we have established guidelines for the construction and reconstruction of factory buildings and welfare buildings. The guidelines take into account the management of the work environment, improvement of work methods, installation, maintenance, and management of facilities and equipment to help employees of factory business partners* recover from physical and mental fatigue. In addition to universal design, Comprehensive Assessment System for Built Environment Efficiency (CASBEE) certification, and disaster prevention measures, checks are performed based on reference values for the air environment, thermal conditions, brightness, noise levels, and other factors.

Furthermore, as many employees of factory business partners are women or elderly, the Company lends assistive devices such as powered suits to reduce the physical burden of loading and unloading heavy materials or performing standing work.

* Business partners that undertake contract work within the Company's factories

Multi-lingual signage at plants

Since foreign workers also work in the Company's factories, rules within the factory and information important for quality are provided in multiple languages and with illustrations. The languages used are tailored to the languages spoken by people working at each factory. In addition, we provide translations in advance of addresses delivered at safety conventions held within the Company, have introduced video manuals with multilingual support for work within the plant, and distribute the Technical Intern Trainees' Mate, published by the Japan International Trainee & Skilled Worker Cooperation Organization, which contains information useful for daily life in Japan. These information materials cover a total of 10 languages. In factory cafeterias, efforts are also made to provide a place where people of diverse backgrounds can work with peace of mind, such as by using clear displays in native languages and illustrations to show whether menu items include foods that cannot be eaten due to cultural reasons.



Attention panel



Factory emergency bell

Achieving equal pay for equal work and a guaranteed living wage

The Company classifies employees engaged in core business operations in Japan as either national employees or regional employees, with salary systems based on the abilities, performance, and degree of contribution of each employee in each category, and sets no difference in basic salary by gender for each job grade.

In addition, the Group complies with laws and regulations that set minimum wages in each country, and when revising wages, determines salary levels based on data such as the Basic Survey on Wage Structure conducted by the Ministry of Health, Labour and Welfare, thereby ensuring that employees

are paid appropriate wages.



P197 Social Data

Indicators related to wages and allowances Gender pay gap (by job position)

Main approach

Workshops for female employees

We hold career workshops for young to mid-career female employees. The purpose of these is to broaden the career options for female workers, whose careers are considerably impacted by life events, by creating opportunities for them to think about their own lives and careers at an early stage. Starting in 2024, we have also conducted basic workshops focusing on young female employees. Through lectures and group work, participants learned about knowledge that serves as a foundation for career development, such as talks by physicians on health issues specific to women and basic concepts of careers.

A total of 78 people participated in fiscal 2025, and many participants commented that they felt reassured by sharing their concerns, that it gave them an opportunity to think independently about their future careers, and that it gave them hope for balancing work with other responsibilities.

Talks given by physicians are also made available on the intranet for all managers to view.

Received PRIDE Index 2025 Gold Award

The Company received a Gold rating in the PRIDE Index 2025, developed by the voluntary organization work with Pride, which evaluates initiatives for sexual minorities in the workplace. This marks the fifth consecutive year since 2021 that we have received the Gold award.



➤ Received Gold Award in PRIDE Index 2025 for Fifth Consecutive Year (Japanese text only)

■ DE&I (Diversity, Equity & Inclusion)

Development of torque wrench that can be turned with less strength

The number of female engineers working at our construction sites is increasing. At construction sites for rental housing, the site manager inspects bolts and nuts to ensure that they are properly tightened after the building structure is in place. However, it was found that women with less physical strength have difficulty tightening bolts and nuts that require the maximum tightening torque of 80 N m using only their arm strength. In response, we made a prototype that enabled rotation with less force than the torque wrenches that had remained unchanged in form for 60 years, and asked the manufacturer to lengthen the wrench, resulting in the development of a torque wrench that could obtain fair results under the manufacturer's guarantee.

This reduced the strength required for inspection by 30% and the time required for inspection by 35%. The increased length makes it easier to apply strength even in high places or where posture is unstable, enabling safer work.

We submitted an invention notification for this torque wrench, and will roll it out to all business partners as well as the Company's construction personnel and quality managers.



Photograph comparing torque wrenches



A petite female site manager using all her strength to turn a bolt

Holding webinars to improve understanding of disabilities

With the revision of the statutory employment rate for persons with disabilities in 2026 (from 2.5% to 2.7%), the need for initiatives to employ and utilize persons with disabilities is increasing.

Therefore, in fiscal 2025, the Company disclosed internally and to Group companies the results of a survey on the current status of employment of persons with disabilities conducted from spring to summer, shared on-site opinions collected from business worksites across the country, and provided opportunities to think about reasonable accommodations in the workplace.

Through case studies, group talks, and other activities, participants deepened their understanding of how to create a workplace culture in which diverse members can work effectively. Some participants commented that it was helpful to share issues faced by different companies and business sites, that they gained an understanding of the concept and basic details of reasonable accommodations, and that their understanding of the scope of reasonable accommodation to be provided in the workplace was deepened through concrete examples.

Socially inclusive community development

Concept and Policy

In 2015, the Group formulated the “Community value into the future” community development vision and has been working with local communities to address social issues by leveraging a broad range of business areas. Since 2022, we have engaged in multi-use redevelopments and other projects to “expand the circular value chain from the perspective of local communities and customers,” a key themes of our 7th Medium-Term Management Plan, and pursuing long-view community development. That means designing those communities so that they will gain attractiveness, and managing the locality so that it will retain its vibrance over time. This long-term, deeply community-rooted and -supporting commitment to development fosters long-lasting connections among residents and between their communities so they will maintain their value far into the future.

In pursuit of this vision, we have instituted our the Livness Town Project, a program for redeveloping Neopolis suburban residential estates we built during Japan’s period of rapid economic growth (ca. 1955–73). Over 50 years have gone by since their initial development, and they are seeing issues like population decline and rising vacancy rates. Via the Livness Town Project, we work with Neopolis stakeholders to revive, re-enliven, and make them communities attractive again.

Even in housing estates where issues are yet to surface, we have begun examining how area management could be to ensure that their communities avoid decline and retain their appeal.

We are being asked more and more to incorporate area management designed to enhance the value of large-scale developments already in the proposal stage. To meet it, Daiwa House Industry has a system that taps into head office functional divisions’ systems to check projects from multiple angles. We ascertain what needs to be done and apply our accumulated knowhow for making town value-enhancing measures succeed. This approach embodies the two pillar commitments of our community development: helping resolve societal issues and creating new value.



Community Development Vision

Management

Organized to pursue long-horizon community building

To contribute to local communities through community building, we have established specialized departments to take a long-horizon approach to building housing estates and forming communities in them.

And our approach to community development goes beyond narrow focus on projects’ tangible aspects, taking in their intangible side as well—things like ongoing enhancement of their value through area management so that residents will want to stay involved in the community.

Considerations for creating comfortable living

When Daiwa House Industry undertakes community development projects, we begin by establishing a set of design guidelines. These are the starting point for considerations formulated from multiple perspectives encompassing safety and security, universal design, the environment, beauty, secular change, and maintenance of the resulting communities over the long run. Aiming to create broadly inclusive, highly livable communities for diverse people, including the elderly, children, and those with disabilities, we incorporate considerations that include pedestrian flow lines designed on barrier-free principles to eliminate steps and reduce gradients, pedestrian areas to stimulate interaction and communication among residents, and planting to contribute to biodiversity and make for pleasant townscapes. Further, routes to certain facilities (central community locations like medical, shopping, and public facilities, and service and business centers) and transportation facilities (stations, bus stops) are planned with minimal road crossings. We also formulate zoning plans and, as voluntary agreements, institute community development guidelines. These are intended to ensure maintenance of a pleasant living environment, for instance by regulating aspects of properties above a certain size to ensure that they harmonize with the surrounding community.

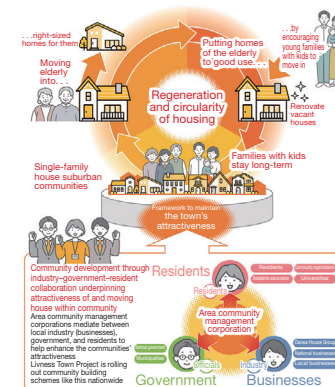
Livness Town Project (regeneration projects)

Suburban housing projects were developed systematically in Japan to address housing shortages in the period of rapid economic growth as urban areas became increasingly populated. They provide good living environments, but some half a century later, issues are emerging in the form of changes to the community, a lack of services for the elderly, and growing numbers of vacant houses and land.

The Neopolis single-family house suburban communities we developed and sold at 61 locations nationwide face similar problems. We launched Livness Town Project to co-create, with local residents, sustainable and thriving towns that would attract new residents as well as retain ones already living in them. To these ends we prioritize relationship building over intensive marketing at Neopolis communities, and we have deepened our communication with residents, who keep us informed on various developments in the community such as when houses become vacant.

Currently, our employees are discussing with local residents how to address issues uncovered through dialogue at eight Neopolises. We also frequently exchange information with government administrators and provide proposals for things like making effective use of public land inside Neopolis developments. We also have cooperation agreements with five local governments covering community development, as well as partner with external organizations via joint research with universities and participation in the Cabinet Office’s Strategic Innovation Promotion Program.

The future the Livness Town Project envisions



■ Socially inclusive community development

Daiwa House Industry has long exchanged opinions with experts and national and local government officials on legal and institutional issues. A result was the 2024 amendment of Japan's Local Revitalization Act.

In 2025 we began work using the housing estate regeneration model project recommended by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) at five suburban of our Neopolis housing developments. Residents councils to deliberate the futures of their communities are active at the Hannan Neopolis and Tokorozawa Neopolis in Osaka and Saitama Prefectures, and we are helping them to incorporate. Meanwhile, the Kaga Matsugaoka housing development in Ishikawa Prefecture saw in 2025 the formation of the Hito-Machi-Mirai Matsugaoka ("people, town, and future of Matsugaoka"), an incorporated civic organization for residents to steer their community's future development. And at the Midorigaoka-Aoyama Neopolis in Miki, Hyogo Prefecture, Daiwa House Industry serves as secretariat for the Miramachi Midorigaoka-Aoyama Association, that Neopolis's resident-led community development organization, as it moves to take advantage of the revised Regional Revitalization Act's redevelopment model. The city of Miki designated the association as a local revitalization corporation in 2025.

Mechanisms for erecting emergency housing

The Daiwa House Group is a member of the Japan Prefabricated Construction Suppliers and Manufacturers Association, which has concluded agreements covering emplacement of emergency housing when disaster strikes with all 47 of Japan's prefectures and the country's 15 cities empowered by the Disaster Relief Act to undertake relief operations autonomously (as of April, 2026).

When the association is asked by a local government to erect emergency housing in the wake of a major disaster, it puts out a call to the 14 members of its Standardized Architecture Committee to erect temporary housing. Daiwa Lease, a Group company, is one of the committee's five coordinating members.

The Daiwa House Group stands ready to respond to calls for emergency housing with its Dash Project, an organization that has all tasks from design to post-handover management done end-to-end by Group companies. Daiwa House Industry and Group companies Daiwa Lease, Daiwa

Logistics, DesignArc, and Daiwa LifeNext are all involved. They appoint about 100 employees from several functions, including design and equipment, procurement, production, and construction. Though appointees engage in their regular work most of the time, they need to be ready when disaster strikes and the Standardized Architecture Committee calls, so they hold periodic practice sessions characterized by laser-focus on role-playing. This ensures that they will be ready to spring into action as soon as a relief project goes live. They also make sure everything is in place—such as always up-to-date manuals for assembling emergency housing—to enable them to respond without delay whenever disaster strikes anywhere in Japan. We also have in place another team of separate members drawn mostly from Dash's, a Daiwa House Industry division that handles rental housing, who jump into action when the association's Housing Committee has also launched actions to erect temporary housing in response to requests for temporary housing exceeding 20,000 units within two months of a disaster. To date, we have built some 28,000*1 emergency housing units.

During fiscal 2025, 157 people, our Chairman and Executive Vice Presidents among them, participated in drills, and a working group presented on the occurrence and initial response to an earthquake, assuming an earthquake striking directly under the capital region. We are also revising our manuals to reflect lessons learned from the 2024 Noto Peninsula earthquakes.

Further afar, Daiwa House Modular Europe Ltd., a European member of the Group, has provided a cumulative 3,974 units*2 to house refugees, including people from Ukraine. The company markets modular building products, a type of buildings fabricated using industrial manufacturing methods.

Moving forward, we will continue training and improving our manuals to be ready to erect emergency housing whenever crisis strikes.

*1 Total emergency housing units built following recent major earthquakes, the Great Hanshin (1995), Great East Japan (2011), Kumamoto (2016), and Noto Peninsula (2024)

*2 As of December 2025



➤ [Daiwa Lease website: Disaster Recovery Relief and Mitigation \(Japanese text only\)](#)

➤ [Standardized Architecture Committee, Japan Prefabricated Construction Suppliers and Manufacturers Association \(Japanese text only\)](#)



P103 [Recovery and reconstruction aid housing in Europe](#)

Building permanent post-disaster public housing

Daiwa House Industry's aid to disaster areas does not stop with providing immediate emergency housing. We then go on to build new "recovery" public housing (disaster public housing) to help drive reconstruction forward.

The sluggishness of reconstruction work became a problem in the areas affected by the Great East Japan Earthquake (2011). Because the restoration of infrastructure and construction of disaster-relief public and other housing ran in parallel, shortages of labor and construction materials arose that led to long-lasting work delays.

To address the issue, we proposed erecting steel-frame prefabricated structures—a strength since our founding—for post-disaster public housing, which we then went on to build new. Prefabricating components in our factories allowed us to shift some of the workload out of the disaster area to alleviate the pressure due to the concentration of work.

We proposed this approach again following the Kumamoto Earthquakes of 2016, the West Japan Heavy Rain Disaster of 2019, and other later disasters. Our idea was accepted, and we built more post-disaster public housing than any other private-sector contractor: 3,547 units across Japan as of March 2026.

Further an issue that arises in post-disaster public housing is loss of interpersonal ties and interaction among residents, especially the elderly. We engage in ongoing recovery assistance to help residents form new communities, breathe life into them, and build new livelihoods so they can feel safe and a home in their new surroundings.



➤ [Post-disaster public housing | Technology Information | Daiwa House Industry \(Japanese text only\)](#)



Tenno Ohama Apartments, Kure City, Hiroshima Prefecture

Socially inclusive community development

Main approach

Area management of a large area (Sapporo City, Hokkaido)

Daiwa House Industry was the project principal at Maaruku Shinsapporo, a large-scale development. Here, as we erected buildings and installed infrastructure we simultaneously set up an area-management mechanism to steer longer-term development of the new town and its surrounding area. Our job as developer done, post-handover we remain involved in the locality's development as member of the incorporated civic organization embodying the mechanism's task: keeping the area vital and enhancing its long-term value in close collaboration with the whole community. To date, under the slogan Building a Healthy Community Together, the organization has hosted food-and-health-themed events and other like initiatives. And through a public-private-academic collaboration with Sapporo Gakuin University and the city of Sapporo, we are studying the impact area-management activities have on the locality. The joint research launched in November 2024 and will run through March 2027, roughly two and a half years, to ascertain the effectiveness of initiatives for generating sustainable community vitality.

In fiscal 2025, the civic organization opened Active Salon sawa, a civic center to serve as a hub for routine community activities as well as host events. A framework has been put into place for sustainably managing the area that includes revenue-generating projects, such as one that places wall-poster advertisements. Events such as the Crafts Market & Music and the Shinsapporo Health Festival drew over 3,000 participants. Analyses afterwards demonstrated their utility, and the organization is collaborating with government entities, universities, and others to train human resources who will carry area management forward, at a school opened in April 2026.

In recognition of these activities' role as an advanced model for re-energizing the central hubs of regional cities, in June 2026 the City Planning Institute of Japan (CPIJ) honored the organization with its Planning and Design Award.



Joint research conducted by Sapporo Gakuin University and Daiwa House Industry (Japanese text only)

The CPIJ honored the complex development project for the Shinsapporo Station area with its Planning and Design Award (Japanese text only)

Active Salon sawa's achievements (Sept. 2025–March 2026)

Usage data	Achievements
Visitors	6,671
Events	117



An Active Salon sawa brochure

Hitotokimiki Miki Area Community Center (Miki City, Hyogo Prefecture)

Daiwa House Industry runs Livness Town Projects designed to "regenerate" existing communities for sustainability. In 2015, one was launched at Midorigaoka Neopolis, suburban housing estate we built straddling the Midorigaoka and Aoyama districts of Miki, Hyogo. As part of it, in 2021 we set up "Takahashisanchi," a community center to spark greater interaction and communication among the community's residents. Summing up their input, we found that to regenerate the estate, a multi-use center was needed that would gather functions like workplaces, welfare and other citizen services, and venues conducive to cross-generational communication under one roof.

This led to adoption of our proposal for the Miki Area Community Center (tentative name) when we responded to the city of Miki's call for an entity to build and run a community center to serve as the staging base for a project to regenerate the Aoyama 7-Chome section of town. Our proposal added several new service offerings as well as venues for community interaction and experiences.

The center includes co-working spaces, a startup incubation hub,* a citizen-services outpost, flexible multi-use spaces, and a playpark. They are arranged so users can see what is going on in each of the others from wherever they are. This provides an environment intended to encourage cross-generational interaction and communication and foster new connections among people using the facility.

Using the corporate version of Japan's Hometown Tax Program, Daiwa House Industry paid a portion of its fiscal 2024 tax bill to city of Miki to facilitate renewed public-private partnership-driven community development and bring about greater intergenerational interaction and communication within the locality. To further community formation and help energize the local economy, we are committed to strengthening the partnership with Miki, working with the city to ensure sustainable community development in the Neopolis straddling

the Midorigaoka and Aoyama districts.

* A space with a kitchen and leasable spaces for small retailers and food-and-beverage providers to set up shop. The community kitchen is envisioned as a hub for interaction among local residents.



The HITOTOKIMIKI Miki City Multigenerational Civic Hub opens (Japanese text only)



Outside view of the Hitotokimiki Civic Hub



Inside view of the Hitotokimiki Civic Hub

Social-impact assessment of the Hitotokimiki Civic Hub

Daiwa House Industry assessed the non-financial value of community development activities in Miki, Hyogo, from economic, social, and environmental perspectives in line with the Social Impact Real Estate practice guidelines issued by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT). It was the first attempt in Japan to assess the extra-financial value of real estate in terms of social return on investment (SROI). Japan Credit Rating Agency (JCRA) furnished a third-party opinion of the assessment framework and results.

Economic, social, and environmental effects were calculated based on preliminary evaluation of 1) real estate planning, 2) boundary setting, 3) building of a logic model, and 4) impact assessments. The calculated E-NOI return came to 12.3%, far above the 4% social discount rate set forth in MLIT's cost-benefit analysis manual. This result indicates that economic, social, and environmental benefits can be expected.

Principal measures and their impacts

Economic: Non-employment spillover effects in the local economy due to inclusion of shops

Social: Job creation (via, e.g., a café and public-service facilities), generation of community vitality, disaster mitigation benefits (via, e.g., evacuation center function, hosting of events)

Environmental: Climate-change adaptations, effective resource use (via, e.g., use of wood construction materials; energy saving, generation, and storage capabilities as a ZEB)

■ Socially inclusive community development

・SDG relevance

Areas identified as strongly impacted

- ・ Good Health and Well-being (Goal 3): Measures to prevent harm to health, provisions of pleasant inside and outside environments
- ・ Sustainable Cities and Communities (Goal 11): Provision of disaster mitigation equipment and assurance of its performance, crime prevention measures, placement of community spaces
- ・ Affordable and Clean Energy (Goal 7) ・ Climate Action (Goal 13): Energy saving, generation, and storage
- ・ Decent Work and Economic Growth (Goal 8): Provision of satellite offices, revitalization of local industry, job creation
- ・ Quality Education (Goal 4) ・ Gender Equality (Goal 5) ・ Reduced Inequalities (Goal 10): Inclusivity-oriented design, provision of facilities for child rearing, improved accessibility

-  [Visualizing extra-financial value of social impact real estate \(Japanese text only\)](#)
- [Page 44 of MLIT's Social Impact Real Estate practice guidelines \(Japanese text only\)](#)
- [JCRA's third-party opinion on Daiwa House Group's social impact real estate assessment framework \(Japanese text only\)](#)

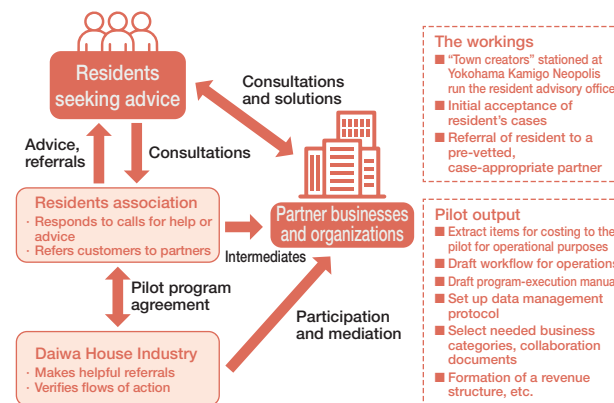
Full-scale operational trials launched for community hub (Yokohama, Kanagawa Prefecture)

At Yokohama Kamigo Neopolis, a housing development Daiwa House Industry built over half a century ago, we and the Yokohama Kamigo Neopolis Residents Association opened Sou Terrace, an activity hub for the local community. Given that role, the association will be setting up a resident advisory office in the hub where community members will be able to seek help on their home and living questions or grievances. The office will refer them to partners best suited to their needs, whether they want new curtains or to get a streetlamp fixed. In addition to selecting partners—businesses and organizations—and developing a collaborative mechanism for the program, we will be testing the program's business viability and suggesting operational improvements.

The residents association, which is incorporated, intends to use these activities to guide community development and further

enhance its attractiveness as a place to live in collaboration with the government. Meanwhile, Daiwa House Industry hopes to use Sou Terrace pilot programs as a laboratory for advancing industry–government–private partnership-led town management initiatives nationwide.

-  [Pilot programs on community hub operations using Sou Terrace go live \(Japanese text only\)](#)



Recovery and reconstruction aid housing in Europe

We are providing Ukraine with modular housing units to assist in its reconstruction amid the ongoing war. The activity is our response to calls for aid by Ukrainian officials visiting Japan in 2025.

Netherlands-based Daiwa House Modular Europe, a local subsidiary, operates a modular construction factory in Europe. It has already supplied 3,974 modular housing units to refugees from Ukraine in the Netherlands, the UK, and elsewhere. Now, in collaboration the UNICEF Ukraine, we are also donating modular housing inside Ukraine to help the country rebuild. The units go through the Olena Zelenska Foundation to foster families who have lost their homes due to the war.

The modular homes we fabricate in Europe feature reusable steel frames and concrete floors, and walls and ceilings can be reused or recycled. They boast a recycling rate of some 80% by weight. Since 2020, Modular Europe has also been providing

modular public housing across Europe to students and other relatively low-income groups. Going forward, we remain committed to supplying buildings needed by society.

-  [Daiwa House Industry donates modular housing for foster families to the Olena Zelenska Foundation to help Ukraine rebuild \(Japanese text only\)](#)

-  [P101 Organization for providing emergency housing](#)



Naarden, NL center housing Ukrainian refugees



Student dorm in Utrecht, NL

Daycare centers at DPL facilities

Daiwa House Industry's DPL Local Engagement Project envisions our multi-tenant logistics facilities as moving ahead hand-in-hand with local residents and tenants, making them than places that just handle goods shipping

For example, DPL facilities with leasable floorspace of over roughly 66,000 m² are required to set up daycare centers, and our Nagareyama I, II, and IV DPLs in Nagareyama, Chiba Prefecture and Ibaraki Kita DPL in Osaka Prefecture already have ones in place while many more are scheduled to open daycare centers soon. Having a daycare center in the workplace can greatly reduce the time and effort needed to pick up and drop off kids and giving parents working at tenant company greater flexibility for scheduling work shifts. They also enhance employee satisfaction, thus helping reduce employee turnover and increasing job opportunities for people with children. Both tenants and the DPLs themselves benefit from the enhanced value they provide.

-  [The DPL Local Engagement Project \(Japanese text only\)](#)

■ Developing and providing high quality, safe, and secure products

Concept and Policy

The Group provides safe and secure products and services to realize healthy and comfortable lives for our customers and the users of our products and services.

From development to delivery, we pursue “being complete in small things” to ensure that we not only comply with laws and regulations but also carry out our work responsibly and connect it to the next stages in the process, based on our strong commitment to providing high quality, safe, and secure products. To strengthen our quality management system, we formulated a Quality Policy for the Group in fiscal 2025. In accordance with this policy, we have newly established Company-wide Quality Assurance Regulations, which define the basic matters for quality assurance activities to ensure quality that meets customer requirements. In conjunction with the establishment of these regulations, the Company also established the Prevention Management Regulations and revised the existing Corrective Action Regulations, Technical Prevention Management Bylaws, and Type-certified Housing Design Audit Regulations.

Since collaboration with our business partners is essential to the provision of our products and services, we also demand high quality from our business partners and have established various support and systems that contribute to quality improvement. We aim to increase trust and satisfaction among stakeholders by providing products and services that exceed customer expectations.

Quality Policy

We strive to realize the dreams of all our customers by providing safe, secure, and impressive quality. We pursue maximum customer satisfaction and aim to be a company trusted by society.

Action Guidelines (Specific Initiatives)

1. Set specific quality goals and establish a company-wide system to achieve them in order to improve quality.
2. Comply with relevant laws and regulations and fulfill social responsibilities.
3. Anticipate potential risks related to quality as much as possible and make thorough preparations.
4. Plan and conduct education and training to help employees acquire knowledge on quality and the abilities necessary to perform their duties, aiming to improve customer satisfaction.
5. Respond flexibly to changes in the market environment and continuously improve the quality management system.
6. Share information on quality appropriately both within and outside the Company to build trusting relationships with stakeholders.

Management

Various regulations regarding quality

· Company-wide Quality Assurance Regulations

These regulations set forth basic matters concerning the responsibilities and authority in quality assurance activities.

· Prevention Management Regulations

These regulations establish basic provisions concerning the responsibilities, roles, and promotion system for prevention activities aimed at maintaining and strengthening the foundation of quality assurance. The relevant departments are required to set goals for their initiatives and establish a system to prevent quality problems in advance, based on the premise of utilizing information on failures. In addition, upon request from relevant departments, the Quality Coordination Department monitors the status of efforts, checks evidence, conducts interviews, and provides advice, proposals, and recommendations for improvement.

· Technical Prevention Management Bylaws

These bylaws set forth matters to ensure that technical personnel of the Company not only prevent the recurrence of failures but also promote prevention activities using technical quality information to continuously improve quality, and that prompt and reliable measures are taken when quality risks arise. Relevant departments that receive recommendations are encouraged to review standards, rules, and business flows as necessary and to ensure thorough dissemination of such changes.

· Corrective Action Regulations

These regulations apply to problems caused by technical standards, specifications, etc., established by the business divisions and Head Office departments, among defects (malfunctions) that occur in buildings, etc., supplied by the Company in Japan, with an aim to take organizational measures to prevent the expansion of damage and to prevent recurrence and problems in advance. The regulations specify the actions to be taken, from investigation of causes to emergency measures, provisional measures, permanent measures, retrospective measures, and prevention of recurrence and problems in

advance through the use of corrective action records.

· Type-certified Housing Design Audit Regulations

These regulations set forth matters necessary for conducting design audits for type-certified housing, with reference to Ministry of Land, Infrastructure, Transport and Tourism Ordinance No. 73 of 2019. The regulations establish rules for the operation of design audits, from audit planning to implementation and the content of correction instructions based on the results.

Company-wide quality assurance system

The person responsible for company-wide quality management is the Head of the Technology Division (Representative Director and Executive Vice President), and the Quality Improvement Committee, for which the Quality Coordination Department serves as the secretariat, coordinates company-wide quality assurance responses. Quality assurance and improvement activities in daily operations are carried out in accordance with the quality management and assurance processes of each department, centered on the Head of the Technology Business Coordination Department for the housing solutions business and the business solutions business.

When an incident occurs, the relevant departments, such as design, construction, and procurement, conduct a root cause analysis, and corrective activities are carried out under the direction of the General Manager. If a serious incident such as a legal violation or recall occurs, information is promptly disclosed, and relevant departments are convened to formulate policies for response measures.

■ Quality assurance system



· Quality Improvement Committee

The committee meets as necessary to report on and resolve issues related to quality information. In principle, the committee meets every six months and is overseen by the Head of the Technology Headquarters (Representative Director and Executive Vice President).

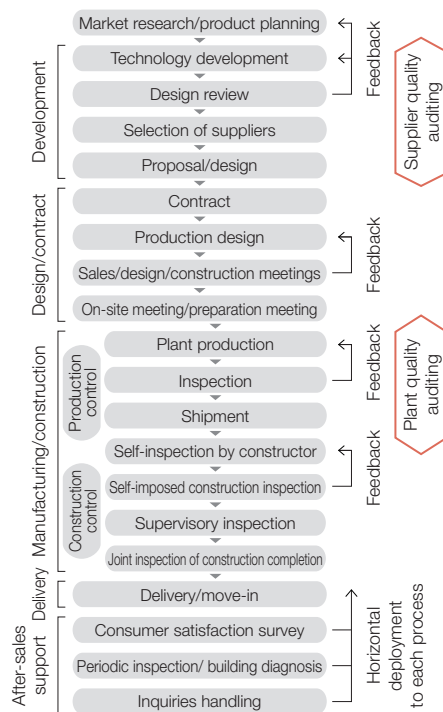
■ Developing and providing high quality, safe, and secure products

In addition, each business division holds working groups such as those focused on quality improvement and cost reduction on a regular basis, and strives to improve quality by submitting and reporting the results of these activities to the business division headquarters, thereby sharing best practices.

・ Quality assurance system in the housing business

In our housing business, all related departments pursue quality improvement throughout the production process, from development to design and contract, production and construction, to after-sales service. In the production and construction processes, products must pass a quality inspection at each step before proceeding to the next process.

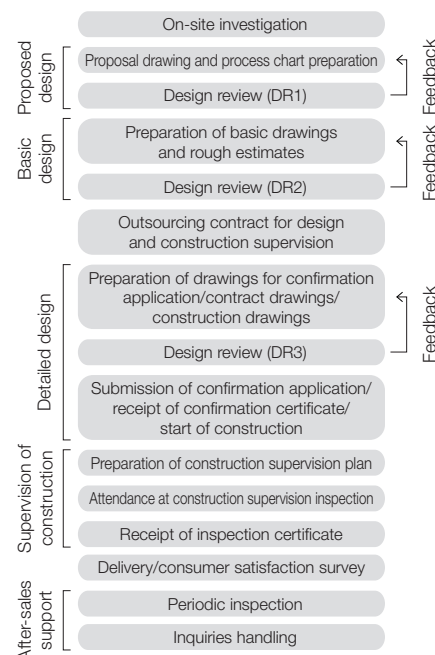
■ Quality assurance system flow (Housing)



・ Quality assurance system in the construction business

Design reviews (DR) are undertaken at each stage of design for all projects for our general construction and commercial construction businesses. Design reviews are multifaceted, with members with various perspectives, including persons responsible for design, the design support office, the production technology department, and the construction department, confirming laws, regulations, and specifications, and providing advice on each phase of the project. After the start of construction, construction accuracy is confirmed through self-inspection by the contractor and inspection by the construction manager. Construction supervisors perform close checks, make reports, and keep records regarding whether construction is in accordance with various drawings.

■ Quality assurance system flow (Construction)



Ensuring compliance with laws and regulations in design documents

In order to supervise design specifications in our single-family housing business, we conduct design audits and confirm conformity with advancement guidelines to ensure design quality. In fiscal 2025, the Company published the Commentary on Design Audit Items for Type-Certified Properties in-house, which summarizes key points for these audits. The purpose of this commentary is to clarify the items checked in design audits and provide explanations along with related past comments, thereby informing designers of key points in design audits, preventing errors, and improving design quality.

・ Design audits

Design auditors are appointed according to internal standards, such as holding architectural qualifications and having at least five years work experience. They examine the final drawings issued for construction in the current fiscal year, in a number equivalent to 5% or more of the properties completed across Japan in the previous fiscal year, to confirm that the design documents are free of legal and model violations based on the standards set by the Ministry of Land, Infrastructure, Transport and Tourism. Moreover, if any deficiencies are discovered, the design auditors can issue written directives to the design department for the branch office and other related departments requesting steps to correct these deficiencies and prevent any recurrence. They then proceed to confirm that these steps have been implemented. In fiscal year 2025 as well, all corrective actions for suspected cases have been completed.

・ Confirmation of conformity with advancement guidelines

In the case of shared rental apartment buildings designed according to the same specifications and constructed based on the same specifications and construction manuals, any deficiencies or violations of laws or regulations in the drawings, manuals, or construction-related documents prepared in advance (hereinafter "common specifications, etc.") will result in multiple deficiencies and defects with the same cause arising at the same time. Therefore, when we establish or revise common specifications, etc., our engineers who hold architectural qualifications check for conformity with laws and regulations, as well as consistency across various drawings, based on the advancement guidelines established by the Ministry of Land, Infrastructure, Transport and Tourism.

■ Developing and providing high quality, safe, and secure products

[Housing design] Internal qualifications for the system of type-certified specifications

Our housing division has obtained type-certified specifications*, and we have established an internal qualification system for employees engaged in design work, construction supervision, and specification management using the system of the said type-certified specifications. An internal examination is conducted annually, and only those who pass the examination are allowed to perform design work using the system. Online training is provided in preparation for this examination, and employees can study the material repeatedly.

In addition to the examination, the Company evaluates each designer's level of proficiency based on comprehensive factors such as knowledge and experience in design work. Depending on the proficiency level, the scope of duties is divided into five levels, ranging from "design assistance only" to "design and review for general building confirmation applications." The number of designers who improve their proficiency level is tallied for each business site and reflected in the management soundness evaluation.

* A system that pre-examines and certifies that houses built with standard specifications meet certain construction criteria. If type-certified specifications are obtained, the examination at the time of individual building confirmation is simplified.

■ Fiscal 2025 judgment results

Unit: people

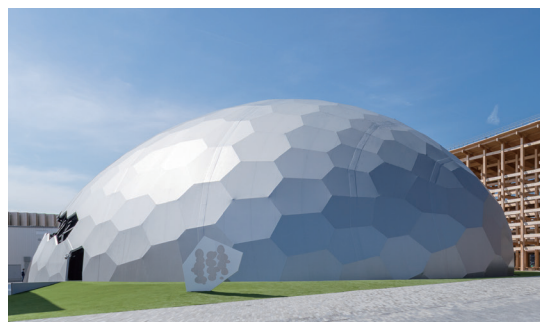
	Level 4	Level 3	Level 2	Level 1	Level 0
Housing Design	159	185	56	4	2
Apartment Design	199	314	171	10	2
Other Divisions	28	104	14	10	5
Total	386	603	241	24	9

[Construction design] Certification system for building design

The Company has established a Certification System for Structural Specialist with the aim of leading advanced technology and improving basic technical capabilities, as well as motivating structural designers. Every year, properties utilizing advanced technologies implemented by their designers are evaluated and selected, with the ranking rising according to the number of times they are selected. As of April 2026, 14 people have been certified. Employees selected through the Certification System for Structural Specialist will work toward the internal development of advanced technologies through various means, such as in-house design reviews, technical consultations, and expressing their opinions in technical presentations, thereby promoting the enhancement of structural technology capabilities across the entire company.

In addition, for architectural design, we have established a Design Meister and Design Leader Certification System to improve design capabilities from the bottom up and to create further growth opportunities for design leaders. As of April 2026, a total of 25 people have been certified. Certified employees will be involved in in-house design education and serve as judges for in-house competitions.

Through these certification programs, we are strengthening our systems for producing better architecture.



Design Meisters and Structural Specialists from the Company participated in the architectural design and structural design of the Federation of Electric Power Companies of Japan Pavilion "Electric Power Pavilion: Eggs of Possibilities" at EXPO 2025 Osaka, Kansai, Japan.

Use of legal consultation case studies, etc.

A wide variety of laws and regulations apply to construction, depending on the construction site. As a result, the building possibilities, construction conditions, and applications necessary for construction can sometimes be complicated. We carefully conduct preliminary investigations from the planning stage to confirm the application period, construction period and whether any ancillary work is needed, as well as to clarify the documents required for the application, so that customers can feel confident in signing a contract.

We also collect information and case studies related to laws and regulations and make them available internally to help improve the skills of our design staff and share know-how.

• Legal consultation service

For general legal consultation, the design staff consult with the in-house legal personnel and the legal personnel responds after confirming the opinion of the legal consulting firm. For consultations regarding specific administrative agency permits and to obtain opinions from former building officials, or in special cases, the design staff consult directly with the legal consultancy firm. In each case, a response is provided within three business days, in principle.

• Legal consultation case studies

This is a compilation of advice and recommendations given as answers to past legal consultations regarding the interpretation of ambiguous matters (gray areas) in the Building Standards Act and related laws and regulations. It contains examples classified into 24 categories. As of December, 2025, a total of 733 case studies have been compiled. These will continue to be updated semi-annually and made available internally.

• Database of local laws and regulations

This is a database of ordinances, regulations and the like that have been established by individual local governments in Japan for each specific administrative agency. The database is subject to periodic general checks by Head Office departments. If there are any omissions in the registration of ordinances or regulations that should be included in the database, employees across Japan report any omissions and the information is updated as soon as possible. The database can also be utilized for projects in unfamiliar construction areas to quickly develop

■ Developing and providing high quality, safe, and secure products

designs that conform to local laws and regulations, due to factors such as the expanding reach of architectural firms. In fiscal 2025, information on differences in the handling of the Building Standards Act and other regulations was updated.

Implementation of the ISO 9001 Quality Management System Standards at the Production Headquarters

At our plants throughout Japan, we are automating, streamlining, and using more robots to achieve an integrated production system with uniform and stable quality that extends from parts machining to assembly. Our plants nationwide, together with the Production Headquarters and the Procurement Headquarters of the Head Office, have acquired ISO 9001 certification for the quality management system established by the International Organization for Standardization (ISO) and implemented it as a framework for continuous improvement activities to enhance and stabilize product quality. (The certification rate is 100% for all eight factories where certification is required, as well as for the Production Headquarters and the Procurement Headquarters related to the factories.)

In addition, in operation of ISO 9001, we undergo an external audit by a certification body once a year to confirm that the quality management system is properly maintained and managed.

Quality assurance through certification grades

All construction materials used by the Company are manufactured at certified factories that have obtained a certification grade from the Minister of Land, Infrastructure, Transport and Tourism, thereby ensuring quality from the manufacturing stage. Among these, the Tochigi Ninomiya Factory has obtained “S Grade” certification, the highest grade, in recognition of its extremely high technical capabilities and quality control system.

The Company strives to stably supply high-quality products based on such advanced technical capabilities and quality control systems.

Employee training and qualification management in the Production Headquarters

We conduct training each year according to rank for employees involved with the Production Headquarters and those engaged in 20 professional specializations such as disaster prevention and quality. Through this process, we develop human resources with knowledge of product quality, safety in the manufacturing processes, environmental performance, and more, and who are able to put this knowledge into practice.

We also manage how many qualification holders are working at each factory for the purposes of notifying the Japanese government of information on qualification holders, as well as obtaining manufacturer certification and for factory grade certification, which are necessary for factory production.

In addition, to acquire the knowledge necessary for the Production Headquarters, we encourage employees to obtain the Quality Control (QC) certification and the Non-Destructive Inspection Technician (UT1) certification required for work, and hold in-house study sessions. As of the end of March 31, 2026, the number of QC certification holders totaled 68 for Level 2 and 270 for Level 3, and the number of non-destructive testing technicians was 1 for UT3, 9 for UT2, and 22 for UT1.

[Residential and low-rise rental housing] Conducting inspections of building quality

The inspection system for single-family and low-rise rental housing projects consists of construction business partners, the Company's construction managers and construction supervisors. Construction supervisors are members of the Construction Supervision Coordination Department, which is separate from the business site organization. Inspection items are organized in the Inspection Master, comprising over 4,700 items, which was created by the Head Office departments based on accumulated know-how. Based on this master list, inspection items are created for each residence. Inspection plans are developed for the standard six processes (reinforcement, concrete placement, foundation completion, framing, woodwork, and completion) and four additional processes such as ground reinforcement, fireproofing and flame retardancy, depending on the contract details. The results of inspections by construction business partners, construction managers, and construction supervisors are registered in the same inspection system and centrally managed.

Research and development structure that takes social issues as its starting point

Our Central Research Laboratory was established in 1994 with “environmental friendliness” as the basic theme of its research and development activities. Inheriting our founder's spirit of “continually foreseeing future trends and working to produce the products and services that society needs,” we have conducted diverse technology development activities by utilizing the technological know-how we have accumulated since our founding. In addition to conducting technology development aligning with the strategies and requirements of each business division, we also promote technological development with an awareness of social issues. We are engaged in research and development to address issues such as achieving carbon-negative operations, renewable energy, resilience, water and food, and to make the “places we live” more sustainable. Some of the research results are compiled annually in the Daiwa House Technical Research Report and made available on a website for general release.

In fiscal 2024, we started Techno Caravan, a technical sales and education program that introduces technologies developed by our laboratories to each division.

Techno Caravan was held a total of 20 times throughout Japan in fiscal 2025, introducing 26 technologies, including wood utilization technologies aimed at achieving carbon-negative operations and basic knowledge and countermeasures for condensation. By directly communicating with front-line personnel about the technologies we have developed, we endeavor to help them understand the attractiveness and usefulness of the fruits of our development activities and promote uptake by the market. We will continue to deepen our interaction with job sites to achieve more effective R&D.



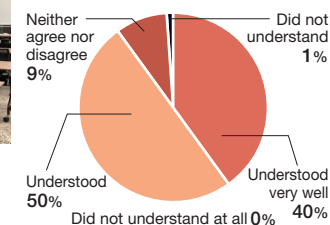
➤ Central Research Laboratory (Japanese text only)

➤ Technical Research Report (Japanese text only)



Scene at a Techno Caravan regional structural meeting

■ Understanding level of study session content (construction)



■ Developing and providing high quality, safe, and secure products

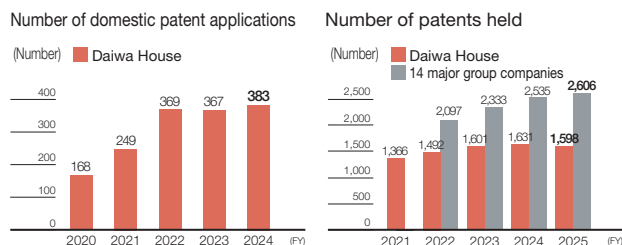
Intellectual property strategy

The Company recognizes intellectual property rights, such as patent rights and design rights resulting from research and development, trademark rights that form the basis of brand strength, and copyrights resulting from intellectual creation, as important company assets, and strictly manages them in accordance with established flows for acquisition, maintenance, and abandonment. We not only assert our own intellectual property rights but also respect the rights of other companies and conduct clearance searches to ensure that we do not infringe on the patent or trademark rights of other companies.

Furthermore, based on the importance of intellectual property information, as well as constructing a system to communicate and gather intellectual property information within the company, by actively carrying out licensing based on patent rights, which are the results of technical development, we are working to utilize our intellectual property rights. To further promote activity related to intellectual property rights, we publish an annual report on our activities related to intellectual property for internal use, pay a bonus for inventions that are implemented, and hold presentations to increase employees' awareness of intellectual property. The number of domestic patent applications in fiscal 2024 was 383. The breakdown of application fields shows that applications are made in a wide range of fields, not limited to the housing and construction fields, which are the core businesses of the Company, but also in response to the recent expansion of business areas.

As of the end of fiscal 2025, the Company held 1,598 patents (including patents acquired in foreign countries), which is a decrease of 33 patents since the end of fiscal 2024. As of the end of fiscal 2025, the 14 major group companies, including the Company, held 2,606 patents (counting only the patents registered in Japan).

■ Number of domestic patent applications over the past five years, number of patents held



Bonus for inventions

The Company has established the Regulations for Handling Inventions and Devices and Detailed Regulations for Providing Incentives for Inventions, and pays employees a bonus for inventions as compensation for the enforcement of patent rights on inventions. This is not only a requirement under the Patent Act but is also intended to stimulate intellectual property creation activities, improve employee motivation to develop technologies and inventions, and enhance the Company's technological capabilities.

In addition, the bonus system is designed to evaluate the effectiveness of patent (invention) enforcement, such as cost reductions and construction work savings, thereby encouraging the creation of inventions with higher added value.

Horizontally deployed measures for quality improvement

· Feedback sheet system

This system allows all employees and contractors to make suggestions and requests for the improvement of inefficiencies and aspects that lack user-friendliness at any point. The system receives about 100 improvement requests every month, and many of these are being adopted as technical standards and design document improvements. In fiscal 2024, we launched an in-house newsletter, "FB News," with the aim of stimulating improvement activities through the use of feedback sheets. This is a compilation of selected content from proposals that have led to improvement examples or that should be widely known, and it is made available for use in information sharing and as reference materials for study groups. In fiscal 2025, 1,582 proposals were received, 590 of which were adopted, leading to improvements in the business environment, quality, and customer satisfaction.

· Quality White Paper

We publish a semi-annual "Quality White Paper" primarily for our technical employees. It provides quality-related information covering processes from contracting and construction through delivery and after-sales service, and summarizes the quality performance of each business site, in order to improve the quality of products and operations.

We will continue to provide information that contributes to quality improvement so that we can provide outstanding products to our customers.

· Monthly Quality Report

We distribute the Monthly Quality Report to our technical employees. This report comprises a three-minute video each month containing fixed-point data on construction-related laws and regulations and quality, as well as information on construction techniques that are important at this time. Detailed information on the report can be viewed by clicking on links. Through these efforts, we are increasing opportunities to check quality information, improve operations, enhance quality, and comply with laws and regulations.

In fiscal 2025, the report gave considerable attention to work cases and qualifications, including legal consultation cases, design audit cases, and architectural qualification information.

[Housing] Use of Inspection and Diagnosis Manual and Renovation and Repair Manual

At the time of periodic inspections after delivery, our professionally trained inspectors visit the property to check and make decisions based on the Inspection and Diagnosis Manual, which is a compilation of our know-how.

For areas determined to require renovations or repairs, the person in charge of construction, the person in charge at the Customer Consulting Center, or the person in charge of renovation will discuss ways to address these requirements based on the Renovation and Repair Manual.

This allows us to provide a high level of uniformity in inspections and renovations anywhere in the country.

These manuals are also used to reduce customer concerns by ensuring that construction personnel, Customer Consulting Center personnel, and renovation personnel understand their contents and explain to customers in advance about issues that may occur over time.

■ Developing and providing high quality, safe, and secure products (business partners)

Follow-up evaluation of factory business partners

We have established standards for quality, management, delivery, safety, morale, and the environment for our business partners in our factories, and conduct evaluations annually based on their performance. Based on the results of the evaluation, we grade them into four levels from A to D. Business partners ranked B and C are asked to submit an implementation plan for improvement. Results of improvements are confirmed in reports regarding matters pointed out for improvement. When two consecutive C evaluations are received or a score of D is given to a business partner, a corrective action letter is issued and instructions are given for improvements. After confirming the effectiveness of the improvement, if the business partner is again ranked D in a special follow-up evaluation, we will meet with the relevant business owner and work together to implement improvements, while providing advice so that the business partner can maintain stable supply. In fiscal 2025, evaluations were conducted for 48 companies (72 business worksites).

Cooperation with business partners

Daiwa House Industry assists three member organizations in its supply chains, which comprise contractors, manufacturers and material suppliers. Through these organizations, we learn of demands and issues our business partners have with us and inform them occasionally of business process issues we want them to respect through closely knit communications.

・ The Confederation of Partner Companies (4,185 companies): Composed of manufacturing and construction companies

The Confederation of Partner Companies, an organization of partner subcontractors and factory business partners, has 70 branches nationwide and focuses on improving safety, quality, technology, and work efficiency, as well as promoting environmental conservation. Officers of the Company participate in each subcommittee as Executive Advisors, while the Company handles the role of secretariat. Confederation members share ideas and knowledge through the information site run by the Company “D-PC/WEB Ren” to ensure smooth communication and collaboration.

・ The Trillion Club (234 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. Focusing on these promotional activities, we are deepening mutual development and friendship.

・ The Setsuwa Club (162 companies): Composed of equipment manufacturers and sales companies

The Setsuwa Club enhances cooperation and collaboration regarding equipment technology through the planning and operation of product and technology exhibitions by the Exhibition Subcommittee, and through the activities of the Technical Information Subcommittee, Public Relations Subcommittee, Introduction Promotion Subcommittee, and other subcommittees. The Club has a branch in each of the Kansai, Kanto, Chubu, and Kyushu regions.



P023 Supply chain management (Environment)

P038 Establishing a cross-departmental timber survey system

Support aimed at technical improvement of partner subcontractors

The internal Certification System for Skilled Engineers and Technicians* certifies engineers and technicians with outstanding skills to secure technicians and improve the technical capabilities of construction companies, improve the production systems of factory business partners and enhance their quality, and raise the motivation of technicians. The system is organized by job classification, including worker, technician, advanced technician, and skilled technician, and clearly defines the skills required for each job class. In addition, allowances are paid to business partners in accordance with rank as payment for skill transferring and training. Of our skilled technicians, seven were selected for the Minister of Land, Infrastructure, Transport and Tourism Award for Excellence in Construction (Construction Master), setting a good example for other technicians.

As for its initiative to support the improvement of its business partners' skills, the Company has established regulations for financial assistance to train technicians for housing constructors

with financial support to train the young technicians of our construction business partners, providing financial assistance for training to building contractors.

We also support recommendations and applications to become a Prefabricated Construction Meister, a certification offered by the Japan Prefabricated Construction Suppliers and Manufacturers Association. To date, a total of 187 carpenters have been certified, which helps ensure that each technician receives appropriate evaluation and treatment. Certified technicians also play a leading role in training others at construction sites.

We will continue to work together with our business partners through support to improve quality, secure human resources, and strengthen our management base by increasing productivity.

* Construction business partners transitioned to the Technician Career Up System



➦ MLIT [CCUS Portal]: About the Skills Evaluation System
(Japanese text only)

■ Educational support programs

Development measure	Target	Details
Technical improvement training	Factory business partners	Skill transfer from excellent technicians to other technicians
Skills contest (qualifying round)	Factory business partners	Competing in skills such as welding, woodworking, exterior work, painting, forklift operation, and information processing
Nationwide building skills contest	Factory business partners	Certification of winners as “excellent technicians” and “senior technicians”
Human resource development training	Factory business partners Supervisors	Training to improve on-site management skills. Training on safety, quality, and environmental issues
National improvement contest	Various factories and factory business partners	Case studies of cost reductions, productivity improvements, and other improvements at various factories
Training for new housing technicians	New examinees for the certification of chief construction technicians (foundation, interior, exterior)	Behavioral and safety training, explanations regarding benefits of working at our sites
Full-time supervisor training	Supervisors of building companies	Lectures on safety, quality and environmental management, CS improvement, use of construction DX, etc.
Training for prospective applicants for deputy full-time supervisor	Supervisors of building companies	Lectures on safety, quality and environmental management, CS improvement, use of construction DX, practical training in foundation and structural frame inspections, etc.
Training for owners of semi-comprehensive building contractors	Owners of building companies	Lectures on safety, quality and environmental management, CS improvement, use of construction DX, etc.
Certification of chief construction technicians (new and renewal)	Technicians (foundation, interior, exterior)	Safety summary lecture, explanation of technical bulletins, certification tests, etc.
Financial assistance for technician training	New technicians	Limited-time subsidies to help building contractors train technicians

■ Developing and providing high quality, safe, and secure products (business partners)

Training for business partners

In collaboration with the Confederation of Partner Companies, we conduct a certification of chief construction technicians to help new business partners involved in residential construction acquire the necessary knowledge and techniques. The system is designed to share the Company's issues and goals, ensure that each company understands its role, and provide learning opportunities on key points in construction and the latest trends in management systems. Separate exams are held for new technicians and those seeking renewal of their certification. In fiscal 2025, 940 people took the course and 875 passed. In addition, new semi-comprehensive building contractors and semi-full-time supervisors registered with the Company are required to undergo training provided by the Company, through which they acquire basic knowledge and improve their skills in areas such as quality control, safety and hygiene, and customer service.

Supporting skill improvement and skill transfer at factory business partners

• Nationwide factory skills contest

The aim of the nationwide factory skills contest is to improve the skills required in factory production activities by having representatives from different factories compete in terms of safety, quality, and productivity. Participants compete in ten events testing the seven skills of welding, woodwork, exterior wall, painting, crane, forklift, and information processing. They are assessed not only in terms of construction techniques and quality but also whether construction is performed safely. After the competition, contestants have the opportunity to exchange information about their skills while viewing the works they have created. Through this competition, we seek to improve technical skills, raise motivation, and transfer skills. A total of 74 people participated in fiscal 2025. We will continue to hold these events in the future while devising ways to improve the event categories and venues.



Exterior wall skill competition



Welding skill competition

Establishment of Technician Career Up System

With the Construction Career Up System (CCUS), a Japanese government initiative, now in full swing, the Company has established a "Technician Career Up System" for construction business partners in order to ensure an all-encompassing scheme in line with the intent of the CCUS. The system combined with the existing Certification System for Excellent Skilled Engineers and Technicians, and launched in fiscal 2025. Through this, we strive to ensure a healthy working environment and attractive construction industry by improving the efficiency of on-site management and optimizing working hours through improved compensation according to worker level and a record of the work history of technicians.

The Certification System for Excellent Skilled Engineers and Technicians will continue to operate as before for factory business partners, since they are not eligible for the CCUS.

In addition, starting 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 CCUS. We used various means to encourage others to register with the system, such as by creating a tool that makes it easy to apply for registration, even for those who are not familiar with operating computers. As a result, 75% have joined the CCUS as of fiscal 2025. Construction business partners that register with the CCUS become eligible to receive various subsidies from the Company in line with their CCUS level and the number of days worked at our sites.

[Housing] New award system for quality building contractors

In fiscal 2023, the Company established an award system for quality building contractors to express our gratitude to those building contractors who maintain a high level of accuracy in construction quality and contribute to the Company, as well as to realize further quality improvement. Award recipients are selected from each of the 11 areas in Japan based on the designated assessment items for a total of seven categories: three each for the single-family housing and rental housing businesses, and one common to both businesses.

In fiscal 2025, seven best-quality building contractors and 74 quality building contractors were selected from among 81 companies nominated from all over Japan, and were honored at the general meeting of the Confederation of Partner Companies, safety conventions, and other forums.

Issuance of mutual aid certificates for the Kentaikyo System

The Kentaikyo System (construction industry retirement allowance system) is a scheme established under the Small and Medium-sized Enterprise Retirement Allowance Cooperative Act for those who work at construction sites. No matter where or when a construction site technicians works in Japan, a mutual aid stamps (payable) corresponding to the number of days worked are affixed in a worker's Mutual Aid Guide, and a retirement allowance corresponding to the number of the certificates is paid upon retirement from the construction industry. This is a national system involving the entire industry. Employers hiring workers bear the expense of these payments. Since 1985, as a means of supporting compensation for construction workers and technicians, the Company has been issuing mutual aid certificates on behalf of contractors in cases that meet our own internally determined rules.

■ Providing high quality, safe, and secure products (customer service)

Concept and Policy

The Daiwa House Group aims to be an enduring partner that can respond to all kinds of building inquiries from customers under our customer service philosophy of “being a company that is loved and trusted by our customers.” We are taking the same approach to the construction of large-scale commercial and logistics facilities by leveraging our core competencies in single-family housing to meet the needs of each and every customer. We believe that our mission is not only to provide safe and secure buildings but also to ensure that these buildings remain in good condition and continue to have value as assets for many years, so that they can be used by coming generations.

Management

Post-delivery customer support system

We have established a system whereby the Daiwa House Support Desk handles all post-delivery problems for housing business customers, while the 24-hour call center is the single point of contact for construction business customers. The service is available 24 hours a day, 365 days a year, and the details received are communicated to the person in charge at each branch, who takes over the handling of the case. In addition to providing information on periodic inspections and support for safe maintenance for customers in normal times, the support desks and branch offices work in unison to respond even in times of disaster.

The Daiwa House Support Desk also functions as a desk to handle queries regarding houses, rental houses, and condominiums from owners. The system enables the Daiwa House Group offers a wide variety of services ranging from house cleaning



Daiwa House Support Desk (illustration only)

to renovation, the buying and selling of houses, leasing, and moving services.

To ensure that these initiatives proceed smoothly, the business division in charge of CS Headquarters provides support the system.



➤ [Daiwa House Support Desk \(Japanese text only\)](#)

➤ [24-hour call center \(Japanese text only\)](#)

Long-term quality assurance

In our single-family houses business, 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 an industry-leading initial guarantee period of 30 years for building structures and waterproofing, and also provide a periodic building diagnostic service, with free inspections from the first month through the 30th year. A timely response helps to reduce maintenance costs. 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.

If a customer sells their home in the future, the Provision of Quality Housing Stock Association*, a general incorporated association, conducts an appraisal based on established criteria to appropriately determine the value of the property.

In the construction business, we propose maintenance and management that enhance buildings into quality assets from a long-term perspective. Facilities are designed with maintenance in mind at the planning stage, and regular visits are conducted at the sixth month, 1st year, and 2nd year after construction is completed.

* An association established by 10 major home builders with the aim of boosting the liquidity of quality housing stock and market formation.



➤ [Long-term warranty and after-sales support \(Japanese text only\)](#)

➤ [SumStock \(Japanese text only\)](#)

Customer satisfaction surveys and long-term communication to earn trust

We conduct customer satisfaction surveys in our housing business. Questionnaire surveys are conducted periodically after customers take up residence to confirm customer satisfaction. Our Daiwa Family Club website for single-family house and condominium customers provides customer communication functions such as Messenger, in addition to maintenance notices and Web-based questionnaire surveys. We began operating an official LINE account in fiscal 2024. This has made it easier to provide information to customers, and the use of videos when reporting problems has made it easier to understand the nature of defects, enabling quicker arrangements for repair or replacement.

In the rental housing business, we run the Daiwa House Owners Clubs, which serves as a forum for information exchange and friendship among building owners throughout Japan. Seminars and consultations are held by experts in asset utilization; members gain access to the latest information; and owners receive assistance with the maintenance of buildings they own or asset utilization of apartments they manage, for example. The commercial facilities business also has an Owners Club. Customers socialize with one another through organized trips and social events, and communication with them gives us insights into customer satisfaction over the long term following building delivery.

For the construction business, we also conduct surveys at the time of delivery to confirm customer satisfaction. Furthermore, we operate the “Good Relations System,” which is aimed at creating better long-term relationships with both the customer and the building, even after delivery. In addition to two-year periodic inspections, we also provide a 24-hour call center to respond to emergencies and disasters, hold seminars for customers who have chosen us for construction, and publish a biannual magazine with information on our customers’ business areas to help our customers to establish new businesses. By facilitating these interactions, we are also fostering their relationships with the Company.



➤ [Good Relations System \(Japanese text only\)](#)

■ Providing high quality, safe, and secure products (customer service)

“Koe no Ie” (House of Feedback) delivers customer feedback to the Company

In our single-family houses business, we have established “Koe no Ie” on the in-house intranet to share within the Company comments received from customers, including dissatisfaction. Based on the concept of “creating a home from customer feedback,” we post improvement measures for more comfortable living, broken down by the different parts of the house. Beyond this, important comments from customers are reflected in efforts to improve quality within the Company through feedback sheets. In addition, we use submitted feedback as materials for training provided to design staff and coordinators.



“Koe no Ie”
Clicking on each room displays potential problems that may occur in that room and their countermeasures.

Provision of product information

The Company provides documents containing product information at the time a building is delivered to ensure that customers can use the building safely. For example, in the case of single-family houses, we provide customers with the Housing Guide, which contains information on how to maintain the building; in addition, for those who request it, we disclose performance evaluation reports for design and construction based on the Japanese Housing Performance Labeling Standards. Additionally, in the case of condominiums, we provide, along with the keys at the handover meeting, an instruction manual for the use of buildings and equipment, information on post-move-in support, “D’s File” (a home history file), and warranty certificates for each piece of equipment.

Voluntary restrictions in marketing and communications

The Company complies with relevant laws and regulations, including the Real Estate Brokerage Act, as well as voluntary industry regulations such as the Fair Competition Codes Concerning Indication of Real Estate, and promotes responsible marketing and communication, including consideration for human rights. These initiatives are promoted under a system headed by the General Manager in charge of the Corporate Brand (Senior Executive Officer).

For all advertising materials, we require an advance check by a specialized in-house department; in addition, we reduce risks in labeling and expression by using “D-Workplace,” an ad production system that standardizes ad materials into templates (with an usage rate of approximately 70%). Furthermore, we identify areas for improvement and make corrections through a verification process utilizing AI.

As part of the foundation supporting these initiatives, we include “fair advertising and marketing” as one of the themes in compliance training conducted at all business offices and worksites, striving to improve employees’ understanding and awareness on an ongoing basis.

Sanction measures due to a violation of law and litigation (including ESG-related issues)

For fines or settlements highly likely to occur in the future due to an event that took place in the previous fiscal year or earlier, the Company makes an estimate of the amount at the end of the period and records a provision. If a significant event occurs, it is noted in the securities report; however, there were no significant provisions in fiscal 2025.



➤ [Securities Reports and Quarterly Reports](#)

Training to improve service quality

In our single-family houses business, we hold training seminars around twice per year according to rank for employees who communicate directly with customers to go a step beyond a textbook customer-oriented approach to make sure they get to know each individual’s way of thinking and see things from each customer’s perspective. In addition to lectures, the training includes the sharing of know-how and work efficiency improvements based on case studies from our own business worksites.

We will continue to enhance our training programs to provide higher quality services.

Main approach

Awarded Excellence Prize for the second consecutive year in the staff hospitality category under the condominium management company section in the SUUMO AWARD 2025 (Kansai region) (Daiwa LifeNext)

Daiwa LifeNext, a member of the Daiwa House Group, was awarded the Excellence Prize in the staff hospitality category under the condominium management company section in the SUUMO AWARD 2025 (Kansai region), sponsored by Recruit Co., Ltd. Companies are selected for the award based on the results of a survey of people who purchased new condominiums in the Kansai region (Osaka, Kyoto, Hyogo, Shiga, Wakayama, and Nara prefectures), asking them about satisfaction with condominium developers, condominium sales companies, and management companies in terms of quality, price, initiatives, and various other factors. Encouraged by this award, we will continue to strive to further improve our services and provide our customers with a more comfortable condominium life.



➤ [Awarded Excellence Prize for the Second Consecutive Year in the Staff Hospitality Category under the Condominium Management Company Section in the SUUMO AWARD 2025 \(Kansai Region\) \(Japanese text only\)](#)

Sustainable procurement

Concept and Policy

The Group has formulated its Supply Chain Sustainability Guidelines to promote sustainable procurement together with its business partners, and to not only keep with the spirit of the law, but also by specifying requirements for business partners.

In addition, we have established the “Daiwa House Industry Procurement Headquarters CSR Purchasing Policy,” which is focused on purchasing activities by all business partners in Japan who do business with our Procurement Headquarters. We have had all business partners submit a letter of consent after gaining an understanding of our approach to sustainable procurement.

Furthermore, we participate in the Declaration of Partnership Building established by the Cabinet Office and other organizations, and have declared to society our “compliance with desirable business practices with small and medium-sized contractors,” reviewing this as appropriate.

The Supply Chain Sustainability Guidelines Business Partner Code of Conduct

- 1) Establish a relationship of trust with customers
- 2) Business activities with high ethical standards
- 3) Considerations for occupational safety and health
- 4) Fair business activities
- 5) Environmental conservation
- 6) Co-creating a Brighter Future with local communities
- 7) Respect for human rights



➤ [Supply Chain Sustainability Guidelines](#)

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

➤ [Participation in the Declaration of Partnership Building \(Japanese text only\)](#)



P199 [Social Data](#)
[Supply Chain Sustainability Guidelines Agreement collection rate/Self-check response rate/ESG management evaluation of business partners](#)

Management

Operating the Supply Chain Sustainability Guidelines

The Group formulated the CSR Procurement Guidelines in 2015 to promote sustainable procurement together with our business partners, and revised them in 2023 as the Supply Chain Sustainability Guidelines in response to changes in social conditions.

These Guidelines establish seven principles concerning environmental and social aspects in the Business Partner Code of Conduct, and specify concrete request items for business partners in the Corporate Activity Guidelines, which are based on the Business Partner Code of Conduct. In addition, the Guidelines for Products set standards for the environmental and social aspects of products such as construction materials delivered to us by business partners, and procurement is carried out based on these standards.

The Group holds explanatory meetings for business partners and has them submit a letter of consent to ensure compliance with these guidelines. In addition, when entering into contracts with new business partners, we explain the purpose and outline of these guidelines and have them submit a letter of consent. In fiscal 2025, we received letters of consent from 640 new companies, and through awareness activities since 2024, 88.7% of our business partners have consented. Furthermore, to ensure that employees of our business partners understand these guidelines, we prepare and distribute explanatory materials for business partners based on the Business Partner Code of Conduct and the Corporate Activity Guidelines, and engage in awareness activities for their employees.

In fiscal 2025, we introduced “Nikkei Sustainable Link,” an ESG evaluation system provided by Nikkei Research, for our major business partners. This allows us to conduct ESG management evaluations of our business partners, monitoring and assessing their compliance with these guidelines and the extent to which ESG management is embedded in their operations. Going forward, based on the evaluation results, we will provide education through e-learning and webinars, conduct on-site audits, and strengthen engagement with our business partners.



P024 [Supply chain management \(Environment\) Increasing suppliers' awareness of our environmental policy](#)



P038 [Establishing a cross-departmental timber survey system](#)

P199 [Social Data](#)

[Supply Chain Sustainability Guidelines Agreement collection rate/Self-check response rate/ESG management evaluation of business partners](#)



➤ [Supply Chain Sustainability Guidelines](#)

Selecting and managing business partners in light of QCDSME

Based on our Supply Chain Sustainability Guidelines, we select and manage new business partners in accordance with QCDSME (Quality, Cost, Delivery, Safety, Moral, and Environment). For housing materials in particular, the Procurement Headquarters selects suppliers who provide the parts and materials that are defined as key and make up products manufactured at our factories that have obtained the type-certified specifications. In making the selections, we first screen documented evidence of their quality, environmental considerations, delivery performance, costs, management and CSR against our regulations on purchasing operations. Upon passing the screening, we visit the manufacturing company's production factory to verify the quality management system in accordance with ISO 9001 requirements. The flow requires that an initial lot verification is carried out to confirm that manufacturing is being done according to the contracted specifications before shipment is approved. Even after transactions have begun, we conduct annual follow-up evaluations of all suppliers regarding quality and delivery. If there are any defects in quality or delivery, both the supplier and the Company confirm that measures have been taken to prevent recurrence and that the system is capable of stable supply.

When selecting new partner companies to perform construction work at our sites, we review their management policies, future prospects, construction capabilities, and other factors through application documents and interviews, in accordance with our Technical Operations Regulations. We also verify legal compliance, occupational safety and health measures, the exclusion of criminal organizations or antisocial forces, the status of permits required under relevant laws and regulations, and enrollment in social insurance. Applicants that pass the review submit a Trading Name Notification Form and enter into a Basic Subcontractor Agreement with us before commencing business as partner companies.

■ Sustainable procurement

CSR Purchasing Policy in the Procurement Headquarters

The “Daiwa House Industry Procurement Headquarters CSR Purchasing Policy,” which is formulated by the Procurement Headquarters, comprises three elements: “Basic Policy for CSR Purchasing,” a policy for sustainable procurement, the “CSR Purchasing Code of Conduct” to be implemented by the Company based on this policy, and the “Supplier Code of Conduct” to be implemented by suppliers. We have received letters of consent to the “Daiwa House Industry Procurement Headquarters CSR Purchasing Policy” from all suppliers that do business with our Procurement Headquarters.

For each of these business partners, we conduct annual follow-up evaluations on “quality” and “stable supply,” as stipulated in the CSR Purchasing Code of Conduct for each manufacturing factory, and rank them on a four-level scale (A, B, C, D). For business partners that receive a “D” rating, quality audits are conducted through on-site factory visits. We conduct on-site audits to ensure that controls are in place to guarantee product and operational quality, and provide advice for improvement as necessary. In fiscal 2025, we conducted five on-site audits.

Through dialogue with our business partners, we will continue to deepen understanding of sustainable procurement together with suppliers and advance our initiatives.

CSR Purchasing Policy

1. Fair trade (Anti-corruption)
2. Environmental preservation
3. Corporate social responsibility
4. Co-creation and coexistence
5. Confidentiality

Cooperating with trailblazing organizations in CSR procurement

· Global Compact Network Japan (GCNJ) Taking part in the Supply Chain Subcommittee

Since April 2018, Daiwa House Industry has been participating 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. Knowledge obtained from the subcommittee is reflected in the Daiwa House Group's business activities.

· Registering with EcoVadis

Daiwa House Industry registered with EcoVadis, which carries out sustainability assessments of supplier companies, from fiscal 2019 as a supplier and started to disclose required information. We have continuously received evaluations.



P143 [Company receives Bronze EcoVadis sustainability rating](#)

Main approach

Training on social issues in cooperation with business partners

We hold training and study sessions twice a year (once each for the Osaka and Tokyo blocks) for the Trillion Club (234 companies), which is composed of material suppliers.

The training and study session held in the Osaka block in August 2025 was attended by 103 participants from 66 companies, while the session in the Tokyo block in March 2026 was attended by 102 participants from 57 companies.

The topics covered in the training and study sessions in fiscal 2025 were as follows.

1. Latest domestic and international trends toward achieving carbon neutrality
2. Case studies of decarbonization initiatives by the Trillion Club companies
3. Explanation of the CSR Purchasing Policy of our Procurement Headquarters
4. Supply chain human rights due diligence for centralized suppliers

We continue to raise awareness so that companies recognize the connection between their business activities and sustainability.



➔ [Daiwa House Industry Procurement Headquarters CSR Purchasing Policy \(Japanese text only\)](#)

Enforcing safety and security

Concept and Policy

Safety management is extremely important for the Group, which is engaged in the construction industry. We are working with our business partners to strengthen safety and health systems for all people working on our sites, including employees of the Company and contractor companies, with the aim of achieving safety and security. 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. As such, we establish the “Daiwa House Group Basic Policy on Safety and Health” every year, and advance initiatives of each Group company.

We have also established safety and health management regulations in accordance with the Industrial Safety and Health Act. Based on these regulations, the Company sets and reviews the “Basic Guidelines to Promote Safety and Health at Work” every year. We establish a company-wide “Basic Policy to Promote Safety and Health at Work” each year based on these guidelines and efforts taken through the previous year. For safety and health management at each factory and branch office, the general safety and health manager establishes the “Business Managers’ Policy on Safety and Health Management” every year. Furthermore, to ensure the safety of foreign workers, we are making on-demand safety and health education courses and safety education videos available in multiple languages.

■ Safety targets for fiscal 2026 (non-consolidated)

Items	Targets
Incidents resulting in death	0
Incidents caused by a third party	0
Slip/fall incidents resulting in an absence of at least four workdays	20% reduction from the previous fiscal year
Heavy machinery-related incidents resulting in an absence of at least four workdays	20% reduction from the previous fiscal year
Heat stroke incidents resulting in an absence of at least four workdays	0
Major accidents (flying or falling objects, collapses, overturned heavy machinery, infrastructure damage)	0
Frequency rate (including heat stroke, workers only, targeted at disasters resulting in an absence of at least four workdays, covered by the Company's workers' compensation)	Less than 0.4



➤ Daiwa House Group Basic Policy on Safety and Health
(Japanese text only)



P199 Social Data
Safety and health education

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 the 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 of the technology, production, and administrative departments and related division heads. 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, whose viewpoints are incorporated into the process of setting the “Basic Policy to Promote Safety and Health at Work.”

Occupational Safety and Health Management Committees have also been established at each factory and branch office. Important matters reported to these committees are assessed for risks, and those deemed “serious” are reported to the Central Occupational Safety and Health Management Committee as well as to the Directors and Audit and Supervisory Board Members. Through the general management of measures related to safety and health as above, the routes of orders to each factory and branch office are clarified. Each branch office has a safety manager and a health manager who have undergone external training such as RST* and the training for appointed safety managers stipulated by the Industrial Safety and Health Act.

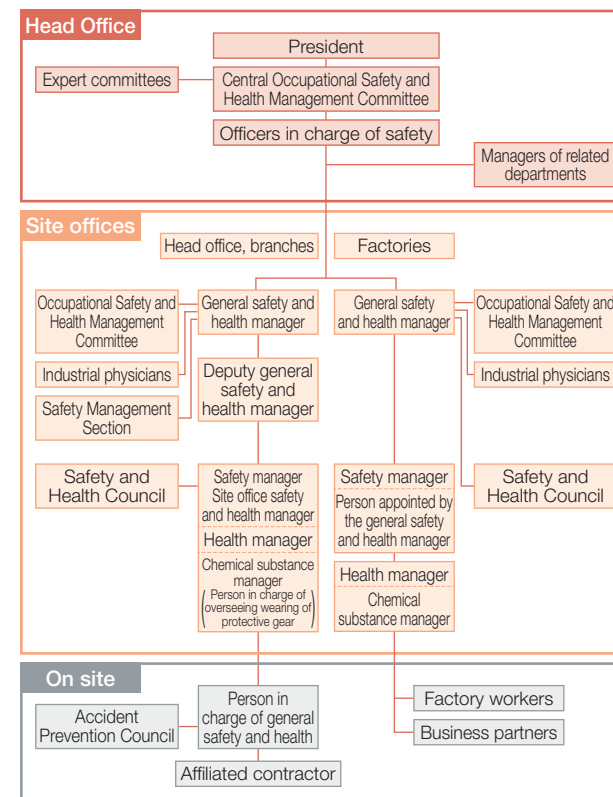
For our business partners, a Safety and Health Council is formed comprising safety managers and those promoting safety and health at branches, employees engaged in construction, and all workers at affiliated business partners. The council meets monthly. Safety and health management is promoted by discussing specific measures against various risks that may be anticipated on sites.

* Ministry of Labour (currently Ministry of Health, Labour and Welfare) Health and Safety Education Trainer



➤ Executives

■ Safety and health management organization chart

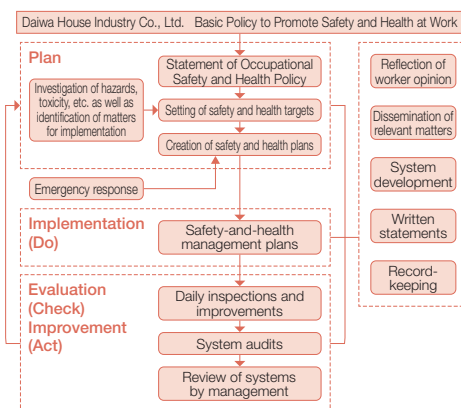


■ Enforcing safety and security

Occupational safety and health management system

In order to clarify the safety and health management activities to be addressed and effectively promote these activities at each branch office, the chair of the Central Occupational Safety and Health Management Committee instructs branch office managers (general safety and health managers) and others each March on the Basic Policy to Promote Safety and Health at Work concerning safety and health management for the following fiscal year. Based on this policy, general safety and health managers at each branch office formulate policies and targets for safety and health and announce them in April. These policies and targets are communicated to all relevant personnel at each branch office, and an annual safety and health management plan is prepared in accordance with them. Specific measures are set out in the plan based on a review of the previous year's activities, and the plan is disseminated to those associated with the branch offices and business partners for implementation. Safety and health management activities aimed at achieving our targets are monitored, and improvement instructions are given at regular meetings of the Occupational Safety and Health Management Committee and the Safety and Health Councils to ensure that the PDCA cycle is followed. In addition, not only do we aim to create "zero accident" working environments, but we also seek to enhance the workplace environment with high safety by holding monthly "Accident Prevention Council" meetings, including our business partners, to check the safety of properties under construction.

■ Factory occupational safety and health management system flow



Safety and health training for employees and business partners

In our "Safety and Health Management Regulations" and the "Basic Guidelines to Promote Safety and Health at Work," we stipulate that safety managers and health managers formulate an annual plan for safety and health education necessary for employees, and that general safety and health managers examine and approve the plan. In addition to providing training for employers of business partners, we also provide guidance and assistance in safety and health training for employees and skilled workers of business partners.

To ensure that business partners can conduct safety and health education for their employees both efficiently and effectively, the Confederation of Partner Companies has been developing and offering on-demand web-based safety and health education courses since fiscal 2023, with a total of 10 courses available as of March 2026.

In fiscal 2025, we created a course that summarizes the differences in customs and culture, communication styles, and other points to consider when accepting foreign workers, as well as a course that teaches the basics of safety to foreign workers. These courses are designed so that subtitles can be displayed in 15 different languages. By supporting 15 languages, we are able to accommodate approximately 97% of the foreign workers employed by the Company. We are also adding subtitles in 15 languages to existing courses one by one, and plan to complete the process for all targeted courses by the end of September 2026. Currently, more than 30,000 people from business partners are registered in the system and are taking courses as needed (as of the end of March 2026).

In addition, since the first four courses of this web-based safety and health education series are basic courses intended for all skilled workers, we are working toward the goal of having all skilled workers complete these courses (completion rate: 75.4% as of the end of March 2026).

Furthermore, from the perspective that efforts should be made to prevent industrial accidents by providing additional necessary education, we provide training for new personnel from business partners who enter our sites. In addition to primary business partners, we ensure that personnel from secondary and subsequent business partners also complete the courses. Those who submit a new entrant questionnaire receive a helmet sticker for new entrants. Affixing the sticker to their helmet certifies completion of the training and permits entry to construction sites.

■ Specific measures for safety and health education (excerpts from the Basic Guidelines to Promote Safety and Health at Work)

(1) Job level-specific training for our employees (by the Technology Coordination Department and external training organizations)

- 1) Training of new employees and career hires at start of employment
- 2) Education to improve the abilities of construction personnel (safety training about heavy equipment incidents, collapses, public disasters, accidents caused by slips/falls, etc.)
- 3) Education on prevention of overwork and health problems (mental health stress check)

(2) Safety and health training for business partners (conducted at business sites)

- 1) Support plans developed by the Safety, Health and Environment Subcommittee of the Confederation of Partner Companies and their implementation
- 2) Assist in the implementation of training for new site workers
 - (i) Implement on a site-by-site basis for designated sites
 - (ii) For non-designated housing sites, implement training at least once at the start of every six month period. Provide additional training for those who have not yet taken courses
- 3) Support pre-work safety training conducted by employers

Risk management at factories in cooperation with business partners

The Company's factories array the various factory-specific committees (Occupational Safety and Health Management Committee, Quality Committee, Environment Committee, etc.) around the factory's Factory Risk Management Committee, which acts as a conduit for sharing information and coordinating operations with departments and divisions at the Head Office. The Factory Risk Management Committee also immediately shares with factory business partners information about risk

■ Enforcing safety and security

events that have occurred and that are foreseen at other plants. The Factory Risk Management Committees at Daiwa House Industry's factories are instrumental in reducing risks and solving issues, uniting our factories, head office departments and factory business partners in efforts to manage risks.

Factories have numerous emergency response procedures to address various risks, and we conduct training based on these procedures as well as disaster prevention drills in preparation for large-scale earthquakes together with our factory business partners.

In addition, monthly working hours are capped to be below the legal limit, and the factory business partner's employees' overtime work must be reported to the Company.

We also make arrangements with our business partners to handle the busy season by planning production process and volume, taking into account the problems (financial conditions, production capacities, etc.) identified through hearings and visits to factory business partners.

 **P135 Formulation of business continuity plans (BCP) in the supply chain**

Voluntary factory health and safety audits

We conduct voluntary audits based on our own management system that refers to Occupational Safety and Health Management System (OSHMS). In addition, we work to prevent accidents at factories by collecting information on foreseeable risks and utilizing near-miss examples.

We also place importance not only on ensuring safety but also on maintaining and promoting the health of people working in factories, and are implementing measures such as installing air conditioning equipment in workplaces, introducing air-conditioned clothing, and renovating break areas as heatstroke prevention measures, thereby promoting initiatives aimed at improving the satisfaction of people working in factories.

Introduction of AI cameras

To prevent accidents during loading and unloading operations, we have installed AI cameras on a trial basis at the Nara Factory. These cameras detect the positions of people and vehicles during forklift operations and issue warnings for unsafe conditions or behaviors. We plan to expand the number of targeted factories and roll out the system in stages.

Safety and health management activities at construction sites

In order to achieve the targets in our safety and health plans, we undertake various measures, as well as providing improvement guidance and education for employees of the Company and business partners.

■ Main approach · Preparation of construction plans

Prior to the start of construction on all properties, including individual new construction, demolition work, etc., the operating routes for construction machinery, work methods, and procedures are confirmed at the site. After that, a meeting is held to discuss construction methods that can ensure safety, and construction begins only after the construction manager approves the construction plan prepared by our construction personnel. In addition, business partners prepare work plans and procedure manuals.

· Safety patrols

To ensure that safety and health are maintained at construction sites, employees in charge of safety management, general safety and health managers, deputy general safety and health managers, construction managers, business partners, and others convene to hold Safety and Health Council meetings, and regular and special patrols are conducted monthly on an unannounced basis. When poor safety is a concern, the situation is pointed out and corrected on the spot, and the issues pointed out are shared at the Safety and Health Councils, and we strive to prevent recurrence. In addition, participation of general safety and health managers and deputy general safety and health managers is reflected in the branch office evaluations.

· Provision of safety education video "D-ST (Daiwa-Safety Training)"

At each construction site, short videos are created on dangerous behaviors to watch out for and safety compliance items based on the work to be performed that day. Skilled workers are encouraged to raise their awareness of safety by watching these videos on large screens at the site (signage, etc.) during morning meetings or new entrant training, by having construction companies use them as pre-work safety training, or by viewing them on their own smartphones. Among these short videos, those that cover the basics of safety are translated into five languages to ensure that foreign workers can also

understand them.

 **P116 Safety and health training for employees and business partners**

· Near-miss reports

We have adopted a system that enables business owners and skilled workers to report near-misses at construction sites via computers, smartphones, and other devices. Reports are made not as failure cases but as successful examples where no disaster occurred. As of the end of fiscal 2025, more than 150,000 cases have been collected, which the Safety Coordination Department analyzes and provides feedback on as useful information that can be utilized in safety activities. By having business owners and foremen share and review this information with all skilled workers during morning meetings and at other times, we ensure that everyone understands what precautions to take each day, thereby helping to prevent hazards.

· Accident case studies

We use industrial accidents that have actually occurred as case studies. Immediately after occurrence, we study the details of the industrial accident using a common company-wide form. Based on the results of the study, we discuss causes, relevant laws, and other factors in depth, evaluate risk hazards, determine countermeasures, and implement measures to prevent recurrence. We also call on the entire company to prevent recurrence by sending out notices and conducting special patrols.

· Response to older workers at construction sites

The Act on Stabilization of Employment of Elderly Persons now requires companies to ensure employment opportunities until age 65, and in response, we have raised the age criterion for elderly persons at our construction sites to 65. Furthermore, based on the Guidelines for the Prevention of Industrial Accidents Among Older Persons provided by the Ministry of Health, Labour and Welfare, we are promoting efforts to prevent industrial accidents involving older workers at our sites, such as by requiring business owners to improve the work environment, manage work, and take other necessary measures that consider the characteristics of older workers.

 **Ministry of Health, Labour and Welfare Guidelines for the Prevention of Industrial Accidents Among Older Persons (Japanese text only)**

■ Enforcing safety and security

・ Designation of branch offices requiring safety management improvement guidance

If the direct cause of an accident meets the criteria set by the Company, the branch office in question will be designated as a “branch office requiring safety management improvement guidance” and placed under the supervision of the officer in charge of safety to receive direct guidance. The branch office in question must define indicators for improvement based on the results of the analysis of the accident case study and prepare a remedial action plan based on these indicators. The branch must then work intensively for about three months to improve its facilities and raise awareness in accordance with the action plan. After that, the Safety Coordination Department at the Head Office and the officer in charge of safety will check whether these initiatives have become established and then make a decision on whether to remove the designation.

□ P199 Social Data
Safety and health education

Dissemination of safety and health information

For all Company employees and all skilled workers at our sites, we are promoting digitalization by directly providing information in real time on key points to be aware of in terms of safety management through digital signage at construction sites and other media starting in January 2026, in order to raise safety awareness.

Each transmission has its own theme, providing examples as well as explanations for causes and countermeasures. In fiscal 2025, we covered topics such as introductions to laws and regulations concerning heatstroke prevention measures and examples of near-misses at construction sites.



Digital signage installed at construction sites

Main approach

Number of construction site industrial accidents and their countermeasures

When an industrial accident occurs, we prepare an accident report and provide an initial report, after which the persons in charge of safety in the relevant departments and the Safety Coordination Department investigate and analyze the cause of the accident. To prevent recurrence, we disseminate information and issue notices on countermeasures to the entire company as appropriate.

In fiscal 2025, there were 22 industrial accidents (including zero due to heatstroke) at construction sites involving employees of business partners that resulted in an absence of four or more workdays. Three of these 22 accidents were due to slips/falls.

Because slip/fall accidents occur every year, we are working to prevent their recurrence by introducing the main causes of slips/falls through e-learning courses on preventing fall accidents from heights and lower elevations.

■ Number of industrial accidents (FY2025) (business partner employees at construction sites)

Type	Number
Slips/falls	3
Flights and drops	3
Trips	5
Getting caught in machinery	2
Cut/scratch	4
Motion recoil / forceful motion	1
Collapse	2
Crashes	2
Heat stroke	0

□ P199 Social Data
Number of construction site industrial accidents

・ Accidents at construction sites

In fiscal 2025, two accidents occurred in which temporary materials were loaded onto a truck-mounted crane (Unic truck) and a telescopic arm boom caught guy wires and communication cables above the road, resulting in broken wires and partial damage to neighboring houses. In both cases, the driver left the construction site without retracting the boom during the removal of temporary offices. In response, we have distributed a “Notice Record” to drivers of temporary material leasing companies and hired truck companies, which states that they must submit a Unic truck pre-work inspection checklist and a photograph showing the stowed boom after loading is completed to the mobile phone or other device of the construction supervisor before leaving the site. We have received signed copies of the record from the drivers. We will continue to raise awareness of safety management when leaving the site, such as the proper storage of equipment, and strive to prevent recurrence.

Subsidies for heat stroke-prevention items for business partners (construction and production divisions) and new technicians

Amid increasingly harsh summers each year, we have continued to subsidize the purchase of heat stroke-prevention products for all business partner technicians as heat stroke countermeasures at construction sites and factory workplaces to provide a safer working environment as the prime contractor. A subsidy of 10,000 yen is provided, depending on conditions, for heat stroke-prevention items, such as vest-type and short-sleeved fan-equipped work clothes and cool vests, by combining the subsidy from the Confederation of Partner Companies with the Company’s subsidy. In fiscal 2025, there were no cases of absence from work for four days or more due to heatstroke. In fiscal 2026, we will conduct questionnaire surveys targeting skilled workers at construction sites and factories, and implement heatstroke measures that reflect feedback from the field.

□ P034 Working to prevent heatstroke on construction sites

CHAPTER

3

Implementation Report

Governance

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Governance

Corporate governance

Concept and Policy

The Daiwa House Group 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 system 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 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.

 [Basic Policy and Guidelines regarding Corporate Governance](#)

Management

Corporate governance system

Our Board of Directors deliberates and decides how to materialize societal needs into business activities in order to enhance corporate value. The agenda includes not only resolutions and reports but also deliberation items, where medium- to long-term issues such as the medium-term management plan are discussed.

Our Board of Directors consists of seven executive directors and seven 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 multiple 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.

The Board of Directors believes that solving social issues

through business activities is a crucial element for enhancing medium- and long-term corporate value, and it also oversees ESG (Environmental, Social, and Governance) initiatives.

As part of this effort, the Board of Directors requests reports from the Sustainability Committee and regularly reviews the progress of environmental and social goals and strategies, providing necessary directives.

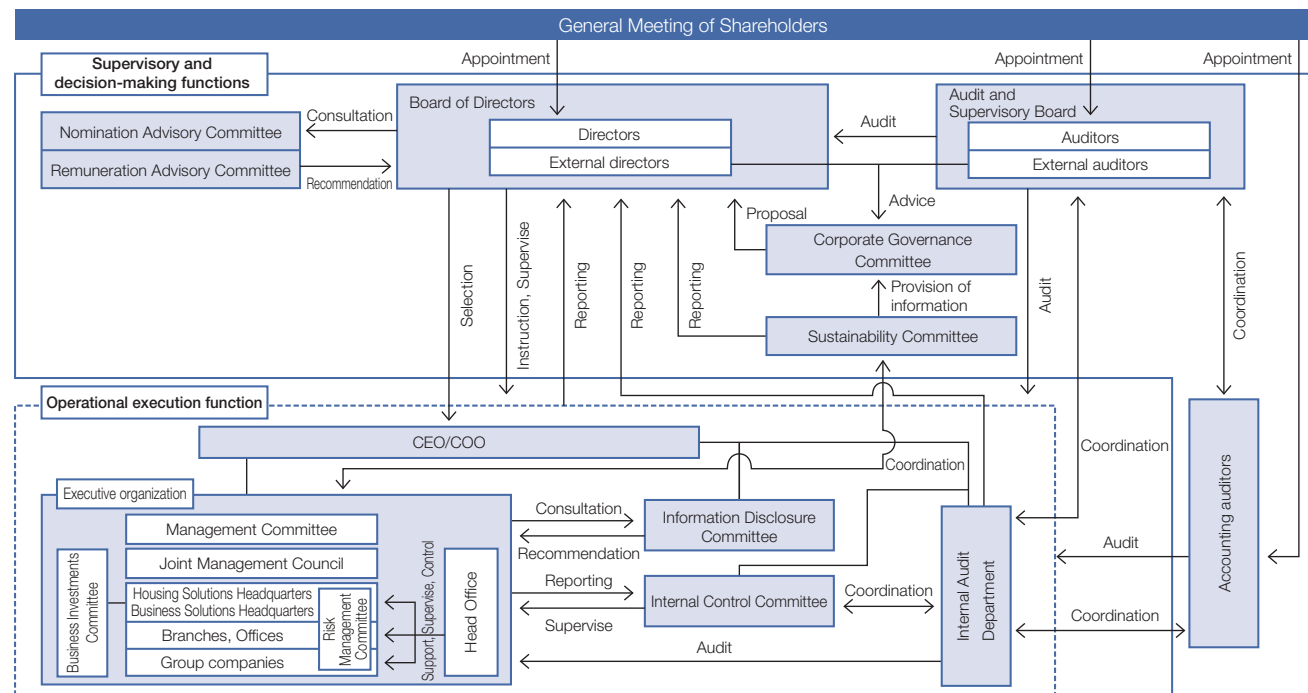
Regarding the nomination of directors and officers and remuneration, to enhance independence and objectivity, we have the Nomination Advisory Committee and the Remuneration Advisory Committee, the majority of whose respective members are independent external directors headed also by an independent external 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. We discuss the information and other matters provided by the Sustainability Committee and make recommendations to the Board of Directors as necessary.

From fiscal 2025, in order to strengthen and streamline the functions of the business headquarters and further enhance governance, we reorganized the previous seven business headquarters into two major headquarters. Additionally, to streamline and strengthen the organization and operations at the head office, we reorganized under three corporate divisions.

 [Corporate Governance System](#)
 [P018 Environmental management](#)
[P200 Governance Data](#)

Corporate governance system



Governance

Corporate governance

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 wideranging managerial issues
2. Having an excellent company-wide perspective and abilities to analyze and judge objectively
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 composed of directors with diverse backgrounds, including professional expertise and experience. 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.

Additionally, regarding the development of successors, we operate a system that nurtures and pools a wide range of management talent candidates, regardless of their job type or gender.



➤ Views on the Appropriate Balance, Diversity and Size, etc. of the Board of Directors as a Whole



P084 Implementing succession planning program (D-Succeed)

Evaluation of Board of Directors

Daiwa House Industry evaluates the effectiveness of the Board of Directors annually since fiscal 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.

<Applicable period>

December 2024 to November 2025

<Evaluation results>

Based on the status of each assessment item, we have determined that the effectiveness of our Board of Directors was ensured. At the same time, the issues raised in the survey have been shared with the Board of Directors and, going forward, we will work to improve the effectiveness of the Board of Directors through various initiatives.

<Issues identified from the results of the 2025 evaluation and future initiatives>

· Composition of the Board of Directors
(Issue)

From the standpoint of ensuring the company's sustainable growth and further strengthening monitoring functions, it is necessary to continually examine how the composition of the Board of Directors and organizational design should be.

(Details of Initiatives)

In anticipation of future changes in the business environment, we will consider the appointment of personnel with diverse backgrounds from a medium- to long-term perspective. In addition, we will continue to examine the management structure of the Company, including in terms of organizational design that is most suitable for us.

· Further deepening of discussions on management strategy
(Issue)

It is necessary to deepen strategic discussions, such as those on business portfolio strategy.

(Details of Initiatives)

We will identify important issues to be discussed at the Board of Directors meetings and aim to deepen discussions that contribute to strategic thinking over the medium to long term and the enhancement of corporate value.

· Strengthening the risk management system
(Issue)

It is necessary to further strengthen monitoring functions regarding the status of internal control and risk management, including those of Group companies.

(Details of Initiatives)

We will strengthen our risk management system by increasing the frequency of reporting on the status of internal controls and risk management with the aim of further improving monitoring functions.

Going forward, we will work to improve the effectiveness of the Board of Directors through various initiatives.



➤ Notice Concerning Outline of the Results of the Evaluation of the Effectiveness of Board of Directors

Governance

Corporate governance

Audit and Supervisory Board

The Audit and Supervisory Board is composed of a majority of external auditors for the purpose of securing independence of the Board. It audits the execution of duties by the company's Directors and Executive Officers, determines the contents of proposal items regarding the appointment and dismissal, or non-reappointment, of the accounting auditor that will be submitted to the General Meeting of Shareholders, and performs accounting audits and other matters prescribed by the laws and regulations. Additionally, procedures for the appropriate operation of the Audit and Supervisory Board are set out in Audit and Supervisory Board Regulations, while standards and guiding principles for audits by auditors are determined by the Regulations of Auditors. The Audit and Supervisory 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.

In addition, necessary information is shared with accounting auditors, the internal audit department, and external directors, with regular meetings held as part of efforts to improve the quality of audits and realize more efficient audits.

As an independent body entrusted by shareholders, auditors ensure the sustainable growth of the company by auditing the directors' performance of their duties and work to establish a high-quality corporate governance framework that lives up to society's trust.

In addition, the company established an Audit and Supervisory Board Member's Office to accomplish tasks based on resolutions of the Audit and Supervisory Board and instructions of the auditors and assigned several employees to the Office. 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 is disclosed in our Securities Report.



[Securities Reports, Semiannual Reports, and Quarterly Reports — Latest Reports](#)

[Corporate Governance Guidelines](#)

Selection of auditors and accounting auditors

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 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, law, 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 nonreappointment of the accounting auditor in the abovementioned "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 consecutive accounting periods, and the leading executive member of the company may not participate in the audit of the company for more than five consecutive accounting periods.
2. Executive members of the company shall not be allowed to participate in the audit of the company for five accounting periods after his/her replacement. In addition, the leading executive member of the company may not ever participate again in the audit of the company.



[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](#)

Executive remuneration for medium- to long-term corporate value enhancement

• Policy, etc.

Our director remuneration system is designed to provide incentives for individuals who share the Daiwa House Group's "Our Hopes for the Future" (purpose), namely, "Our Future Landscape: Embracing the Joys of Life." and contribute to the medium- to long-term enhancement of corporate value and creation of social value. Specifically, it aims to strongly motivate sustained efforts that contribute to these goals and offer opportunities to receive remuneration commensurate with the role played and the extent of contribution as a director of a global company.

Director remuneration consists of "fixed remuneration" in the form of monetary compensation, an "annual incentive bonus" to motivate the achievement of short-term financial targets aimed at creating business value, and stock-based compensation through the performance share unit (PSU) system and restricted stock unit (RSU) system to incentivize sustained efforts that contribute to the medium- to long-term enhancement of corporate value and creation of social value.

External directors receive only "fixed remuneration" in the form of monetary remuneration.

• Malus and clawback provision (return of remuneration, etc.)

The Company has established a malus and clawback provision in the PSU and RSU systems whereby, from the standpoint of ensuring the soundness of the executive remuneration system, if certain events such as misconduct or fraudulent accounting occur, all or part of the stock compensation paid during the fiscal year in which the event came to light and the three prior fiscal years may be forfeited or returned, based on the judgment of the Board of Directors following deliberation by the Remuneration Advisory Committee.

Governance

Corporate governance

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 monthly 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 100 million yen per month (of which 20 million yen is for external directors) and that for auditors shall be 25 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, and the payment is made as an incentive for achieving short-term financial targets (operating income, ROIC), aiming at the creation of short-term business value. The amount of remuneration, determined by the degree of achievement of short-term financial targets set by the company, is paid in cash as performance-linked compensation, in principle around July after the end of the fiscal year. Additionally, pursuant to a resolution at the General Meeting of Shareholders, the upper limit on annual incentive bonuses for directors is 1.5 billion yen.

(Performance indicator results, etc.)

Financial indicators: Consolidated operating income, ROIC

(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) PSU system (performance-based stock compensation)

The PSU system is a deferred performance-based stock compensation system designed to provide incentives for the sustainable improvement of corporate value and creation of social value over a performance evaluation period consisting of multiple consecutive years (as determined by the Company within a range of three

to five years). Under this system, common shares of the Company are delivered, along with cash payments intended to cover taxes arising from such delivery. The business performance indicators adopted include “relative TSR” and ESG indicators (GHG emissions reduction (business activities), GHG emissions reduction (building use), and FTSE score).



P019 Reflect achievements in environmental activities in business performance assessment and executive remuneration

(2) RSU system (restricted stock compensation)

The RSU system is a deferred restricted stock compensation system that provides common shares of the Company and cash payments intended to cover taxes arising from such delivery, on the condition that the eligible director continues to hold the position of director during a period consisting of multiple consecutive years (as determined by the Company within a range of three to five years).

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 independent external director and has external directors making up more than half of its members.

Directors' and employees' 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:

200% basic remuneration within five years of appointment

Executive Officers:

100% basic remuneration within five years of appointment

For those who have already been appointed to the above positions, within five years after the release of these guidelines

Notice of the Fiscal 2025 Ordinary General Meeting of Shareholders

The Notice of the Fiscal 2025 Ordinary General Meeting of Shareholders was posted three weeks prior to the date of the meeting. Electronic provision measures were taken ahead of the notice being posted including via the Daiwa House Industry official website.

Main approach

Conducting study sessions for 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 2025

Implementation period	Themes
September 2025	Sustainability training
October 2025	Information security training
February 2026	Human rights awareness training for executives

Governance

Internal control

Concept and Policy

The Group's internal control system is developed and operated for the purpose of realizing compliance with laws and regulations, etc. and risk management, ensuring the effectiveness of information storage and management, ensuring operational effectiveness and efficiency, ensuring the reliability of financial reporting through effective auditing, preventing and detecting misconduct early, and preserving assets.

Our directors and executive officers are responsible for the internal control of the entire Daiwa House Group as a core part of their duties. Furthermore, those who concurrently serve as both a director and an executive officer are aware that they hold two separate responsibilities and strive to build and operate the internal control system by exercising each function appropriately.

Based on the above system, we are determined to govern all officers and employees of the Daiwa House Group, including the Representative Directors. Additionally, to express that each executive and employee is a responsible party for the internal control system, we have established the Basic Policy for Building an Internal Control System.



[Basic Policy for Developing an Internal Control System](#)

Management

Structure and implementation of the 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 under the Basic Policy for Developing an Internal Control System. Our system and operations are structured as below.

Management system by the internal control committee

The Internal Control Committee was established as a committee to receive reports on the internal control situations within the entire Group, as well as compliance and risk management status, with an aim to verify and correct any internal control defects.

It is organized with the Chairman and CEO of the Company serving as the chairman; the Representative Director and President and the Representative Director, Executive Vice President and General Manager of Management Administration Headquarters serving as vice-chairmen; and business division heads and directors in charge of head office function departments serving as members.

The operational status of the committee, particularly in terms of compliance and risk management activities, is reported to the Board of Directors at least once every half year to ensure that it is operated properly under the supervision of the management team including outside officers.

Compliance and risk management system

Under the management of the Internal Control Committee, we have established the following system to realize proper compliance and risk management across the Group.

- Given the goal of maintaining and heightening the trust that society places in the Group, we have formulated the Daiwa House Group Principles of Corporate Ethics and Code of Conduct.
- We have appointed the Representative Director, Executive Vice President and General Manager of Management Administration Headquarters as the person responsible for the Group's risk management, making them the head of the compliance and risk management system.
- To prevent risks from materializing in each business and to address risks once they materialize, we have established Risk Management Committees at each business division, with the general manager of each business division serving as chairman.
- If a risk that could have a significant impact on management materializes, we promptly establish and operate an Emergency Response Headquarters.
- We have established a whistleblowing system to accurately identify the compliance status and risk information.
- We have established a department to audit employees' business processes, striving to ensure that operations are conducted in

accordance with laws, regulations, and internal rules.

- We sever all ties with antisocial forces and respond systematically with a resolute attitude.
- We have established disciplinary regulations to properly penalize officers and employees for actions such as violations of laws, regulations, or the Articles of Incorporation.
- Executives and employees conduct self-checks to ensure they are performing their duties properly and continuously supervise the performance of duties by other executives and employees.



[Basic Policy for Developing an Internal Control System](#)



[P125 Daiwa House Group Principles of Corporate Ethics and Code of Conduct](#)

Identifying the actual operational status of the internal control system

In the implementation of its internal control system throughout the Group, the Daiwa House Group refers to the standard framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Internal Control Committee instructs each of the company's business divisions, head office function departments and Group companies to formulate annual plans on the construction and implementation of the internal control system, and requires them to report the status of activities based on these plans at the end of each fiscal year, which allows the company to identify the actual operational status of the internal control system throughout the Group.

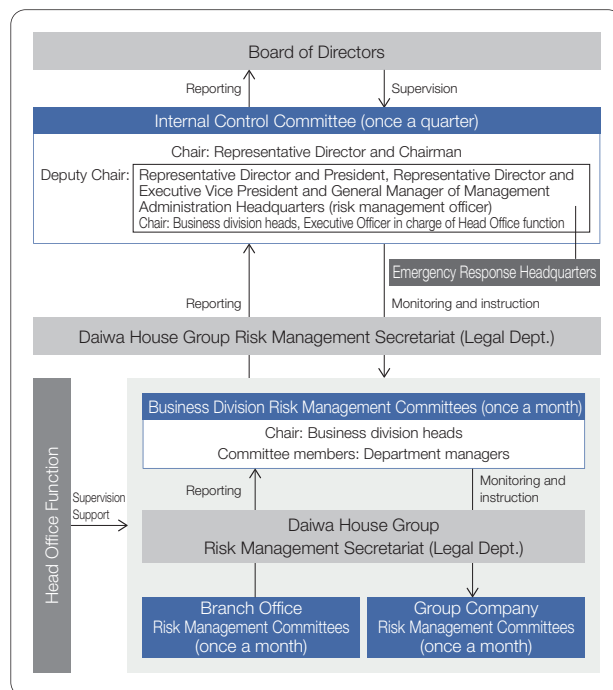
In addition, as a function of its internal control system, the Group has established a system for the early collating and centralized management of compliance status and risk information to ensure they are properly identified. Specifically, if an employee of the company is confronted with information pertaining to serious risk, including violations of laws and regulations, a rule has been established so that such information is immediately collated and provided to the Secretariat of the Daiwa House Group Risk Management (Legal Department of the Company). The whistleblowing system is also in place for use when the regular reporting line does not work as it should, ensuring that the Group can properly identify compliance status and risk information.

In addition, the Internal Audit Department audits the status of compliance with laws and internal rules of the company and Group companies, and reports the results of which to the Internal Control Committee, so that these assessment results can also be used to identify the actual status of the internal control system from an independent standpoint as a third-line function.

Governance

Internal control

Group internal control system (Compliance and risk management)



Daiwa House Group Principles of Corporate Ethics and Code of Conduct

To conduct business under a unified set of values throughout the entire Group, realize the founder's spirit of "Don't do things because they will make a profit, but because they will be of service to society" and maintain and heighten social trust, we have formulated the Daiwa House Group Principles of Corporate Ethics and Code of Conduct (established in April 2004).

The Daiwa House Group Principles of Corporate Ethics and Code of Conduct are based on a philosophy system comprising our Corporate Creed, Employee Charter, Our Hopes for the Future (purpose), and the values we embrace, which our executives and employees put into practice as their guiding

principles for action. Moreover, there are seven components to the principles, namely, "with our customers," "with compliance," "with an ideal work environment," "with business partners," "with the environment," "with the communities," and "respect for human rights." For each of these there are more specific codes of conduct.

Any revisions to these are conducted in conjunction with reviews of the corporate vision and management plans, subject to the supervision and approval of the Board of Directors.

The top management of each Group company is responsible for the strict adherence to the Daiwa House Group Principles of Corporate Ethics and Code of Conduct by all executives and employees, and together with leading by example, bears the responsibility for ensuring transparency and fairness in business operations. In this way we are working to realize the Group's proper compliance and risk management.

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.



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

Internalization

The Daiwa House Group Principles of Corporate Ethics and Code of Conduct are addressed in regularly conducted compliance training and other initiatives to promote their internalization throughout the company.

In addition, the Group distributes a booklet, "The Future of the Daiwa House Group: Daiwa House Group employees - Think this Way and Forge Ahead," written by founder Nobuo Ishibashi, to all employees when they join the Company. This booklet details the outlook, philosophy, and approach to work of the Group and its employees. All employees read the booklet repeatedly to carry on the founder's spirit. The founder's spirit of "Don't do things because they will make a profit, but because they will be of service to society," a key phrase in the booklet, informs much of how the Group conducts its business.

Main approach

The management soundness assessment at branch offices

To maintain sustainable management practices, the Company believes that we must go beyond mere figures on business performance, and be a sensible company that is needed by society. Therefore, we conduct management soundness assessments to evaluate branch offices that have achieved sound business management. These are evaluated from an ESG perspective, with assessment items including safety and environmental initiatives, compliance spirit, and labor management. Scores are assigned for each of these evaluation items. This is a system which uses point-based scores provided for each of these assessment categories, which in total are then used for branch office ranking that is in turn reflected to bonuses.

Engagement survey

The Company conducts an annual engagement survey covering all employees. By conducting this survey on a regular basis, we are able to quantitatively assess the actual state of workplace environments. The results of the engagement survey, aggregated by each department, are communicated internally by the heads of departments.

Starting in fiscal 2025, questions regarding the Daiwa House Group Principles of Corporate Ethics and Code of Conduct were included to measure the degree of internalization. As a result, 97.8% of employees responded that they comply with the Daiwa House Group Principles of Corporate Ethics and Code of Conduct. To maintain this high level of internalization, we will continue our efforts toward the further establishment of the Daiwa House Group Principles of Corporate Ethics and Code of Conduct.



P198 [Social Data Indicators related to motivation](#)

Governance

Internal control

Promotion of internal control system overseas

While each business division is responsible for business operations under the business division system, we are working to develop and strengthen a system that complements head office management of overseas subsidiaries in our overseas businesses, taking into account differences in legal systems and business customs across regions.

As part of this effort, we are developing regional corporate (RC) functions by allocating specialist human resources from the corporate department of the Head Office to each region. The RC functions serve as a foundation to support the prevention of risks and early responses by identifying and aggregating risk information within Group companies in the region and coordinating with the Head Office and related departments, acting as a mechanism that complements and executes head office management of overseas subsidiaries within the respective regions.

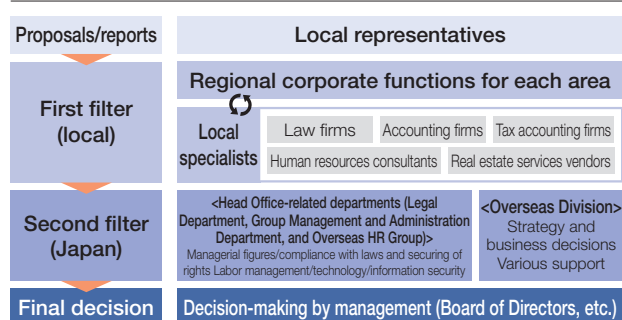
In developing and operating RC functions, we have established a system where Head Office departments coordinate based on their areas of jurisdiction, in addition to overseas headquarters, to provide necessary confirmations, advice, and support. Furthermore, we ensure continuous monitoring and improvement by reporting the operational status to the Internal Control Committee as necessary.

In addition, for overseas business investments, we have established investment management guidelines to organize items to be checked and risk perspectives at each stage of planning, execution, and operation. Based on these guidelines, the Overseas Strategy Committee conducts preliminary evaluations of the business feasibility and risks associated with investment projects to support decision-making by management. Additionally, we have developed a check sheet that consolidates knowledge regarding investment and management for overseas businesses and are sharing them with stakeholders both domestically and abroad.

Through these initiatives, we aim to share risk awareness and improve the level of response in overseas businesses, thereby strengthening internal controls across the entire Group.

Dual monitoring structure for overseas business operations and risks

Monitoring flow



Overseas locations

Governance

Compliance

Concept and Policy

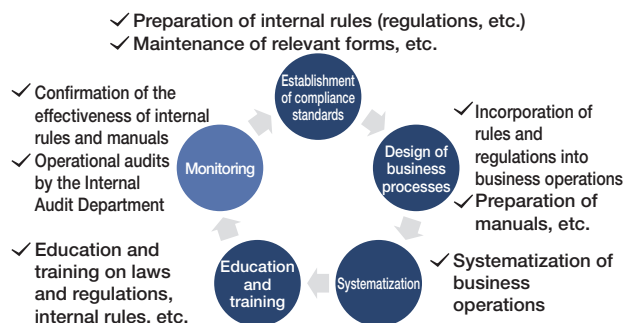
We define compliance broadly not only as adherence to laws, regulations, rules, and other social norms, as well as the Daiwa House Group Principles of Corporate Ethics and Code of Conduct and various internal standards, but also as acting with high ethical standards to meet the expectations of diverse stakeholders. Furthermore, we regard compliance as the highest priority in risk management and have established compliance rules to ensure that a uniform approach is taken throughout the Company.

Management

Compliance system

Under these compliance rules, business division heads (risk owners) and the heads of Head Office functions are obliged to establish a system with five components.

Five components of the compliance system



Monitoring activities and education

Of these five components of our compliance system, we place much of our focus on monitoring.

In terms of monitoring, in addition to operational audits

by the Internal Audit Department, each business division (as a risk owner) conducts after-the-fact confirmations to ensure that the risk management and compliance rules they established are functioning effectively and as intended. This approach enhances the effectiveness of the rules and helps ensure that any inadequacies or shortcomings in the rules can be remedied at an early stage.

In addition to monitoring by risk owners, we also encourage each branch office and worksite, where compliance is vital, to voluntarily check the status of rule implementation, thereby ensuring that the rules themselves become firmly embedded.

In fiscal 2025, to enable more efficient monitoring, we compiled various monitoring tools previously used by branch offices and published them on the company intranet. We are also sharing the status of monitoring activities conducted at business offices using these tools within the company to promote internal understanding.

P136 Internal audits

Compliance business office visits (retail stores/construction)

With the aim of preventing risks and their recurrence, we conduct compliance branch office visits and site inspections for branch offices based on the following.

1. Risk prevention activities through interviews regarding the workplace environment and business operations, as well as providing support to branch offices.
2. Awareness activities through explanations of risk incidents and the dissemination of recurrence prevention measures.
3. Support for safety, quality, and legal compliance by sharing confirmation results from construction sites.

In fiscal 2025, these were conducted at retail store branch offices (32 out of 51 branch offices) and construction branch offices (25 out of 33 branch offices), with instructions given to improve identified issues.

Compliance study sessions (Housing)

With the aim of preventing the recurrence and occurrence of serious risk incidents through improved knowledge and accurate business execution, we conduct compliance study sessions and proficiency tests for sales managers and staff.

P085 [Housing sales] Compliance study sessions

Establishing policy and regarding taxation

The Daiwa House Group Principles of Corporate Ethics and Code of Conduct stipulates compliance with laws and regulations. In all countries where we do business, we comply not only with tax laws but the spirit of the law, and pay appropriate and fair taxes. While this is the social responsibility of a corporation, we also believe it contributes to local communities. Therefore, we do not engage in arbitrary tax evasion using tax havens, and instead we make it our policy to pay 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.

Governance

Compliance

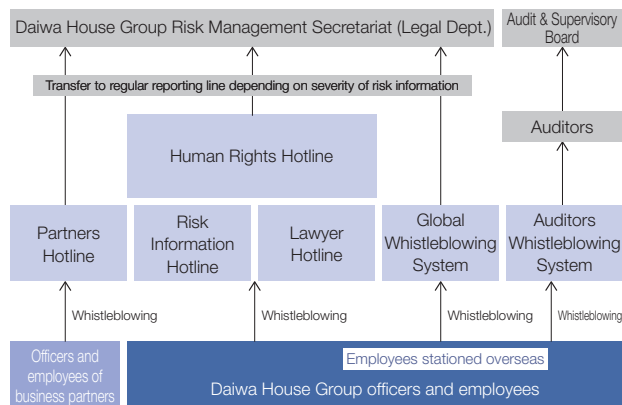
Promoting compliance

To ensure timely and appropriate compliance and risk management, the Group has established a system where report lines are defined for cases when personnel encounter risk information, all under the management of the Secretariat of the Daiwa House Group Risk Management (Legal Department). A mechanism has been put in place for escalating risk information to higher levels of the organization based on severity, ensuring that such information is properly circulated.

For cases where the regular reporting line does not work, several whistleblowing systems have been put in place for use according to the function and attributes of the whistleblowers themselves.

If information obtained by the Secretariat of the Daiwa House Group Risk Management through whistleblowing pertains to a serious risk, the whistleblower receives protection and, depending on the severity, the information is transferred to the regular reporting line as appropriate, thereby ensuring appropriate risk management.

■ Reporting line for compliance and risk information



Whistleblowing system

From the perspective of achieving rational and uniform operation of each whistleblowing system, we established the Daiwa House Group Whistleblowing Regulations to apply to all hotlines*. To

deter human rights violations, legal breaches, and misconduct, as well as for their early detection and correction, we have established multiple whistleblowing hotlines and a mechanism that allows all employees to report concerns immediately.

When a problem is reported, while protecting the whistleblower in accordance with the Whistleblower Protection Act and internal regulations, the Company promptly confirms the facts with representatives at branch offices or Group companies and takes corrective measures.

Furthermore, a Risk Management Subcommittee has been established comprising the departments in charge of the whistleblowing hotlines. This subcommittee monitors the status of responses to the inquiries made through the hotlines, and while facilitating appropriate and prompt responses, takes disciplinary action when serious misconduct is confirmed and works to maintain internal order.

Each reporting hotline is available 24 hours a day, 365 days a year, and we provide multi-language support to accept consultations from overseas bases. To encourage their use, an English translation of the Daiwa House Group Whistleblowing Regulations has been established, and a Chinese version was also created in fiscal 2025.

* 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.



P190 Social Data Results of whistleblowing system operation and handling

· Protection of whistleblowers

We ensure the protection of whistleblowers and survey cooperators and prohibit retaliation by mandating strict confidentiality regarding information that could identify a whistleblower and the content of reports in the Daiwa House Group Whistleblowing Regulations, prohibiting actions that could identify whistleblowers, and prohibiting adverse treatment of whistleblowers or survey cooperators. All whistleblowing hotlines accept anonymous reporting to protect whistleblowers.

We have also established a leniency system whereby individuals who have committed misconduct or inappropriate acts can receive reduced or exempt disciplinary action by voluntarily reporting such acts, thereby aiming for the early detection and correction of misconduct.

· Whistleblowing and consultations from external stakeholders

The Group has established a Partners Hotline to accept reports from all business partners regarding legal violations as well as matters that could lead to human rights abuses or corruption.

Separately from the internal whistleblowing hotlines, we have an inquiry form on the Daiwa House Industry official website to receive various concerns, opinions, complaints, and consultations from local citizens and customers.

· Disciplinary Committee

We have established a Disciplinary Committee chaired by the Representative Director and President. To maintain corporate order, including adherence to various internal rules and regulations in addition to laws, we have a system where if acts subject to discipline are confirmed, the Committee deliberates on the necessity and severity of punishment before imposing disciplinary action on the employee concerned.

Furthermore, to promote compliance, we have categorized items requiring risk reports (such as compliance violations) within the Risk Management Regulations, with examples for each category provided in the appendix.

Implementation of compliance questionnaire survey

On March 28, 2025, following a tax audit by the Osaka Regional Taxation Bureau, the Company announced the discovery of misconduct by a former employee (receiving money and goods by placing fictitious or inflated orders with business partners).

Such fraudulent activities are inexcusable, and fiscal year 2025 was a year focused on compliance with the group-wide theme of "eliminating fraudulent activities." Specifically, we conducted a compliance survey using an external organization to uncover and deter potential misconduct.

Governance

Compliance

Various whistleblowing systems, target scope of consultation service, operational procedure

	Titles	Scope	Main departments	Purpose	Main means of reporting	Whistleblowing reception hours
Whistleblowing systems	Human Rights Hotline	All employees of Daiwa House Group*	Human Rights Promotion Department	Detect harassment and other human rights infringements early and work to resolve them.	(External service provider) Telephone, Website (Department in charge) Email	- Telephone Mon. – Fri.: 12:00 PM - 9:00 PM Sat., Sun., and national holidays: 9:00 AM – 5:00 PM - Email - Website 24 hours a day, 365 days a year
	Risk Information Hotline	All employees of Daiwa House Group*	Legal Department	Collection of information on and addressing risks, noncompliance, and irregularities across the entire group in line with our Risk Management Regulations.	Telephone, Intranet reporting form	- Telephone Mon. – Fri.: 9:00 AM – 6:00 PM - Whistleblowing form 24 hours a day, 365 days a year
	Partners Hotline	All business partners that deal with Daiwa House Group	Human Rights 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).	(External service provider) Telephone, Website	- Telephone Mon. – Fri.: 12:00 PM – 9:00 PM Sat., Sun., and national holidays: 9:00 AM – 5:00 PM - Website 24 hours a day, 365 days a year
	Lawyer Hotline	All employees of Daiwa House Group*	Legal Department	Establish external consultation hotline to improve psychological safety and expand channels for gathering risk information.	(External service provider) Telephone, Email	- Telephone Mon. – Fri.: 9:00 AM – 7:00 PM - Email 24 hours a day, 365 days a year
	Global Whistleblowing System	All employees of Daiwa House Group based in overseas*	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.	(External service provider) Email	Email 24 hours a day, 365 days a year
	Auditors Whistleblowing System	All employees of Daiwa House Group*	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.	Intranet reporting form	Whistleblowing form 24 hours a day, 365 days a year
Consultation services	Reporting using the form available on the Daiwa House Industry Official website	Community residents or other stakeholders	Depends on content	Accept inquiries from community residents or other stakeholders and take appropriate action.	Form on the Daiwa House Industry Official website	Inquiry form 24 hours a day, 365 days a year
	Customer Consultation Service	Customers	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.	Telephone Form on the Daiwa House Industry Official website	- Telephone 24 hours a day, 365 days a year - Housing business customers: Daiwa House Support Desk, Construction business customers: 24-hour call center - Form on the Daiwa House Industry Official website 24 hours a day, 365 days a year

* 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.

Governance

Anti-corruption

Concept and Policy

The Daiwa House Group endeavors to prevent and detect any corrupt practices under the supervision of Directors by developing internal monitoring systems such as the internal audit system and the whistleblower system. 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. In addition, the Daiwa House Group prohibits acts that are considered to promote corruption and are ethically unacceptable, such as excessive entertainment or exchange of money and goods that deviate from social norms, in accordance with various policies and regulations, including the Daiwa House Group Principles 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.



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

• Basic policies on prevention of bribery

The Daiwa House Group Principles of Corporate Ethics and Code of Conduct set forth our policy on prohibition of bribery. The Daiwa House Group signed the United Nations Global Compact, which stipulates that “businesses should work against corruption in all its forms, including extortion and bribery,” and participates in meetings of the Anti-Corruption Subcommittee. 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. Additionally, under the Business Principles for Countering Bribery of Transparency International, the Guidelines for the Prevention of Bribery of Foreign Public Officials of the Ministry of Economy, Trade and Industry of Japan, and the Guidance on Prevention of Foreign Bribery of the Japan Federation of Bar Associations, the Group has developed the Basic Policies on Prevention of Offers of Bribes based on resolution of the Board of Directors, and stated that it prohibits any bribery because it hinders fair

competition and aggravates social corruption.

Additionally, for our business partners, our Supply Chain Sustainability Guidelines stipulate anti-corruption and encourage them to observe it, through which the entire supply chain works to prevent corruption.



[P113 Operating the Supply Chain Sustainability Guidelines](#)

• Establishment of Anti-Bribery Regulations and Anti-Bribery Bylaws

On the basis of the Basic Policies on Prevention of Offers of Bribes, we have established the Anti-Bribery Regulations and Anti-Bribery Bylaws in order to set forth the system, prohibited matters, procedures, etc., required to prevent our executives and employees from being involved in offers of bribes to public officials or deemed public officials throughout the Group. The contents of the regulations are subject to review as appropriate.

Our rules prohibit in principle the provision of cash and other benefits (offering entertainment or gifts, paying for the expense that public officials should bear themselves, giving donations, subsidies, or other rewards) to public officials or deemed public officials. Offers of benefits are exceptionally allowed only when certain conditions are met, such as obtaining prior approval of the chief legal officer. The rules also include stipulations concerning the identification and assessment of bribery risks.

We also prohibit corrupt practices such as bribery and kickbacks through agents and the like. We conduct risk assessments of such agents by establishing regulations to scrutinize the identity, background, business activities, and relationships with public officials of the agents.

For methods of identifying and assessing the actual situation, we adopt a process in which employees collect information relating to laws and regulations as well as practices involving bribery, and the responsible director (Head of Management Administration Headquarters) conducts surveys on bribery risks, aggregates the information in the relevant department, and verifies and assesses it.

Furthermore, we stipulate an obligation to store internal records for 10 years.

• Basic policy on fair trade

The Group has clearly stated its policy on fair trade in the Daiwa House Group Principles of Corporate Ethics and Code of Conduct to share the awareness among all executives and employees to strictly observe the Anti-monopoly Act (Act on Prohibition of Private Monopolization and Maintenance of Fair Trade) and the Proper Transactions Act (Act on Ensuring Proper Transactions Involving Small and Medium-Sized Entrusted Business Operators).

• Guidelines for Transactions with Company for Own Interests of Directors, etc.

From the viewpoint of protecting the interests of shareholders, Article 11 of the Corporate Governance Guidelines sets forth the standards such as the Guidelines for Transactions with Company for Own Interests of Directors, etc. This is to prevent the persons related to our company, such as Directors and Auditors, and its major shareholders from conducting any transactions that may conflict with the interests of our Group or its shareholders through abuses of their positions.



[Corporate Governance Guidelines](#)

• Policy regarding political contributions

The Group has complied with the Political Funds Control Act. We never make any political donations to individual politicians, which is prohibited under the law. Also, we do not make donations, in principle, to specific political parties or political fund-managing organizations. However, if we consider making contributions, we will make sure that such donations do not conflict with the restrictions specified in Article 22-3, Paragraph 1 of the Political Funds Control Act (restrictions on donations made by companies subsidized by the government). In addition, we properly make expenditures on political fundraising party tickets within the scope of the restrictions specified in Article 22-8, Paragraph 3 of the Political Funds Control Act. In addition, we properly make expenditures on lobbying activities pursuant to the corporate compliance principles.

Governance

Anti-corruption

Management

Establishing a corruption prevention system

The Daiwa House Group emphasizes the prohibition of bribery in the Daiwa House Group Principles of Corporate Ethics and Code of Conduct, and endeavors to improve awareness of executives and employees through educating them in an effort to prevent any corrupt practices. We have also formulated and implemented the Anti-Bribery Regulations and Anti-Bribery Bylaws. In addition, we have established a structure that strictly prohibits and prevents any corrupt practices, such as bribery and money laundering, through providing an internal notice and conducting training to the effect that any acts infringing the principle of fair competition, such as an illegal price-fixing agreement and any acts considered bribery, are strictly prohibited. We also operate a system that requires prior approval by the chief legal officer when providing entertainment or gifts, and timely review the threshold amount of expenses for each country. In addition, the 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 Principles 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.

When signing agreements with agents and other third parties from countries considered high risk based on the Corruption Perceptions Index published by Transparency International, we take a more cautious stance and adopt a risk-based approach, whereby prior approval of the responsible director (General Manager of Management Administration Headquarters) is required for signing the agreement.

In fiscal 2025, we received no report on any cases of convictions or administrative penalties owing to corrupt practices including bribery, with respect to our businesses.

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 that 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. We also drew up the Questions and Answers about the Act on Prevention of Transfer of Criminal Proceeds, which are designed to explain the contents of the Act and the Identification Regulations in an easily understandable way. We provide internal education using this guideline. In fiscal 2025, in light of the increase in transactions with overseas customers, we established an "Identity Verification Document List (for overseas customers)."

Moreover, the Internal Audit Department audits as appropriate the implementation status of these rules in light of laws and regulations so as to ensure appropriate business operations. Additionally, we have created the Risk Assessment concerning Transfer of Criminal Proceeds as a document to be prepared by a Specified Business Operator, etc. as 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 for assessing money laundering risks, which is then used in the risk assessment. If, as a result of the assessment, a transaction suspected of money laundering is identified, it is reported to the Ministry of Land, Infrastructure, Transport and Tourism in accordance with the Act on Prevention of Transfer of Criminal Proceeds.

Prevention of insider trading

Daiwa House Industry improves its system for preventing insider trading across the Group. The General Manager of Management Administration Headquarters is the person responsible for controlling insider information. Generated insider information shall be immediately reported to the General Manager of Management Administration Headquarters. In order to prevent insider trading, we have built a system in which any of the Company employees and senior management of the Group companies shall notify the General Manager of Management Administration Headquarters and obtain his or her approval before trading the Company shares. By the same token, employees of the Group companies shall notify the Information Controlling Manager (President) appointed by each company and obtain his or her approval before trading the Company shares. Furthermore, an applicant for such approval shall check by themselves whether they have any insider information, which is subject to a double check by their superior (person in charge of controlling information). In this way, we have structures in place to prevent any insider trading.

In order to ensure that knowledge of insider trading and the Company's rules are widely understood, we raise the awareness of the Group's employees about the prevention of insider trading through internal notices and onboarding programs.

We monitor the unreported trading of Company stocks, etc. that violates the Company's rules, and violators are subject to disciplinary action and sanctions.

Complete prevention of connection with antisocial forces

The Daiwa House Group declares complete prevention of connection with anti-social forces in the Daiwa House Group Principles of Corporate Ethics and Code of Conduct. Daiwa House Industry has built a system for taking organized measures by establishing the Regulations for Responding to Anti-Social Forces, and appointing the department and director (General Manager of General Affairs Department of head office) comprehensively controlling practical measures under the direction of General Manager of Management Administration Headquarters, who is a Representative Director. In addition, it has built a communication and cooperation system in case of any troubles by maintaining close cooperation with external organizations such as the police and the prefectural centers for removal of criminal organizations.

Each Group company also endeavors to build a system for excluding anti-social forces (such as development of rules, appointment of a responsible director and cooperation with external organizations). In addition, the Group promotes combined efforts such as building a database on anti-social forces shared by all Group companies.

Implementation of training on the Anti-Bribery Regulations for all employees

We conduct training once a year for all employees of the Company with the aim of deepening understanding of the Anti-Bribery Regulations and Anti-Bribery Bylaws, preventing all bribery in advance, and strengthening the anti-bribery system. In fiscal 2025, we conducted e-learning, in which employees learned important points such as the requirement for prior approval by the chief legal officer when providing benefits equal to or greater than the amount specified in the regulations and bylaws. Completion of the training requires answering all questions correctly on a test administered after the course.

Governance

Risk management

Concept and Policy

The Group has established the Risk Management Regulations and put in place a system based on common rules to prevent the manifestation of risks, to detect risks, and to minimize losses, for use in normal times and in emergencies.

We consider that risk management will contribute to protect rights and interests of not only the Group but also the many stakeholders who are involved in our business.

Management

Establishing risk management system

· 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.

· Structure in emergencies

At the Company, 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 Response Headquarters, a subrule to the Risk Management Regulations. Furthermore, a system has been put in place for quickly establishing an emergency headquarters and to help minimize the risk of a negative impact on earnings. Information on risks collected through each system and responses to them is reported to the Internal

Control Committee and the Board of Directors regularly and as necessary, and the Board of Directors supervises the risk management system.

In the event of a natural disaster, a framework is in place to establish a BCM Subcommittee incorporating different departments, to respond to the situation.

 [P134 Business continuity management \(BCM\)](#)

M&A investments

When engaging in M&A (corporate mergers and acquisitions), the Company undertakes a comprehensive investigation from multiple standpoints, primarily financial, taxation, legal, and business to weigh up and assess risk. In addition to the investigation set out above, we also assess the target companies or target businesses based on factors such as business risk and potential synergies with reference to their competitive advantages and qualitative characteristics. This is conducted by means of an investigation into their ESG credentials, which covers the following: Environment: Action on environmental problems, Social: Working environment and labor management, and Governance: Internal controls and risk management systems and compliance levels.

If, as a result of these evaluations, we determine that the target 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 to pass on that particular M&A.

In addition, during post merger integration (PMI)—a process to maximize the integration after an M&A—the department in charge of the merger within our company will, in principle, serve as the lead division for the merged company for a period of three years and follow up on ensuring the implementation of governance initiatives enacted by our company, including the development of internal control systems.

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 (25 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.

Furthermore, with the aim of reducing post-completion CO₂ emissions from the real estate for investment we develop and build, and accelerating the decarbonization of buildings and community development, we have introduced an ICP* system. In fiscal 2025, two buildings were selected for investment using this ICP system.

* ICP (Internal Carbon Pricing): A system for setting the company's own carbon price in order to promote decarbonization.

Risk assessment for investment decision

[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 (25 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.

 [P055 Preventing the spread of soil contamination accompanying land transactions and construction](#)

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

Governance

Risk management

Information security

Recognizing the importance of protecting, managing, and properly utilizing information held by the Group, including trade secrets and personal information, we have established the Declaration of Information Security (Basic Policy), Information Management Rules, Group Basic IT Regulations, Group IT Security Standards, and Group IT Business Continuity Management Standards.

In order to properly handle, manage, protect, and maintain information, the General Manager of Management Administration Headquarters (Representative Director and Executive Vice President) serves as the Chief Information Management Officer to accurately assess the status of information security throughout the Company and promptly implement the necessary measures.

· Information controlling managers and management system

We have a system in which each branch manager, plant manager, and department director appointed as Information Controlling Managers are in charge of day-to-day information security management. In addition, we have information managers who promote initiatives as assistants to the Information Controlling Managers.

Information managers lead the stocktaking of information stored in their department, sales office, or section. For information that is not classified in the information handling manual, information managers determine the importance of the information and classify it as either “strictly confidential information” or “confidential information.” They then manage the information and provide guidance and support concerning its handling.

· Information Security Action Plan

The Company establishes an annual plan for information security activities with the aim of autonomously implementing the PDCA cycle for information security activities. In fiscal 2024, there was an incident involving the loss of certain information devices and documents due to them being misplaced. Therefore, we set “zero incidents of loss of information devices and documents because they were left behind” as a priority goal for fiscal 2025, and formulated plans at factories, branch offices, business divisions, and headquarter divisions across Japan to work on improvements.

Response in the event of major incidents

The Company has prepared an IT-BCP manual to ensure that, in the event of a major incident related to information security, the relevant departments are promptly notified and activities to restore operations are carried out in a way that minimizes damage. The head of the department where an incident has occurred notifies the Digital Strategy Department and other relevant departments, and major incidents are reported to the Internal Control Committee and submitted to the Board of Directors for deliberation. The number of incidents is not disclosed for security reasons.

IT-BCP in the event of disasters and accidents

The Rules Concerning Business Continuity in the Event of a Natural Disaster include an IT-BCP manual, which sets forth response flows and system restoration procedures to be followed in the event of disasters or accidents.

Implementation of information security training

The Company provides information security training for all employees to further improve their literacy by having them learn the basics of information security and the Company's rules, as well as gain an understanding of the actual situation regarding incidents involving information security and cybersecurity. Managers and those in higher positions are also introduced to the role expected of those who manage information, and completion of the training requires passing a course test. In fiscal 2025, we conducted training for all employees of the Group using past examples as teaching material.

We also conduct unannounced drills regarding targeted attack emails, and such drills were carried out twice in fiscal 2025. Employees who open the emails are reminded to exercise caution and are required to undergo training.

· Implementation of information security self-checks

We ensure that all employees undertake a monthly information security self-check. The purpose of these checks is to ensure that each and every employee handles all information assets held by the Company in an appropriate manner and to raise awareness of information security matters. The results of these checks are provided as feedback to branch offices and worksites.



[Declaration of Information Security \(Basic Policy\)](#)

[DX Annual Report Strengthening information security measures \(Japanese text only\)](#)

Governance

Risk management / Risk management (BCP)

Risk management system for overseas operations

The Company has established a Risk Management Committee for all overseas operations, with members appointed from the Overseas Division and each area RC, meeting monthly. The head office and area RCs are constantly working together to manage and prevent risks, and we are working to minimize risks by applying their knowledge.

Additionally, based on an analysis of risk information and selection of priority measures, risk management training is conducted for employees in charge of overseas operations in head office departments and employees stationed around the world. We also continue to promote a range of training initiatives for employees, including national staff, led by the area RC function to help nurture our human resources.

Concept and Policy

Our aim is to be a “disaster-resistant company” that, in the event of a major disaster or other type of crisis that causes extensive damage, will still be able to fulfill its corporate social responsibility, including being able to continue providing important operations that support business activities and that will strive to ensure early recovery in the event of an interruption. We will also contribute to local communities by promptly carrying out relief and recovery activities in regions hit by disasters.

■ Action guidelines

- Ensure the safety of employees and their families.
- Ensure the establishment of a prevention and recovery system that enables the continuation of important operations that support business activities.
- Establish a support system to ensure that relief and recovery activities can be delivered quickly in affected regions.
- Constantly review and improve the business continuity plan to ensure that we become a disaster-resistant company.

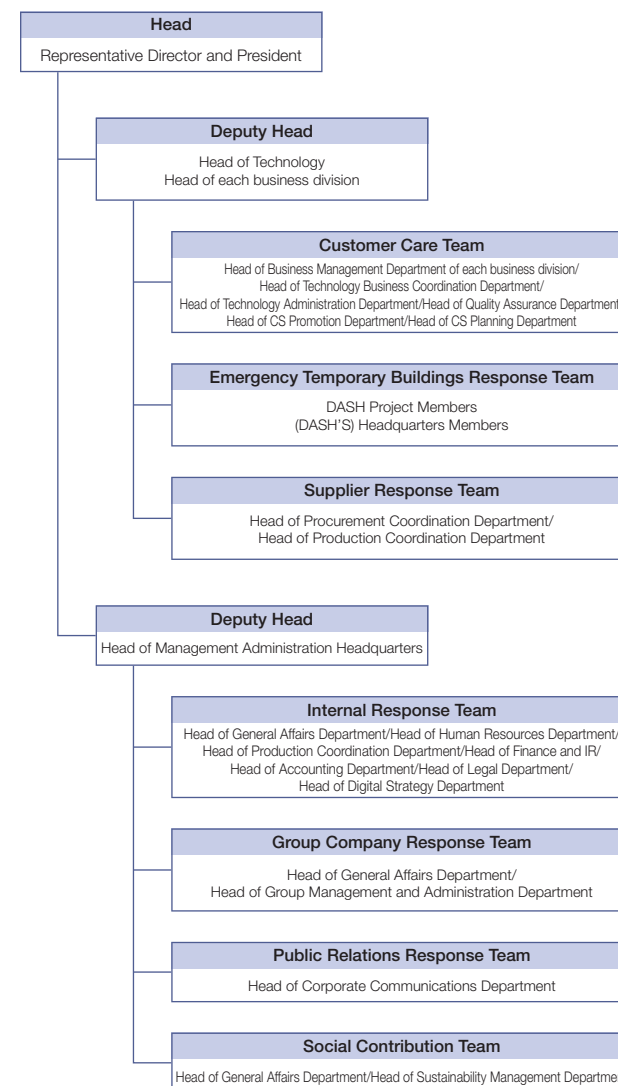
Management

Business continuity management (BCM)

Under the assumption that a serious disaster can occur at any time, the Company has established a basic policy and action guidelines for use with respect to BCP. In addition, the Company has formed a BCM Subcommittee incorporating different departments to formulate regulations concerning business continuity during natural disasters. In times of disaster, we will establish the Disaster Countermeasures Headquarters and the Local Disaster Countermeasures Headquarters, headed by Representative Director and President. We have laid out a backup framework for our call centers and factories when they are hit by a disaster, and for earthquakes and other natural disasters, pandemics and bomb warnings, we have formulated responses and an action manual, setting out what should be done promptly and properly at the site. 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.

■ Disaster Countermeasures Headquarters organization map



Governance

Risk management (BCP)

Framework to ensure safety and peace of mind of employees in times of disaster

To confirm the safety of employees using the system, the Company will confirm their safety post-disaster based on residential and work area information and get a handle on the state of disaster. In addition, if it is known that employees are in a disaster-affected area, we have a system in place to make individual phone calls to confirm their safety, rather than relying solely on the system.

As part of everyday training, we also conduct disaster response drills at all our worksites once every six months. We will work to develop a framework designed to more accurately gauge information about the safety of employees and their families with greater speed, including discussions by the BCM Subcommittee and revisions to manuals.

Formulation of business continuity plans (BCP) 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 promote 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.

Business continuity management in factories

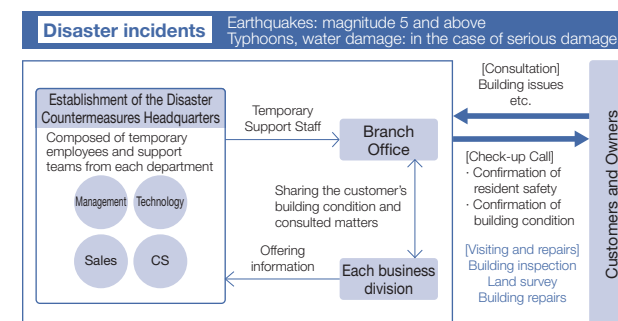
The factories collect information on weather conditions and monitor multiple sensors installed within factories. They prepare for natural disasters by implementing measures (wastewater inspections, protection of materials and products, inspections of shutters and doors, etc.) according to the anticipated 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. In preparation for emergencies, we have prepared various manuals detailing our response during natural disasters. Once a year, everyone at each factory conducts drills to ensure that they are able to act in accordance with these manuals. The manuals are revised as necessary with the aim of minimizing damage.

Structure for response to customers in event of disaster, etc.

In preparation for natural disasters such as earthquakes, we have established the Rules Concerning Business Continuity in the Event of a Natural Disaster and implemented a system to establish the Disaster Countermeasures Headquarters, as well as providing employee training and periodic drills. Furthermore, we have formulated the Disaster Response Manual, which stipulates initial systems in times of natural disasters. The manual sets out criteria and actions to be taken when disasters such as earthquakes, typhoons, or heavy rain occur or are likely to occur, dividing them into three stages: the preparation stage, the initial response stage, and the response stage. We also have put ourselves in a position to deliver relief supplies to affected areas through various routes including our Group companies.

In April 2026, we revised the manual based on our experience with heavy rain disasters to enable more prompt responses to customers.

Structure for response to customers in event of disasters



Governance

Internal audits

Concept and Policy

In order to achieve the best possible corporate governance, the Daiwa House Group takes the Global Internal Audit Standards (GIAS) of The Institute of Internal Auditors (IIA) as a reference and conducts internal audits objectively from a fair and independent standpoint to assess the adequacy and effectiveness of governance processes, risk management and controls (internal control) in the management activities of Group companies. These audits also advise and recommend the most effective improvements aimed at ensuring compliance with laws, regulations and internal rules necessary for the development of the Group, operational effectiveness and efficiency, and reliability of information, and support the implementation of such improvements.

In addition, based on the concept of the Three Lines Model, we will clarify the roles and responsibilities of the first line (business departments), second line (risk management and compliance functions) and third line (internal audits), ensure mutual independence, and strive to enhance the effectiveness of internal audits.

Management

Structure of internal audits

The Company has established an Internal Audit Department (comprising 46 employees as of April 1, 2026), which reports directly to the Chairman and President. This department conducts internal audits in accordance with the annual audit plan, which is formulated based on a risk approach, under the aforementioned approach.

All audit results are reported to the Chairman and President, while the results of audits pertaining to specific departments/divisions and worksites are reported to the Executive Officer in charge of the said department/division or worksite. In addition, we have established a system to regularly report an overview (of audit results) to the Board of Directors, Audit and Supervisory Board, Internal Control Committee, etc.

In addition, Audit and Supervisory Board Members maintain a close relationship with the Internal Audit Department,

and upon each internal audit, receive an “Internal Audit Report” and supplementary explanations provided orally or through other means. They examine the reported results, complement and check and balance the internal audit activities, evaluate the audit system, and request the directors, etc., to review it as necessary.

Implementation status of internal audits, etc.

The Company conducts internal audits on the Company, its subsidiaries, and other companies separately designated by the Company, which are collectively referred to as “target companies.” In addition, target companies include themselves and their subsidiaries in the scope of internal audits. In internal audits, when formulating an audit plan, we select which sites are to be audited and the items to be assessed in accordance with the results of the annual risk assessment of each Group site (company departments/divisions, branch offices, business worksites, factories, and domestic and overseas Group companies) with reference to the Medium-Term Management Plan and medium- to long-term issues raised through prior audits.

In fiscal 2025, we conducted audits on two themes covering 91 worksites (sum total of the Company's branch offices, business worksites, factories, and domestic and overseas Group companies) and multiple Head Office departments/divisions.

· Operational audits

In operational audits, in order to clarify the goals for self-assessment and improvement of branch offices, we have conducted evaluations of risk level and operational accuracy on a five-level scale since fiscal 2019. Issues identified during these audits are notified to the audited worksites and the relevant departments, and the status of improvements is subject to later checks to ensure their implementation.

· Reporting on internal controls pertaining to financial reporting (J-SOX)

The Internal Audit Department is responsible for assessment practices relating to the reporting by management of internal controls pertaining to financial reporting (J-SOX). The status of internal controls of the Company and its consolidated

subsidiaries, including compliance systems, are assessed in cooperation with the respective internal audit departments of the subsidiaries subject to assessment. We also cooperate with accounting auditors on these assessments by means of internal control audits.

Evaluating the effectiveness and efficiency of internal audits

The Company conducts quality assessments (internal and external) of the effectiveness and efficiency of our internal audits to continually improve the quality of the audits. We undergo external assessments periodically (at least once every five years) conducted by a qualified and independent external assessor. The most recent external assessment was conducted in fiscal 2021, and the next one is scheduled for fiscal 2026.

Improvement of issues discovered during audits

For issues identified during internal audits in audited departments such as branch offices and worksites, those departments are required to submit an improvement plan and, after a certain period of time, a progress report on the improvement plan. The Internal Audit Department provides advice and recommendations for improvement.

In fiscal 2025, improvement plans and other documents were submitted for 91 identified issues, and efforts are being made to make improvements.

CHAPTER

4

Implementation Report

Cooperating with Third Parties / Assessment by Third Parties

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■ Cooperating with Third Parties

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 as well as promoting environmental activities and making policy recommendations within 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 (UN Global Compact)

Since April 10, 2018, we have participated in the United Nations Global Compact (UN Global Compact), which is the universal principles on human rights, labor, environment, and anticorruption advocated by the United Nations, and voiced our support for the UN Global Compact Ten 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 anticorruption policies among people in countries and regions with various cultures and business practices.

In addition, in April 2025, the Company joined Forward

Faster, an SDG-related initiative launched by the UN Global Compact, and the CEO Water Mandate, a water resilience-related initiative. We are committed to achieving our climate change and water resilience goals. For climate change, we aim to achieve carbon neutrality by 2050, and for water resilience, we aim to achieve zero water risk by 2055 and are addressing six areas of water stewardship. We will accelerate initiatives by building networks with experts and others on climate change and water resources issues.

 P026 Mitigating and adapting to climate change

P049 Challenge ZERO Water-Associated Risks

  Participated in Forward Faster and the CEO Water Mandate (Japanese text only)



2025 PARTICIPANT

Our company is committed to upholding the Ten Principles of the **United Nations Global Compact**. Please refer to our **Communication on Progress**.

Participation in environment related initiatives

From March of 2018, we have been part of the Smart Energy Coalition (formerly 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 gases 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.

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.

 P056 Response to Task Force on Climate-related Financial Disclosures (TCFD) and Taskforce on Nature-related Financial Disclosures (TNFD)

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)



P097 Promoting employment for people with disabilities

■ Cooperating with Third Parties

■ Initiatives in which we participate

Initiatives, etc.	Organizer
- Participation in the Global Compact Network Japan (GCNJ) (Supply Chain Subcommittee, Environmental Management Subcommittee and ESG Subcommittee, etc.) - Forward Faster - The CEO Water Mandate	UN Global Compact
- RE100 - Smart Energy Coalition (formerly EP100)	The Climate Group, CDP
SBT	CDP, World Resources Institute (WRI), World Wildlife Fund (WWF), UN Global Compact
TNFD Forum	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)
The Valuable 500	—

 **P056** Response to Task Force on Climate-related Financial Disclosures (TCFD) and Taskforce on Nature-related Financial Disclosures (TNFD)

Active participation in leading national programs and validation projects conducted by the government

Daiwa House Industry continuously participates in leading government programs aimed at the future institutionalization, dissemination, and establishment of solutions for social issues such as decarbonization, biodiversity conservation, and resource recycling. In the GX Future Consortium promoted by the Ministry of Economy, Trade and Industry, we achieved the Gold grade for the GX Acceleration Declaration. Through public-private partnership frameworks, we aim to strengthen our medium-to-long-term competitiveness and sustainably improve corporate value by accurately capturing policy trends and aligning our business and technologies with societal demands.

In addition, in validation projects, we utilize actual businesses and facilities to verify the effectiveness and challenges of new technologies and initiatives. By accumulating data and insights obtained in real-world environments and feeding these results

back into policy formulation, we contribute to the construction of highly effective social systems. Through these efforts, we are promoting action-oriented sustainability management.

■ Major programs the Group participates in

Organizer	Program, etc.
Cabinet Office	Leaders Coalition for Empowerment of Women
Ministry of Economy, Trade and Industry	- Smart Community Alliance - Association on the Promotion of Standards for Long-Term Use of Housing Materials - GX Future Consortium - ZEH and ZEH-M Committee
Ministry of the Environment	- Eco First Program Promotion Council - Decokatsu (National Movement for New and Prosperous Lifestyles toward Decarbonization) - Green Value Chain Promotion Network - J-GBF Nature-Positive Declaration - Mori Sato Kawa Umi Project 30by30 Alliance for Biodiversity - Natural Symbiosis Sites - Plastic Smart - Water Cycle ACTIVE Company
Ministry of Land, Infrastructure, Transport and Tourism	- Review Committee on Airtightness Guidelines for Non-Residential Buildings - Japan-Ukraine Platform on Infrastructure Technology for Recovery and Reconstruction (JUPITeR)

■ Main validation projects

Validation project name	Organizer
Production, Building and Provision of Prefabricated Housing for Ukrainian Public Housing Feasibility Study Demonstration	Ministry of Economy, Trade and Industry
Validation Experiment for Commercialization of Grid Power Storage Plant Business at Kyushu Factory	Ministry of Economy, Trade and Industry
Technical Development and Validation Project for the Social Implementation of Perovskite Solar Cells, Conducted by a Consortium Consisting of Ricoh, Daiwa House Industry, and NTT Anode Energy	Ministry of Economy, Trade and Industry (NEDO Green Innovation Fund)

 **➤** Selected for the Ministry of Economy, Trade and Industry's FY2024 supplementary budget project, "Subsidy for Global South Future-Oriented Co-Creation Projects (Ukraine Reconstruction Support and Strengthening Cooperation with Central and Eastern European Countries, etc.)" (Japanese text only)

➤ Validation experiment for a grid power storage plant business launched at the Company's Kyushu Factory (Japanese text only)

 **➤** Consortium of Ricoh, Daiwa House, and NTT Anode Energy selected for NEDO Green Innovation Fund Joint project to develop and demonstrate perovskite solar cell technology for real-world deployment (Japanese text only)

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.

In particular, the Company's Representative Director and Chairman Yoshii, serves as the chairman of the Japan Prefabricated Construction Suppliers and Manufacturers Association; policy proposals through this association have led to pioneering initiatives for climate change and decarbonization, as well as the realization of support measures for housing acquisition. 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.

* While the formulation of the "Environmental Vision" and "Decarbonization Roadmap" was led by the Environment Subcommittee, as of April 2025, the role of chair for the Environment Subcommittee has changed from the Company to another company.

■ 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 (As of March 2026, the Company's Chairman serves as Vice Chairman)	- Building Regulatory Rationalization Committee - Housing Performance Improvement Committee - Housing Stock Committee, etc.
Japan Prefabricated Construction Suppliers and Manufacturers Association (As of March 2026, the Company's Chairman serves as Chairman)	- Environment Subcommittee (Housing Committee) - Technology Subcommittee (Housing Committee) / Energy Saving WG, etc.
Housing History Information Accumulation and Utilization Promotion Council	Project Steering Committee, etc.

■ Cooperating with Third Parties

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	- Research Committee on Environmental Assessment Methods - LCCM (Life Cycle Carbon Minus) Housing Certification Working Group - SDGs Smart Wellness Housing Research Planning Committee, etc.
Environmentally Symbiotic Community Development Association	- Steering Committee - Subcommittee, etc.
Smart Wellness Community Council	Community Development Subcommittee, etc.
Consortium for Building Research & Development	- Research and Development Promotion Committee, etc. - Consortium for Building Research & Development Study Group, etc.
Provision of Quality Housing Stock Association (As of March 2026, the Company's Chairman serves as Chairman)	- Planning & Administration Committee - Assessment Training Committee, etc.
Senior Housing Association (As of March 2026, the Company's Chairman serves as Chairman)	Research Committee on Circular Use of Housing Assets for the Elderly, etc.

Cooperation with NGOs, NPOs and other local and citizens' groups

We build partnerships with NGOs and NPOs that have extensive knowledge and expertise 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.

■ Key partners and activities

Collaboration partner	Major activities
Japan Climate Leaders Partnership (JCLP)	Collaboration in decarbonization business and aspiring policy recommendations by enterprises, etc.
Japan Climate Initiative (JCI)	Strengthening of measures against climate change in Japan
Institute for Built Environment and Carbon Neutral for SDGs	Promoting the SDGs in the housing and building fields, including reducing CO ₂ emissions throughout the lifecycle of buildings
Association for Business Innovation in Harmony with Nature and Community	Promotion of biodiversity-aware land use
World Wide Fund For Nature (WWF) Japan	Implementation of the Timber Procurement Guidelines, sharing of information on risk areas, etc.
Reforestation Commercialization Research Group, Japan Project-Industry Council (JAPIC)	Reforestation Commercialization Research Group (industrialization of new forestry system, proposals on community revitalization, etc.)
Green Purchasing Network	Dissemination of green purchase and Sustainability procurement
Japan Healthy House Association	Research concerning healthy housing and dissemination and awareness raising concerning healthy living style
Nara Industry-Region-Academia-Government Collaboration Platform Task Force "Nature Positive Nara Circle (Harmony)"	Building a network with practitioners of natural capital and Nature Positive to create cross-industry collaborative initiatives within Nara Prefecture that will serve as a model for the rest of the country
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
Japan Forest-Volunteer Association	Conservation activities for Mt. Rokko
Yoshinoyama Hoshokai	Cherry tree conservation activity at Mt. Yoshino
Osaka Gender Equality Foundation	Promotion of Gender Equal Community Development (Our employee participates as a director)
Fair Recruitment and Human Rights Center	Ensuring fair hiring practices and promoting in-house human rights training
Buraku Liberation and Human Rights Research Institute	Elimination of all racism and realization of a society with established human rights
Multi-Ethnic 'Human Rights' Education Center for Pro-existence	Realizing a co-created society, promoting human rights education

Cooperating with Third Parties

Daiwa House Ventures Creating new value through investment in startup companies

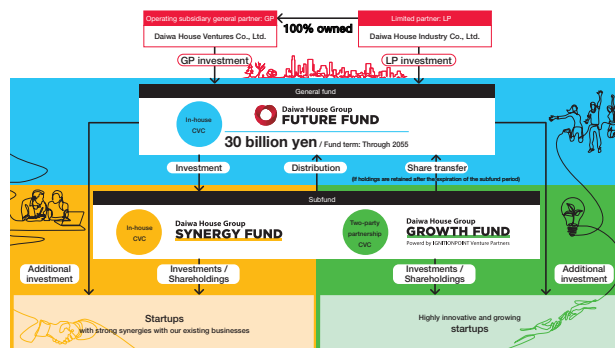
Daiwa House Ventures, a Daiwa House Group company, was established in 2023 as a specialized organization to manage CVC activities* of our Group companies. In addition to the hardware aspects of architecture and housing, which are at the heart of our business, it helps drive the realization of the Group's "Our Hopes for the Future" (Purpose) by expanding our range of software solutions. We plan to invest a total of approximately 30 billion yen in venture companies through 2055, our 100th anniversary.

Based on the premise of strengthening both social and economic value, which are key to realizing our purpose, we select investees from two perspectives: "evolution and expansion of core businesses," where synergies with our construction and housing business areas are expected, and "social issues/new technologies," which may fall outside our current business domains but are expected to create a social impact on community development in the future.

We will monitor business progress through participation in investees' shareholder briefings, board meetings, and individual meetings. We provide ongoing support to portfolio companies and help them create social value as they grow. While focusing primarily on Japan, we will also consider investment opportunities in regions where the Group operates, such as Northern Europe, Europe, and Southeast Asia.

* Corporate venture capital (CVC) activities refers to activities where a business company invests in and supports unlisted startups or venture companies with the aim of creating synergies with its own core business.

Fund overview



Main portfolio companies

When forming our funds, Daiwa House Ventures focuses on the synergy between the Group's extensive customer networks, value chains, and business models and the innovative technologies and exceptional speed of startup companies. In our quest to create businesses that will be indispensable for tomorrow's society, we invest across a wide range of sectors, including seven key areas: Safety & Security, Speed & Stock, Welfare, Environment, Health, Telecommunications, and Agriculture.

Main portfolio companies and activities

Fund	Portfolio company	Business and reasons for investment
Social issues and new technologies	SORA Technology Co., Ltd.	Combating malaria and other infectious diseases as well as addressing agricultural challenges utilizing air mobility such as drones, satellites, and AI. Supporting the improvement of quality of life in Africa while exploring business opportunities for the Daiwa House Group in developing countries.
	Oishii Farm Corporation	Developing plant factories driven by sustainability and automation. Collaborating with our Construction Division on providing support related to site selection and construction.
	GO Job Inc.	Developing and operating a career-change website specializing in drivers, as well as providing recruitment services. Supporting logistics tenants in resolving labor shortages and partnering with facility management services.
Evolution and expansion of core businesses	Polyuse Inc.	Developing technology and providing services specialized for the construction industry, including construction 3D printers. Leveraging their existing track record in civil engineering public works to expand into the construction field; considering providing them with our know-how and access to construction sites.
	RUTILEA, Inc.	Developing industry-specific AI services and providing computing resources via the cloud through data center development. Collaborating on site selection, construction, and operation to meet the rising demand for data centers driven by the rapid advancement of AI.
	Spacely, Inc.	Operating VR and spatial data platforms. Utilizing in logistics facilities and the sale of built-for-sale houses at housing sales offices nationwide. Supporting customers' spatial perception through AI-powered virtual furniture placement, among other services.



➤ Daiwa House Ventures (Japanese text only)

➤ Daiwa House Group "Our Hopes for the Future" Fund (Japanese text only)

■ Cooperating with Third Parties

Social Contribution Activities

Concept and Policy

For our Group, which operates branch offices and conducts business across the country, it is indispensable to build good relationships with local communities by addressing local issues and characteristics. Therefore, each branch has formulated the Miraimachi Sengen (Futuretown Declarations) which materializes the Group's Purpose "Our Hopes for the Future", the world we want to create by our 100th anniversary in 2055, at a local level, and is carrying out initiatives based on the declaration throughout Japan.

Based on these declarations, social contribution activities conducted at the regional level are called "community co-creation activities," and are carried out by each branch office. We deploy a wide range of local community contribution activities, primarily focusing on three areas: youth development, environmental conservation, and welfare support.

Promotion system for community co-creation activities at branch offices

Together with stakeholders at our branch offices and factories nationwide, we have come up with a vision of the towns we want to create for 2055, the 100th anniversary of our founding, and formulated the Miraimachi Sengen (Futuretown Declarations), to encapsulate our policies aimed at the towns of the future. In order to realize these declarations, we are planning and carrying out community co-creation activities aimed at addressing local issues throughout Japan. These activities will be spearheaded by the Community Co-Creation Promotion Committee at each branch office. Via interviews, dialogues, and collaboration with the civic activity departments of local governments and NPOs, committee members are working to improve activities.

In fiscal 2025, we conducted community co-creation activities at 183 locations, including our Yamaguchi Branch and Tohoku Factory.

 [Miraimachi Declaration \(Futuretown Declarations\)](#)
(Japanese text only)

 P198 [Social Data](#)
Achievements related to community co-creation activities
(FY2025)

DPL Community Connection Projects

The Company and our Group company, Daiwa House Property Management, have launched the "DPL Community Connection Project," which carries out community co-creation activities at "DPL" logistics facilities developed by the Company.

To date, we have concluded disaster prevention agreements with 20 local governments (as of March 2026) and have promoted the creation of facilities that coexist with the community by providing temporary evacuation sites for local residents, opening cafeterias to the public, installing community halls and playgrounds, and hosting events. Moving forward, this project will host disaster prevention events as well as festivals, sporting events, facility tours, and workplace experience programs. By making our logistics facilities open to local residents, we aim to deepen community understanding of logistics hubs and further promote community co-creation activities.

 [DPL Community Connection Projects \(Japanese text only\)](#)
[Official YouTube channel > Survidol Kahonan goes undercover!](#)
[The inner workings of disaster prevention in a large logistics center \(Japanese text only\)](#)

Endless Donations and Heart Donations Program

Through the Group's in-house donation programs, we support organizations that assist disaster-affected areas and work to solve local issues. Through our Endless Donations Program, we support organizations that address social issues, while through our Heart Donations Program, we collect donations following natural disasters and give them to the affected areas.

In fiscal 2025, through the Endless Donations program, a total of approximately 3.5 million yen was donated to eight organizations dedicated to solving social issues, selected by the Sustainability Management Department at the Head Office. In addition, to raise employees' awareness of social issues, we held four online sessions featuring updates on disaster relief efforts, as well as introductions to children's cafeterias, refugee support activities, and childcare and parenting support programs.

Furthermore, as emergency support for the great earthquake in Myanmar in 2025, and the heavy rain disasters centered on

the Kyushu region and the earthquake in Afghanistan in August, we implemented the Heart Donations program. Approximately 3 million yen was contributed by employees, and a total of 6 million yen, including a matching gift from the Company, was donated to NPO Japan Heart and NPO Japan Platform.

Cherry tree conservation activity at Mt. Yoshino

Due to the connection of Yoshino District in Nara Prefecture as a place associated with our founder, and upon request from the local community, we have been cultivating Shiroyamazakura cherry trees, which have been passed down in Yoshino since ancient times, by collecting seeds from parent trees in the mountains since 2008. Together with Yoshinoyama Hoshokai, we learned how each individual task helps foster the cherry trees through a year-round cycle: from seed sowing and planting in February, soil improvement work in May, and seed collection in June, to grass cutting in July and September, and sapling transplanting in December. In fiscal 2025, following the discovery of the red-necked longhorn beetle, an invasive alien species, in Mt. Yoshino, we also carried out extermination activities. In fiscal 2025, a total of 187 current and former employees participated as volunteers.

 [Daiwa Sakura Aid](#)
 P198 [Social Data](#)
Achievements related to community co-creation activities
(FY2025)



Extermination activities of the red-necked longhorn beetle



■ Cooperating with Third Parties / Assessment by Third Parties

Main certifications and awards

Daiwa House Group Holding “Construction College”

The Company, along with Group companies Daiwa Lease and Fujita, jointly held initiatives to promote the appeal of the construction industry as a whole, in response to the aging workforce and the decreasing number of new entrants in the sector. In August 2025, we held “Construction College” at Congrès Square Haneda Hall for students interested in architecture (including university, college of technology, and vocational school students). A total of 108 students participated. Technical employees from the Group, involved in design and construction (single-family housing, rental housing, medium and high-rise, commercial and business facilities), structural design, facilities, estimates, R&D, urban development, and other areas, set up booths by job category to provide fun and concrete introductions to the appeal of the construction industry, specific job duties, the rewards of the work, and typical daily routines. We conveyed the appeal and fulfillment of the construction industry through Q&A sessions with students and by showing them actual CAD screens. Participating students shared feedback such as, “Seeing how what I am learning in school is reflected in BIM made me realize the value of studying 3D,” and “By experiencing new technologies like quadruped robots and VR presentation gateways, I was able to learn about various initiatives within the construction industry.” By having our technical employees personally promote the appeal of the industry, we aim to create opportunities for students to recognize construction as a viable career option, thereby contributing to the revitalization of the entire industry.



Scene at “Construction College”

Selected as an “A List Company” (highest rating) in CDP Climate Change, CDP Forest, and CDP Water Security

The Company was selected as an “A List Company,” achieving the highest rating across all three areas of CDP Climate Change, CDP Forest, and CDP Water Security, resulting in a comprehensive evaluation of our environmental initiatives and information disclosure. This marks eight consecutive years on the A List for CDP Climate Change and four consecutive years for CDP Water Security.

CDP collaborates with institutional investors and other parties to encourage companies to disclose and manage their environmental information. In 2025, more than 22,100 companies disclosed their information through CDP. CDP evaluates environmental initiatives by companies and governments. In the CDP questionnaires on climate change (for reduction of greenhouse gases emissions), water security (protection of water resources), and forests (conservation of forest resources), companies are scored on an 8-point scale (A, A-, B, B-, C, C-, D and D-), and companies with particularly outstanding efforts are selected for the A List.

The Company also received the CDP’s highest Supplier Engagement Rating, listing on the Supplier Engagement Leaderboard for seven years running.



➤ Selected as an “A List Company” (highest rating) across all categories: CDP Climate Change, CDP Forest, and CDP Water Security (Japanese text only)

➤ Awarded the highest rating in the CDP Supplier Engagement Rating for seven consecutive years (Japanese text only)

Company receives Bronze EcoVadis sustainability rating

The Company was awarded a Bronze rating in 2025 in the sustainability review by EcoVadis (headquarters: France), an international rating organization.

EcoVadis evaluates corporate sustainability across entire supply chains in four areas (environment, labor and human rights, ethics, and sustainable procurement), covering more than 150,000 companies across over 250 industries in more than 185 countries.

The Company received a Bronze rating for its Group sustainability activities, which places it in the top 35% of companies assessed.

Received the Minister of the Environment Award (Silver Prize) in the Category for Environmentally Sustainable Companies of the 7th ESG Finance Awards Japan

The Company received the Minister of the Environment Award (Silver Prize) in the Category for Environmentally Sustainable Companies of the 7th ESG Finance Awards Japan organized by the Ministry of the Environment. This marks the fourth time we have received an award at this event, following the Bronze Prize in 2021, the Silver Prize in 2024, and the Gold Prize in 2025.

The Company has established its Environmental Action Plan “Endless Green Program 2026” to achieve its Long-Term Environmental Vision “Challenge ZERO 2055,” and is promoting environmental management integrated with the Medium-Term Management Plan and business strategies. The Company was recently recognized not only for its advanced efforts to achieve zero environmental impact, including the reduction of greenhouse gases emissions, greening activities, building longevity, and waste reduction, but also for its disclosure of financial information related to climate change and the natural environment.



➤ Received the Minister of the Environment Award (Silver Prize) in the Category for Environmentally Sustainable Companies of the 7th ESG Finance Awards Japan (Japanese text only)

■ Assessment by Third Parties

Selected for “Excellent Sustainability Disclosure” by GPIF

The Company was selected for “Excellent Sustainability Disclosure” from a Materiality Perspective, chosen by asset managers handling domestic equities for the Government Pension Investment Fund (GPIF) in fiscal 2025.

To evaluate corporate sustainability disclosures, this survey involved 23 asset managers commissioned by GPIF; as a result, 89 companies were selected for “Excellent Sustainability Disclosure” and 66 for “Highly Improved Sustainability Disclosure.”

As disclosure systems become more integrated and sophisticated with the introduction of Sustainability Standards Board of Japan (SSBJ) standards, we will continue to further enhance our sustainability information disclosures and take proactive initiatives.



➤ Selected by GPIF’s Japanese equity asset managers for “Excellent Sustainability Disclosure” and “Highly Improved Sustainability Disclosure” from a Materiality Perspective (Japanese text only)

Received a 4.5-star rating in the Seventh Nikkei SDGs Management Survey within the Comprehensive Sustainability Survey 2025

In the seventh 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.

This survey is a rating of efforts toward the SDGs (Sustainable Development Goals) conducted by Nikkei Inc. for 830 Japanese companies, including listed firms, evaluating four areas: “SDGs Strategy/Economic Value,” “Social Value,” “Environmental Value,” and “Governance.” We will continue to further advance our initiatives toward solving social issues through our business activities.



➤ Comprehensive Sustainability Survey 2025
Seventh Nikkei “SDGs Management” Survey
Overview of the Ninth Nikkei Smart Work Management Survey (Japanese text only)

12th in CSR Corporate Ranking 2026 (20th edition) (2nd in the 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 (100 points), environment (100 points), corporate governance and societal impact (100 points combined), and financial categories (profitability, soundness, and scale; 100 points each) for a possible maximum 600 points and ranked accordingly.

Daiwa House Industry was ranked 2nd in the construction industry and 12th overall in the 2026 edition published in February 2026.

■ Assessment by Third Parties

■ Major ESG-related awards

Awarded category	Award name	Organizer	Reason for the award
ESG management	CDP Climate Change 2025 A (highest rating)	CDP	Climate change strategies and initiatives to reduce greenhouse gases emissions
	CDP Water Security 2025 A (highest rating)		Protection of water resources
	CDP Forest 2025 A (highest rating)		Conservation of forest resources
	CDP Supplier Engagement Rating Supplier Engagement Leader (highest rating)		Evaluates corporate initiatives on climate change in the four areas of governance, targets, Scope 3 emissions, and value chain engagement
	Received the Minister of the Environment Award (Silver Prize) in the Category for Environmentally Sustainable Companies of the 7th 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.
	Selected as 2026 Certified Health & Productivity Management Outstanding Organizations engaging	Nippon Kenko Kaigi	Implementation of excellent health and productivity management in collaboration with health insurance associations (35 Group companies received awards)
	Received Gold in PRIDE Index 2025	Voluntary organization work with Pride	Initiatives to cultivate a workplace culture where diverse talent, including women, people with disabilities, seniors, and LGBTQ+ individuals, can realize their full potential
	Received the Minister of Education, Culture, Sports, Science and Technology Award at the Excellent Company Taiken Award (Award for Excellence for Companies Promoting Youth Experiential Activities)	Ministry of Education, Culture, Sports, Science and Technology	Companies that have implemented particularly outstanding social contribution activities aimed at promoting experiential activities for youth
Products and services	Received the Special Award at the 4th ABINC Award	Association for Business Innovation in harmony with Nature and Community (ABINC)	Initiatives regarding biodiversity, water circulation, and community collaboration at the Mie Asahi Logistics Center (Joint award with Japan Transcity Corporation)
	Received the Good Design Award 2025	Japan Institute of Design Promotion	Daiwa House Group received awards for eight projects, including the “Kyuetsukaen” condominium
	Received the Japan Wood Design Award 2025	Japan Wood Design Association	Three works received awards: the “Kawamura Electric Inc.’s Tsukuba Plant Cafeteria Building,” the “Expo Bus Stop Architecture Project East Gate South Stop (known as ‘wavy’),” and the thinned wood fire-resistant exterior wall “Kantai Panel” (the Kantai Panel was jointly developed by Haganuma Manufacturing Co., Ltd., the Company, and Group company Fujita)
	Received the Gold Prize in the Large Enterprise Category of the KANSAI DX AWARD 2025	Kansai Digital Month Executive Committee	Utilization of BIM and advanced initiatives toward construction DX

■ Assessment by Third Parties

Inclusion in main ESG indices

The Company has been selected as a constituent of five out of the six ESG indices (domestic Japanese stocks) adopted by the Government Pension Investment Fund (GPIF), as of the end of March 2026. In addition to inclusion in indices, it selects the ESG ratings that are highly valued by investors and other stakeholders. The results are reported to management and the responsible departments to drive continuous improvement.

FTSE JPX Blossom Japan Index

This index is created by FTSE Russell, a global index provider. It is designed to measure the performance of companies demonstrating specific Environmental, Social and Governance (ESG) practices, and is widely used in the creation and evaluation of sustainable investment funds and other financial products.

FTSE Russell evaluations are based on performance in areas such as Corporate Governance, Health & Safety, Anti-Corruption and Climate Change. Businesses included in the FTSE JPX Blossom Japan Index meet a variety of environmental, social and governance criteria.



[FTSE Blossom Index Series](#)



FTSE JPX Blossom Japan Index

FTSE JPX Blossom Japan Sector Relative Index

This index is created by FTSE Russell, a global index provider. This index reflects the performance of Japanese companies demonstrating specific Environmental, Social and Governance (ESG) practices relative to their respective sectors and is designed to be sector-neutral. Furthermore, to promote the transition to a low-carbon economy, for companies with particularly high greenhouse gases emissions, only those whose improvement efforts are recognized are included in the index.



[FTSE Blossom Index Series](#)



FTSE JPX Blossom Japan Sector Relative Index

MSCI Japan ESG Select Leaders Index

This index is created by Morgan Stanley Capital International (MSCI). It is constructed by selecting companies with excellent ESG ratings from the constituents of the parent index (MSCI Japan IMI Index), with a target of including 50% of the number of stocks in each GICS® industry classification.

2026 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

*

Morningstar Japan ex-REIT Gender Diversity Tilt Index

This index is created by Morningstar. Utilizing data and evaluation methodologies provided by Equileap, it is designed to enable investment focused on companies where established gender diversity policies are embedded in corporate culture, as well as companies that guarantee equal opportunities for employees regardless of gender.

S&P/JPX Carbon Efficient Index

This index was jointly developed by the Japan Exchange Group and S&P Dow Jones Indices. Using TOPIX, a representative stock index reflecting trends in the Japanese market, as the universe, it determines the weighting of constituent stocks based on the status of environmental information disclosure and the level of carbon efficiency (carbon emissions per revenue).



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Environmental Data | Calculation and Reporting of Environmental Data

Basics

◇ Report period: April 1, 2025 to March 31, 2026

◇ Reporting organizations: Daiwa House Industry Co., Ltd. and its consolidated subsidiaries Reference: Number of consolidated subsidiaries: 507 (176 in Japan, 331 outside Japan) (as of March 31, 2026)

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. 6.0)* by the Ministry of the Environment and the Ministry of Economy, Trade and Industry
- *Basic Guidelines on Calculating Greenhouse gases Emissions through Supply Chain (Ver. 2.7)* 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 gases (GHG) emissions

At Daiwa House Group, among GHG emissions, we calculate and report exclusively on carbon dioxide (CO₂) emissions originating from energy.

We exclude GHG other than CO₂ originating from energy. Specifically, these are CO₂ from nonenergy sources, as well as methane (CH₄), Nitrous Oxide (N₂O), and the fluorinated gases of hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆) and nitrogen trifluoride (NF₃). 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.

◇ CO₂ 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 (average values for purchases from unknown power companies) and average values in Japan for overseas purchases.

Purchased electricity	0.423 kg-CO ₂ /kWh (average value)	City gas	2.050 kg-CO ₂ /m ³ (N)
In-house consumption of renewable energy (including PPA)	0.000 kg-CO ₂ /kWh	LP gas (liquefied petroleum gas)	2.994 kg-CO ₂ /kg
Gasoline	2,290 kg-CO ₂ /kL	Cold, Warm Water	0.0532 kg-CO ₂ /MJ
Light oil	2,619 kg-CO ₂ /kL	Imported coal (thermal coal)	2,326 kg-CO ₂ /t
No. 2 fuel oil	2,753 kg-CO ₂ /kL	Wood pellet	0.000 kg-CO ₂ /t
Kerosene	2,503 kg-CO ₂ /kL	Hydrogen	0.000 kg-CO ₂ /kg
		Natural gas	1.957 kg-CO ₂ /m ³ (N)

The calculation of CO₂ is affected by inherent uncertainty resulting from the incomplete scientific knowledge used to determine emission factors and numerical data.

* Under the Act on Promotion of Global Warming Countermeasures, CO₂-equivalent values that take into account global warming potentials are used.

◇ 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. In addition, we use the same factors at overseas locations as well.

Purchased electricity (including renewable energy plans)	8.64 GJ/MWh	City gas	40.0 GJ/1000 m ³ (N)
Renewable energy (in-house consumption PV, on-site PPA)	3.60 GJ/MWh	LP gas (liquefied petroleum gas)	50.1 GJ/t
Gasoline	33.4 GJ/kL	Cold, Warm Water	1.19 GJ/GJ
Light oil	38.0 GJ/kL	Imported coal (thermal coal)	26.1 GJ/t
No. 2 fuel oil	38.9 GJ/kL	Wood pellet	13.2 GJ/t
Kerosene	36.5 GJ/kL	Hydrogen	142 GJ/t
		Natural gas	38.4 GJ/1000 m ³ (N)

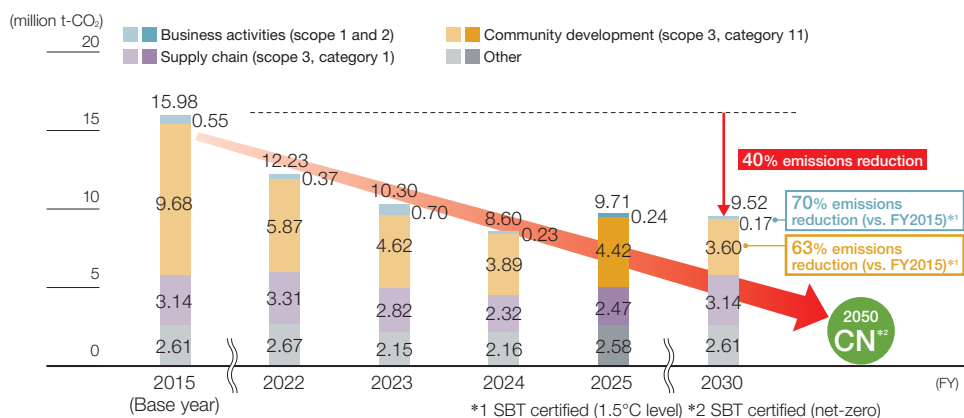
Environmental Data | Progress of Carbon neutrality Strategy

Measures for Carbon neutrality Strategy	Indices	FY2022 results	FY2023 results	FY2024 results	FY2025 results	FY2026 targets	FY2030 targets
Decarbonization across the value chain	Reduction rate of GHG emissions across the value chain (vs. FY2015)	23.5% reduction	35.6% reduction	46.2% reduction	39.2% reduction	35% reduction	40% reduction
Contributing to the spread of renewable energy	Renewable energy generation equipment construction results (EPC) * Cumulative values since FY2011	2,706 MW	3,075 MW	3,311 MW	3,592 MW	4,200 MW	5,000 MW
	Renewable energy power plants development and operating results (IPP) * Operating capacity at the end of each fiscal year, excluding in-house consumption	602 MW	700 MW	877 MW	1,028 MW	1,550 MW	2,500 MW

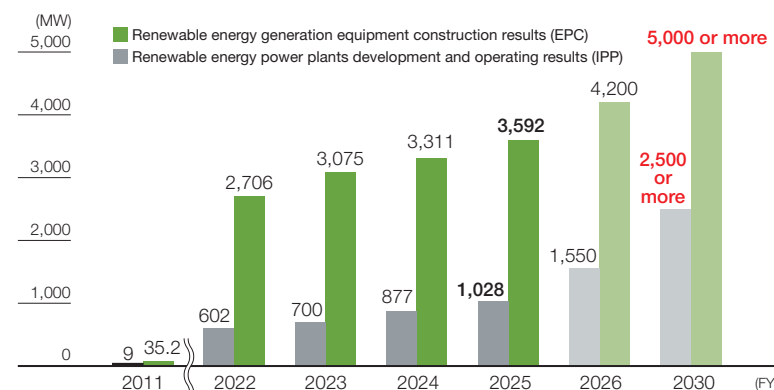
EPC: Contracting of facility construction work as a project that integrates Engineering, Procurement, and Construction.

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 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 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. 165 and p. 167.

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. 158.

For Scope 3, Category 1 and Others, please refer to the calculation methods and scope of coverage for "GHG emissions in our value chain" on p. 172.

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 5 Group companies (Daiwa Lease, Fujita, 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 in-house consumption at the Group's business facilities.

◇ Scope of coverage

The company and 14 Group companies (Daiwa Energy, Daiwa Lease, Eneserve, Daiwa House Realty Management, Daiwa Logistics, Daiwa Living, KOUYAMAANYU, DesignArc, Fujita, FUJITA BUILDING MAINTENANCE, Royal Home Center, Wakamatsu KONPOU UNYU SOKO, DB Logitec, and Hibikinada Thermal Power Station)

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

EGP2026 concluded in fiscal 2025 — one year ahead of the original schedule — together with the 7th Medium-Term Management Plan.

😊 : Target for fiscal 2025 achieved

😐 : Target for fiscal 2025 not achieved (achieved 90% or more)

😞 : Target for fiscal 2025 not achieved (achieved less than 90%)

■ Mitigating and Adapting to Climate Change

Challenge ZERO	Management indicator (KPI)	2022 results	2023 results	2024 results	2025 targets	2025 results	Pages
(1) Challenge ZERO for CO ₂ in community development	GHG emissions reduction rate derived from use of products (total) vs. FY2015	39.3% reduction	52.2% reduction	59.8% reduction	56% reduction	54.3% reduction	😊*1 P027, 158
	ZEH rate* ^a	86%	97%	99%	95%	98%	😊 P028, 159
	ZEH-M rate for rental housing	14.2%	48.7%	73.1%	75%	77.7%	😊 P028, 159
	ZEH-M rate for condominiums	67.5%	90.5%	100%	100%	100%	😊 P028, 159
	ZEB rate	65.7%	68.5%	66.2%	70%	66.2%	😐*2 P029, 159
	The number of ZEH- renovation equivalents	1,472	3,789	4,555	4,700	8,173	😊 P029, 160
	Renewable energy generation equipment construction results (EPC) * ^b	2,706 MW	3,075 MW	3,311 MW	3,750 MW	3,592 MW	😐*3 P149
(2) Challenge ZERO for CO ₂ in business activities	Renewable energy power plants development and operating results (IPP) * ^c	602 MW	700 MW	877 MW	1,100 MW	1,028 MW	😐*4 P029, 149
	GHG emissions reduction rate derived from business operations (total) vs. FY2015	33.5% reduction	26.3% increase	58.1% reduction	54% reduction	57.6% reduction	😊 P027, 164
	Promotion of Electric—Introduction rate of clean energy cars (Company vehicles)	2.8%	6.3%	9.3%	16%	15.8%	😐*5 P032, 169
	Promotion of Electric—Introduction rate of clean energy cars (Privately owned vehicles)	1.0%	2.0%	2.5%	7%	3.4%	😞*5 P032, 169
	Energy efficiency (Smart Energy Coalition (formerly EP100)) vs. FY2015	Up 1.50 times	Up 1.81 times	Up 2.0 times	Up 2.0 times	Up 2.03 times	😊 P031, 165
	Renewable energy utilization rate (RE100)	41.5%	81.8%	98.9%	100%	99.3%	😐*6 P031, 166
	ZEB rate for newly constructed company-owned facilities	75.0%	38.7%	68.1%	100%	68.4%	😞*7 P169
(3) Challenge ZERO for CO ₂ in the supply chain	Percentage of newly constructed company-owned facilities with solar power generation equipment	34.8%	55.6%	53.8%	100%	63.6%	😞*7 P169
	Setting rate of principal suppliers' SBT standard* ^d GHG reduction targets	65.9%	57.7%	71.2%	90%	73.9%	😞*8 P033, 170
	The number of contracts for renewable energy and energy-efficiency solutions (The number of cases of support) (cumulative)	9	15	19	29	32	😊 P170

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

- *1 In ZEB conversion of commercial and office buildings, the floor area under construction for building uses with high energy consumption per floor area (hotels, nursing care facilities, etc.) increased from fiscal 2024 levels, as a result of which we were unable to achieve our reduction target of 56%. In the future, while continuing to promote ZEB conversion, we will work to increase both the installation rate and capacity of solar power generation systems to curb increases in GHG emissions accompanying business expansion, thereby aiming to improve the reduction rate.
- *2 Due to an increase in the floor area under construction for hotels, nursing care facilities, and other types of buildings where ZEB conversion is difficult, which changed the composition of ZEB buildings by use, the ZEB rate in fiscal 2025 was 66.2%, falling short of our target of 70%. In the future, we will aim to improve the ZEB rate by promoting best practices in proposal and design methods for different building uses across the Company and strengthening our initiatives.
- *3 In fiscal 2025, renewable energy generation equipment construction results (EPC) totaled 3,592MW, below our target of 3,750MW, reflecting offsite PPA projects not progressing as planned. In the future, we will continue to secure land for solar power generation through offsite PPA projects and strengthen our approach to electricity consumers by collaborating with major energy producers, thereby increasing our track record in renewable energy generation equipment construction.
- *4 With the start of power plant operations accompanying PPA projects, renewable energy power plants development and operating results (IPP) in fiscal 2025 totaled 1,028MW, below our target of 1,100MW. We will continue to promote PPA projects and expand our renewable energy power plants.
- *5 The driving range of the clean energy cars on the market falls short of the travel distance needed to conduct our business. Furthermore, as a result of the lack of progress in installing charging equipment at the commercial facilities and buildings where our branch offices are located, as well as difficulties in securing charging equipment near our branch offices, the introduction rate of clean energy cars stood at 15.8% for company use and 3.4% for private use in fiscal 2025, missing the respective targets of 16% and 7%. In fiscal 2026 as well, we will continue to promote the adoption of clean energy cars by systematically installing charging equipment at our own facilities as well as consider securing charging-enabled parking lots for branch offices located in commercial facilities and buildings.
- *6 While the Group has completed the switch to renewable energy to the extent possible, it has not been able to turn the power sources to renewable energy using the gas co-generation system in the Company's Osaka building. In addition, the Group has not been able to obtain renewable energy certificates in some foreign countries. As a result, the renewable energy utilization rate came to 99.3% in fiscal 2025, falling short of our target of 100%. In the future, we will continue to closely watch external trends in renewable energy sourcing while continuing with similar initiatives to maintain our renewable energy utilization rate near 100%.
- *7 The ZEB rate and solar power installation rate for newly constructed company-owned facilities remained at 68.4% and 63.6%, respectively, both missing their targets of 100% each. Factors include difficulties in ensuring profitability for hotel applications and insufficient internal awareness. In the future, we will ensure thorough internal dissemination of our ZEB conversion policy and horizontally deploy examples of ZEB conversion to improve the ZEB rate. We will also work to increase the solar power installation rate by adopting small-scale packages developed in-house for commercial and office buildings.
- *8 We have worked to raise awareness about setting GHG reduction targets, primarily through dialogue with suppliers such as decarbonization dialogue; however, it can be difficult to set targets in certain business types where reducing GHG emissions is challenging or for small suppliers. As a result, the setting rate of principal suppliers' SBT standard GHG reduction targets was 73.9% in fiscal 2025, falling short of our target of 90%. In the future, we plan to continue dialogue, focusing on suppliers that have not made sufficient progress in reducing emissions, while also confirming the progress of plans for the GHG reduction targets set by suppliers.

*a Excluding Hokkaido.

*b Cumulative values since FY2011.

*c Operating capacity at the end of each fiscal year, excluding in-house consumption.

*d 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.)

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

EGP2026 concluded in fiscal 2025 — one year ahead of the original schedule — together with the 7th Medium-Term Management Plan.

😊 : Target for fiscal 2025 achieved

😞 : Target for fiscal 2025 not achieved (achieved 90% or more)

😞 : Target for fiscal 2025 not achieved (achieved less than 90%)

■ Harmony with the natural environment (Preservation of biodiversity)

Challenge ZERO	Management indicator (KPI)	2022 results	2023 results	2024 results	2025 targets	2025 results	Pages
(4) Challenge ZERO Deforestation	Rate of C-ranked timber in procurement	3.1%	1.0%	0.5%	0.5%	0.4%	😊 P039, 174
	Setting rate of zero deforestation policy (primary suppliers)	6.1%	45.6%	81.1%	90%	88.9%	😞*9 P174
	Setting rate of zero deforestation policy (secondary suppliers and beyond)	0%	2.6%	7.5%	20%	15.7%	😞*9 P174
	Rate of sustainable concrete formwork use (no. of building basis)	—	—	83.1%	60%	70.3%	😊 P039, 175
(5) Challenge ZERO Harm to Biodiversity	Area of ecosystem-considerate vegetation cover (cumulative)	257,000 m ²	464,000 m ²	711,000 m ²	900,000 m ²	1,003,000 m ²	😊 P040, 175
	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	11.4%	14.7%	28%	48.8%	😊 P176

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

*9 In order to achieve zero deforestation associated with timber procurement in housing and construction businesses by 2030 as set forth in our Group's Long-Term Environmental Vision, we have explained the current status of deforestation occurring around the world and the importance of formulating a zero-deforestation policy to our suppliers, encouraging each supplier to formulate its own policy. However, in fiscal 2025, the rate of setting zero-deforestation policies was 88.9% for primary suppliers and 15.7% for secondary suppliers and beyond, below our targets of 90% and 20%, respectively. We will continue to encourage suppliers to gain their endorsement of our Group's zero-deforestation policy, aiming to achieve zero deforestation.

* As the rate of replacement of plastic goods for distribution (offices, etc.) had reached a high level, it was removed from the EGP management indicators beginning in fiscal 2025.

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

Challenge ZERO	Management indicator (KPI)	2022 results	2023 results	2024 results	2025 targets	2025 results	Pages
(6) Challenge ZERO Waste and Reuse	Number of assets subject to effective use	4,276	3,289	2,713	2,800	3,138	😊 P045, 177
	Number of buildings subject to durability extension	8,984	8,929	8,434	8,400	9,623	😊 P045, 177
	Recycling rate of waste plastics material (production)	16.8%	21.6%	24.5%	26%	29.5%	😊 P047, 177
	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	8.2% reduction	9.5% reduction	32% reduction	21.0% reduction	😞*10 P047, 178
	Promotion of the Daiwa Plastics Smart Project Recycling rate of amenities that are plastic-containing products specified in law (hotels)	0%	0.03%	0.6%	25%	9.1%	😞*10 P178
	Setting rate of zero waste emissions targets by principal suppliers	34.6%	41.8%	49.5%	80%	51.2%	😞*11 P045, 178
—	Construction waste emissions: Production (per unit of sales)	53.8 kg/million yen	50.8 kg/million yen	52.8 kg/million yen	60 kg/million yen	50.3 kg/million yen	😊 P180
	Construction waste emissions: New construction (per m ²)	19.0 kg/m ²	18.9 kg/m ²	18.4 kg/m ²	19 kg/m ²	22.3 kg/m ²	😞*12 P180
	Construction waste recycling rate	97.9%	97.6%	98.0%	98%	97.9%	😞*13 P179
(7) Challenge ZERO Water-Associated Risks	Water-saving device adoption rate (housing and hotels)	96.8%	98.3%	99.2%	99.3%	99.5%	😊 P049, 181
	Water consumption reduction rate (per unit of sales) vs. FY2012	42.7% reduction	42.3% reduction	56.5% reduction	44% reduction	58.9% reduction	😊 P181
	Implementation rate of water risk surveys by principal suppliers	85.5%	93.9%	98.6%	99%	99.0%	😊 P050, 183

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

*10 We have made some progress in reducing amenities that are plastic-containing products specified in law by expanding the installation of amenity bars and reducing product weight. However, due to slow progress in switching to plant-derived plastic materials, the reduction rate of amenities that are plastic-containing products specified in law (hotels) was 21.0% in fiscal 2025, below our target of 32%. In the future, we will further promote efforts to reduce the use of fossil-fuel-derived virgin plastics, including switching to plant-derived plastic materials. Also, although we are working on material recycling for used amenities, the material recycling rate (hotels) was 9.1%, below our target of 25%, as the expansion of the implementation area did not progress as planned. In the future, we will work to establish material recycling routes in areas where material recycling is not yet implemented and expand our efforts.

*11 Despite continuously conducting zero emissions dialogues since fiscal 2022, as well as confirming the status of waste disposal by suppliers and promoting the setting of recycling targets, the setting rate of zero waste emissions targets by principal suppliers came to 51.2% in fiscal 2025, falling short of our target of 80%. In the future, we will continue dialogue with suppliers to realize a circular economy, including zero emissions.

*12 Due to an increase in the number of buildings for uses with high waste emissions per floor area, construction waste emissions (construction) in fiscal 2025 were 22.3 kg/m², and we were unable to achieve our target of 19 kg/m². In the future, in addition to increasing the use of pre-cut materials, we will continue efforts to reduce waste volume at construction sites (reducing waste volume through compression, sorting, etc.) and promote efforts to curb waste emissions.

*13 Although we maintained the same recycling rate as in fiscal 2024, the recycling rate for construction waste in fiscal 2025 was 97.9%, below our target of 98%, partly due to the addition of new Group companies. In the future, we will ensure even more thorough sorting of waste at each property and continue to develop waste disposal contractors capable of recycling to maintain and improve the recycling rate.

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

EGP2026 concluded in fiscal 2025 — one year ahead of the original schedule — together with the 7th Medium-Term Management Plan.

😊 : Target for fiscal 2025 achieved

😐 : Target for fiscal 2025 not achieved (achieved 90% or more)

😞 : Target for fiscal 2025 not achieved (achieved less than 90%)

■ Prevention of chemical pollution

Challenge ZERO	Management indicator (KPI)	2022 results	2023 results	2024 results	2025 targets	2025 results		Pages
—	Compliance with voluntary standards for indoor air quality	97.1%	90.0%	100%	100%	100%	😊	P052
	Release and transfer reduction rate of PRTR (per unit of sales) vs. FY2023*e	—	—	10.3% reduction	2% reduction	12.3% reduction	😊	P052, 184
	VOC emission reduction rate (per unit of sales) vs. FY2013	35.9% reduction	39.6% reduction	54.2% reduction	40% reduction	57.9% reduction	😊	P052, 184

*e Subject substances were revised in fiscal 2023 following amendments to the PRTR Law. As a result, for fiscal 2024 onward, reduction rates are calculated by setting fiscal 2023 as a base year, with revised PRTR-listed substances subject to assessments.

■ Environmental management

Challenge ZERO	Management indicator (KPI)	2022 results	2023 results	2024 results	2025 targets	2025 results		Pages
—	Sales of environmental contribution businesses	1,276.2 billion yen	1,581.4 billion yen	1,765.2 billion yen	1,750.0 billion yen	1,646.9 billion yen	😐*14	P015, 153
	Number of those who pass the Certification Test for Environmental Specialists (Eco Test)*	25,080	28,134	31,297	33,000	34,870	😊	P022, 154
	Green purchasing ratio	97.5%	99.0%	99.0%	95%	97.8%	😊	P155
	Implementation status of measures for adapting to climate change	Implementing	Implementing	Implementing	—	Implementing	—	P034, 035

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

*14 Due to a decrease in sales of environmental consideration buildings, a type of environmental contribution businesses, sales of environmental contribution businesses in fiscal 2025 were 1,646.9 billion yen, below our target of 1,750 billion yen. In the future, we aim to increase sales from environmental contribution businesses by improving the ZEB rate, particularly for commercial and office buildings.

Review of EGP2026 and looking toward EGP2029

During the EGP2026 period, the business environment surrounding the Company changed significantly, with soaring energy prices, materialization of geopolitical risks, development of sustainability disclosure standards, and other factors. In particular, we recognize that the transition to an era in which environmental performance directly affects corporate value and evaluations in capital markets is a most critical management issue for the Group.

To respond to these changes, we have ensured thorough operation of the Environment Committee (Business Division) established in 2021, establishing an autonomous management system with each division head serving as committee chair. As a result, we have achieved the rapid promotion of measures suited to business characteristics and improved the effectiveness of our PDCA cycle in environmental management.

Under this system, the proactive efforts of each business division have resulted in improvements in key indicators. In fiscal 2025, the ZEH rate for single-family housing was 98%, and the ZEH-M rate was 77.7% for rental housing and 100% for condominiums. In addition, leveraging know-how cultivated at our own facilities, the ZEB rate for commercial and office buildings was 66.2%, demonstrating steady progress in decarbonization through our products and services. Furthermore, in our business activities, we have achieved nearly 100% renewable energy use for electricity used by the Group as a whole, and more than 70% of our principal suppliers have set greenhouse gases reduction targets at the SBT level, showing progress in initiatives across the value chain. Additionally, as a result of greening efforts using native species

that contribute to biodiversity conservation, the area of ecosystem-considerate vegetation cover was 1,003,000 m², ahead of schedule in achieving our fiscal 2026 target (1,000,000 m²). As a result of these initiatives, sales of environmental contribution businesses in fiscal 2025 were 1,646.9 billion yen (approximately 29.5% of consolidated net sales), achieving both environmental sustainability and corporate profitability that the Group has aimed for.

In EGP2029, which begins in fiscal 2026, we will continue our policy in Japan of making all buildings ZEH (-M) or ZEB in principle and installing solar power generation equipment, while also working to popularize the GX-ZEH (-M) series that the government will begin operating in fiscal 2027. We will also expand initiatives that we have conducted in Japan to overseas operations and promote the expanded use of low-carbon building materials at the procurement stage. Moreover, we aim to realize a circular economy that evolves conventional 3R activities into resource-circulating businesses, in anticipation of the transition to a society committed to recycling. Specifically, we will establish a resource-circulating business model in the Livness brand, which enhances the value of existing stock, to achieve further growth.

We will continue to deepen initiatives at all stages, from procurement and business activities to products and services, under EGP2029 to reduce environmental impact and increase corporate profitability.



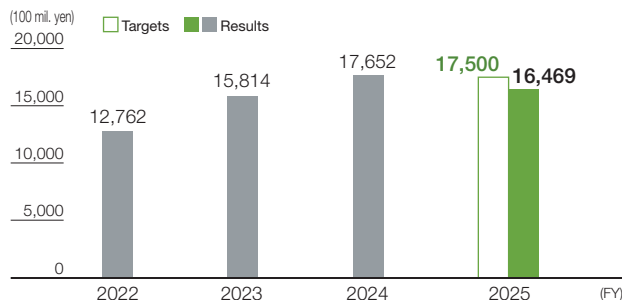
Yutaka Yamashita
Head of Sustainability
Management Department
Daiwa House Industry Co., Ltd.

Environmental Data | Strengthening the foundation of environmental management

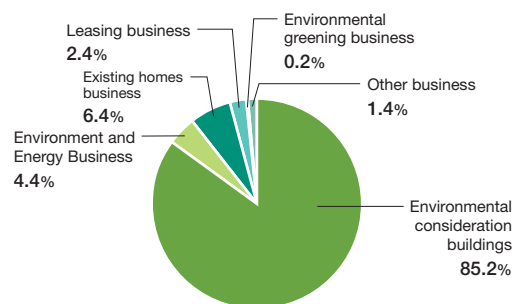
General

Expansion of sales of environmental contribution businesses

■ Sales of environmental contribution businesses



■ Breakdown of environmental contribution businesses (by segment)



■ Sales of environmental contribution businesses (by segment)

Unit: 100 mil. yen

	2022	2023	2024	2025
Environmental consideration buildings	11,001	13,955	15,805	14,031
Environment and Energy Business	682	731	642	718
Existing homes business	741	784	692	1,057
Leasing business	39	42	235	401
Environmental greening business	25	34	37	36
Other business	275	267	241	225

* In fiscal 2025, stock business includes non-residential renovations. For housing stock only, the amount is 78.9 billion yen.

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 contribution businesses. In specific terms, we have established definitions for environmental contribution businesses as shown below.

◇ Scope of coverage

Daiwa House Industry Co., Ltd. and all consolidated subsidiaries (Domestic only)

* However, only companies with businesses that match definitions of environmental contribution businesses

Segment	Definition
Environmental consideration buildings	Single-family housing business Buildings that meet BEI standard values set for each application
	Rental housing business Application Housing Hotels, hospitals, department stores, restaurants, assembly halls, etc.
	Condominium business BEI value 0.8 or less 0.7 or less
	Commercial and office buildings business Offices, schools, factories, etc. 0.6 or less
Environment and 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 sale Resale of existing houses with renovation
Leasing business	Sale 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, etc.

*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	Company-wide* (100%) * No overseas offices, only domestic offices
Fujita	Company-wide* (100%) * Only domestic offices

(as of end of March, 2026)

■ 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, 2027	April 15, 1998
Daiwa Lease	Entire company	Union of Japanese Scientists and Engineers	Registration No. JUSE-EG-056	August 28, 2026	August 29, 2002
Fujita	Companywide (only domestic offices)	Japan Testing Center for Construction Materials	RE0002	November 30, 2026	August 15, 1997

(as of end of March, 2026)

■ Environmental fines and penalties

	2022	2023	2024	2025
Environmental fines and penalties	0 yen	0 yen	0 yen	0 yen

Calculation method and scope of coverage of environmental data

■ Environmental fines and penalties

◇ Scope of coverage

Daiwa House Industry Co., Ltd. and all consolidated subsidiaries

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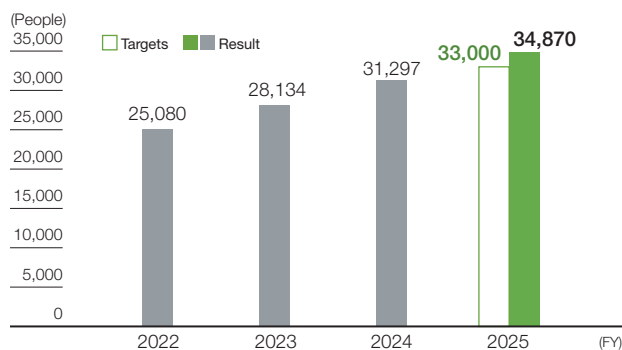
Supply chain management (Environment)

■ Supplier engagement implemented (FY2025)

Activity name	Details of main activity	No. of frequency	No. of participants (No. of participating companies)	Organizer
Decarbonization Dialogue	Sharing climate change problems, raising awareness for lifting targets for CO ₂ reduction	18 times	57 attendees (19 companies)	Daiwa House Industry, Daiwa Lease, Fujita
Zero Emission Dialogue	Confirmation of waste disposal status and support to set zero emissions targets	10 times	26 attendees (10 companies)	Daiwa House Industry, Daiwa Lease
Briefings, workshops, etc.	Sharing climate change and deforestation status and social trends, sharing details about Daiwa House Group initiatives, presentations by experts	2 times	Approx. 200 attendees	Daiwa House Industry, Daiwa Lease
Zero deforestation	Requests for the endorsement of Challenge ZERO Deforestation for achieving zero deforestation	1 time	18 companies	Daiwa House Industry, Daiwa Lease, Royal Home Center

Environmental education

■ Number of those who pass the Certification Test for Environmental Specialists (Eco Test)^{®*}



Calculation method and scope of coverage of environmental data

■ Number of those who pass the Certification Test for Environmental Specialists (Eco Test)[®]

◇ Reporting organizations

Daiwa House Industry and 46 Group companies (Domestic only)

* Certification Test for Environmental Specialists (Eco Test)[®] is a registered trademark of The Tokyo Chamber of Commerce and Industry.

■ Environmental education provided (FY2025)

	Category	Contents	Number of participants and frequency
Specialized education	ZEB design	e-learning	9 attendees in 7 courses
	ZEB	Training	985 attendees in 12 courses
	ZEH-M, biodiversity (greening)	Training	360 attendees in 6 courses
	Soil contamination countermeasures	Training	592 attendees in 5 courses
Grade-specific education	Environmental education	e-learning	16,777 attendees
	Newly appointed manager education	e-learning	102 attendees
	Mid-carrier recruit education	e-learning	199 attendees
	Basic education for new employees	e-learning	719 attendees
	Training for newly appointed branch managers	Training	5 attendees in 1 course
	Training for technical employees (yearly, by rank)	Training	845 attendees in 6 courses
	General training for new technical employees	Training	357 attendees in 4 courses
	General training for new sales employees	Training	61 attendees in 2 courses
	Disaster preparedness and environment management section manager training	Training	Once: 9 attendees
	Disaster preparedness and environment management section staff training	Training	Once: 44 attendees

■ Number of participants in environmental education for children

	Unit: People				
	~2021	2022	2023	2024	2025
Eco Workshop for Children	7,128	178	361	219	152
The King and His House	304	0	0	—	—
Total	7,432	178	361	219	152
Cumulative	7,432	7,610	7,971	8,190	8,342

* From fiscal 2024, conducted only Eco Workshop for Children

Calculation method and scope of coverage of environmental data

■ Environmental education provided (FY2025)

■ Number of participants in environmental education for children

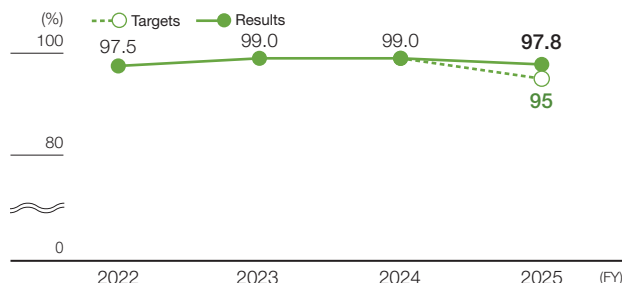
◇ Reporting organizations

Daiwa House Industry

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 used in offices of the Company and 21 principal Group companies. In calculating our green purchasing ratio, we use the following formula on a monetary basis.

◇ Calculation formula

Green purchasing ratio (%) = Σ (Amount of Green Purchasing Standards-compliant goods purchased (yen)) $\div$ Σ (Total purchase price of target items (yen))

◇ Scope of coverage

Segment	Target	Scope of coverage
Office work	The Company and 21 Group companies*.	Domestic business sites (Head Office, branches, offices, sales offices)

* 21 Group companies: Daiwa Lease, DesignArc, Daiwa Logistics, Royal Home Center, Daiwa House Realty Management, Sports Club NAS, Fujita, Daiwa House Reform, Daiwa Life Next, Daiwa Energy, Daiwa Royal Golf, Daiwa Lantec, Daiwa House Real Estate, Daiwa Living, Daiwa House Life Support, Daiwa House Parking, Eneserve, Nishiwaki Royal Hotel, Wakamatsu KONPOU UNYU SOKO, Daiwa House Chintai Reform, KOUYAMAUNYU

■ 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.
Stationery	Office supplies	ii. It must comply with the Green Purchasing Law. iii. 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 consideration 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 environmental consideration 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

FY	Use	Number of properties	Area	GHG emissions				Energy consumption		Water consumption	
				Total			Intensity	Total	Intensity	Total	Intensity
		Projects	m ²	Scope1	Scope2	Scope1+2					
				t-CO ₂	t-CO ₂	t-CO ₂	kg-CO ₂ /m ²	GJ	MJ/m ²	m ³	ℓ/m ²
2025	Offices	1	911	0	32	32	35.2	656	719.8	137	150.3
	Commercial facilities	156	2,365,599	2,977	120,248	123,225	52.1	2,547,940	1,077.1	1,456,808	681.3
	Logistics center	5	89,433	0	516	516	5.8	10,545	117.9	2,515	28.1
	Total	162	2,455,944	2,977	120,797	123,774	—	2,559,142	—	1,459,460	—
2024	Offices	1	911	0	33	33	36.0	670	734.6	408	447.6
	Commercial facilities	160	2,411,438	3,646*	122,512	126,159*	52.3*	2,594,380*	1,075.9*	1,384,668	647.6
	Total	161	2,412,350	3,646	122,545	126,192	—	2,595,050	—	1,385,076	—
2023	Offices	1	911	0	40	40	44.2	811	890.0	795	872.2
	Commercial facilities	130	2,318,675	4,154	123,255	127,409	54.9	2,575,454	1,110.7	1,455,080	677.2
	Logistics center	1	17,010	0	166	166	9.7	3,338	196.3	442	26.0
	Total	132	2,336,596	4,154	123,462	127,615	—	2,579,604	—	1,456,317	—
2022	Offices	1	911	0	42	42	46.3	934	1,024.5	767	841.6
	Commercial facilities	146	2,370,505	4,256	126,382	130,638	55.1	2,884,954	1,217.0	1,387,097	623.9
	Logistics center	3	11,781	0	319	319	27.1	7,066	599.8	764	64.8
	Total	150	2,383,198	4,256	126,743	130,999	—	2,892,954	—	1,388,629	—

* The total number of commercial facilities was revised following the correction of errors in counting in FY2024.

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 nonresidential properties, and calculated the annual GHG emissions (total amount) and GHG emissions per square meter (intensity). The CO₂ 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 average 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

Five Group companies that primarily engage in the rental real estate business. (Daiwa House Industry, Daiwa Lease, Daiwa House Realty Management, Daiwa Logistics, and Daiwa Living)

◇ Calculation formula

GHG emissions (t-CO₂)
= $\sum \{(\text{Annual consumption of electricity and fuel}) \times (\text{CO}_2 \text{ emission factor for each type of energy})\}$

GHG emissions intensity (kg-CO₂/m²)
= GHG emissions $\div \sum$ (total floor area)

Energy consumption (GJ)
= $\sum \{(\text{Annual consumption of electricity and fuel}) \times (\text{Energy conversion factor for each type of energy})\}$

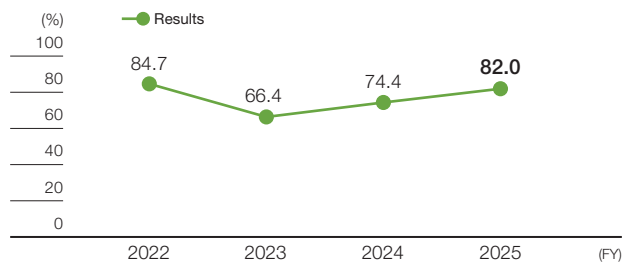
Energy consumption intensity (MJ/m²)
= Energy consumption $\div \sum$ (total floor area)

Water consumption (m³)
= $\sum$ (annual water consumption)

Water consumption intensity (ℓ/m²)
= water consumption $\div \sum$ (total floor area)

Environmental Data | Rate of Green Building Certification obtained

■ Rate of Green Building Certification obtained



■ Green building certified area/total area

Unit: m²

Segment	2022	2023	2024	2025
Certified area	1,478,442	912,705	756,914	1,094,424
Total area	1,746,288	1,373,791	1,017,183	1,335,312

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 (m²)
 ÷ Total floor area of our self-developed properties (m²).

◇ Subject Certifications

- BELS: Building-Housing Energy-efficiency Labeling System
- CASBEE for Wellness Office: System for evaluating building specifications, performance, and initiatives that support the maintenance and promotion of the health and comfort of building users
- CASBEE for Buildings (New Construction): Comprehensive Assessment System for Built Environment Efficiency for new construction
- ABINC: Certification systems for biodiverse facilities, buildings, etc.

■ Detailed data of Green Building Certification obtained

FY	Business	Total area	Green Building certified area	Number of Green Building certified properties	Breakdown of Green Building certified properties
2025	Rental housing	469,466 m ²	445,593 m ²	667	BELS: 667*
	Commercial facilities	155,730 m ²	3,245 m ²	2	BELS: 2
	Business facilities	710,116 m ²	645,587 m ²	5	BELS: 5
2024	Rental housing	411,105 m ²	289,637 m ²	566	BELS: 566*
	Commercial facilities	131,891 m ²	0 m ²	0	—
	Business facilities	474,188 m ²	467,277 m ²	9	BELS: 7 CASBEE for Buildings (new Construction): 2
2023	Rental housing	395,494 m ²	121,457 m ²	217	BELS: 217*
	Commercial facilities	181,651 m ²	2,730 m ²	1	BELS: 1
	Business facilities	796,646 m ²	788,518 m ²	19	BELS: 14 CASBEE for Wellness Office: 1 CASBEE for Buildings (new Construction): 3 ABINC: 1
2022	Rental housing	150,809 m ²	0 m ²	0	—
	Commercial facilities	106,929 m ²	0 m ²	0	—
	Business facilities	1,488,550 m ²	1,478,442 m ²	23	BELS: 20 CASBEE for Wellness Office: 0 CASBEE for Buildings (new Construction): 9 ABINC: 0 * Of the 23 Green Building certified properties, six properties obtained both BELS and CASBEE for Buildings (New Construction) certifications. As a result, the sum of the number in the breakdown is higher than the total number of properties certified.

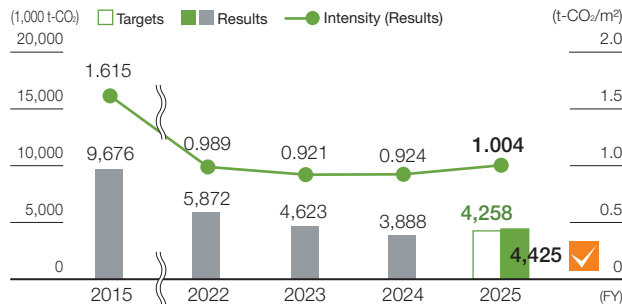
* For rental housing, the number of cases that have received whole-building evaluation

Environmental Data | Mitigating and adapting to climate change

(1) Challenge ZERO for CO₂ in community development

GHG emissions derived from use of products

■ GHG emissions* derived from use of products and Intensity



Number of BELS Certifications acquired

■ Number of BELS Certifications acquired

Unit: Units

Name of certification	Use	2022	2023	2024	2025
BELS certification	Single-family housing Rental housing Condominiums Commercial and office buildings	4,017	16,811	22,277	24,344

■ Number of BELS Certifications acquired

◇ Overview

BELS 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 of one to six stars (☆) are given according to the performance level.

◇ Scope of coverage

Daiwa House Industry (Single Family Housing Business Division, Apartment Business Division, Condominium Business Division, Commercial Construction Business Division, General Construction Business Division)

◇ Uses of buildings

Single-family housing, rental housing, condominiums, Nonresidential

◇ Scope of coverage

Contracted and self-developed properties (domestic only)

* For rental housing, the total number of cases that have received both whole-building and unit evaluations

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, and Fujita, (all for domestic use only)

◇ Calculation formula

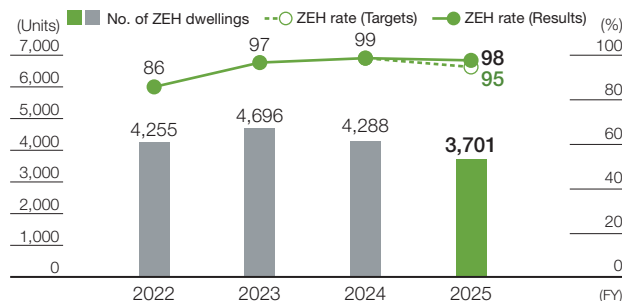
GHG emissions derived from use of products (t-CO₂)
= Design primary energy consumption × CO₂ emission factor for each energy type × useful life

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 housing	Daiwa House Industry Single Family Housing Business Division	Construction starts (Domestic only)	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	Annual power generation [kWh/year] is calculated by multiplying the installed capacity [kW] by 1000	Based on individual calculations	Single-family housing 30 years Solar power systems 20 years
Rental housing (low-rise)	Daiwa House Industry Apartment Business 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 Solar power systems 20 years
Rental housing (medium- and high-rise)	Daiwa House Industry Apartment Business Division Commercial Construction Business Division General Construction Business 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 Solar power systems 20 years
Other apartment	Daiwa Lease Fujita	Construction starts (Domestic only)	Contracted houses, built-for sales houses				Condominiums 60 years Solar power systems 20 years
Condominiums	Daiwa House Industry Condominium Business Division	Construction starts (Domestic only)	Self-developed properties JV-managed properties	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
Nonresidential	Daiwa House Industry Apartment Business Division Commercial Construction Business Division General Construction Business Division Daiwa Lease Fujita	Construction starts (Domestic only)	Contracted, self-developed (sold) Total floor area of 300 m ² or more (For Daiwa Lease, those less than 300 m ² are included)				

Environmental Data | Mitigating and adapting to climate change

ZEH rate

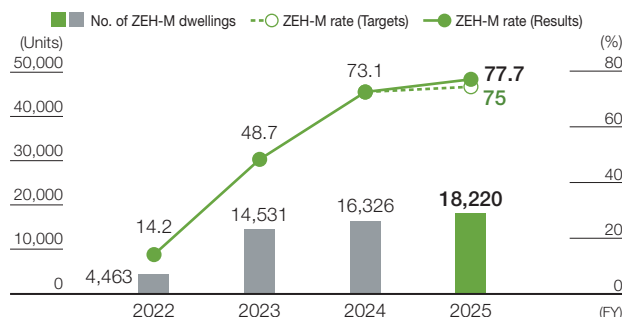
■ ZEH rate



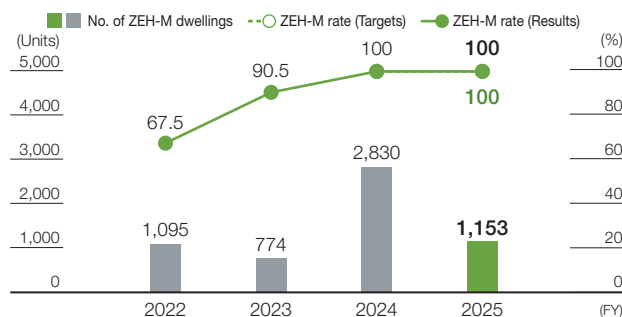
* Results are based on construction starts

ZEH-M rate

■ ZEH-M rate (rental housing)

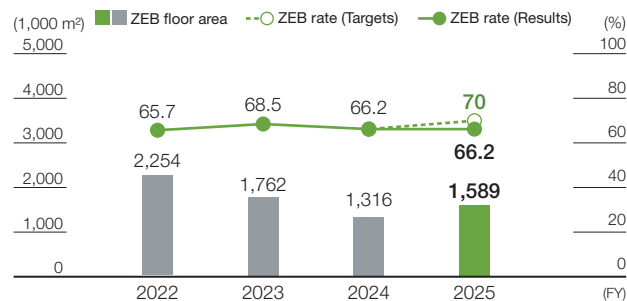


■ ZEH-M rate (condominiums)

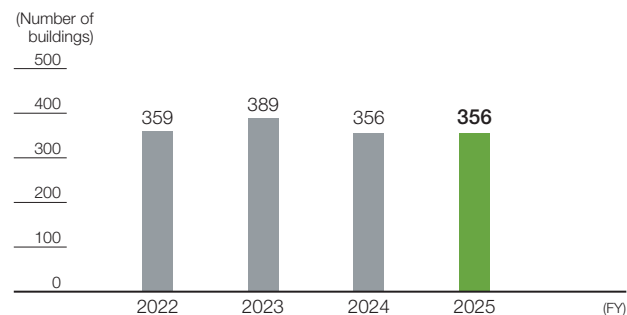


ZEB rate

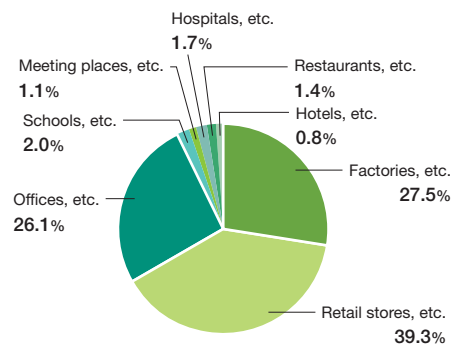
■ ZEB rate



ZEB units



■ Breakdown of ZEB units by intended use (FY2025)



Calculation method and scope of coverage of environmental data

■ ZEH rate

◇ Reporting organizations

Daiwa House Industry (Single Family Housing Business Division)

◇ Uses of buildings

Single-family housing

◇ Scope of coverage

Contracted and built-for sales properties (Domestic only*, based on construction starts)

* Excluding Hokkaido

◇ Calculation formula

ZEH rate (%) = ZEH units achieved ÷ total units built
(Calculated based on ZEH builder performance reporting standards)
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 (Apartment Business Division, Condominiums Division)

◇ Uses of buildings

Apartments, Condominiums

◇ Scope of coverage

Rental housing: Contracted and 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 judgement:
(Rental housing) Properties that have achieved the ZEH-M standards defined by the government
3 stories or less: At least Nearly ZEH-M
4-5 stories: At least ZEH-M Ready
6 stories or more: At least ZEH-M Oriented
(Condominiums) Properties that have achieved the requirements for the government definition of ZEH-M (at least ZEH-M Oriented)

■ ZEB rate/ZEB units

◇ Reporting organizations

Daiwa House Industry (Commercial Construction Business Division, General Construction Business Division), Daiwa Lease, and Fujita

◇ Uses of buildings

All uses of non-residential properties

◇ Scope of coverage

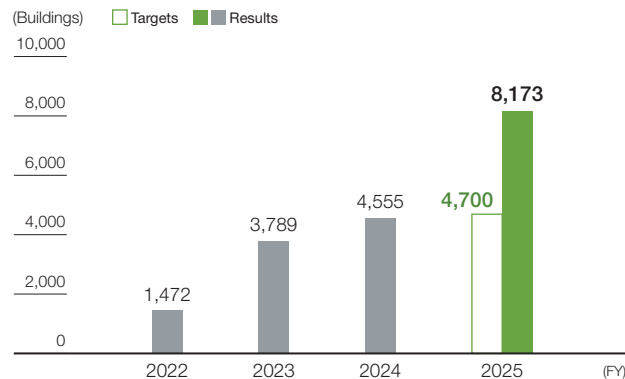
New in-house designed and newly self-developed properties (domestic only, based on construction starts)
Properties with total floor area of 300 m² or more (For Daiwa Lease, those less than 300 m² are included)

◇ Calculation formula

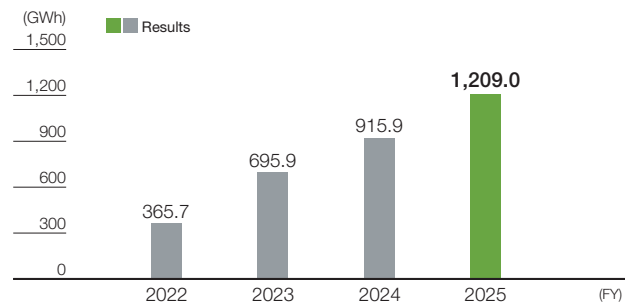
ZEB rate (%) = ZEB property floor area (m²) ÷ Total property floor area (m²)
ZEB judgment: Properties that have achieved the requirements for the definition of ZEB ("ZEB", Nearly ZEB, ZEB Ready, and ZEB Oriented)

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■ The number of ZEH- renovation equivalents



■ Sales of electricity generated by the company-owned renewable-energy power stations



Calculation method and scope of coverage of environmental data

■ The number of ZEH- renovation equivalents

◇ Overview

The number of ZEH- renovation equivalents 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 energy-saving retrofits (insulation, equipment) 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	· Insulation remodeling
Daiwa House Chintai Reform	· Bathroom remodeling
Daiwa Living	· Water heater remodeling
	· Lighting remodeling
	· Remodeling of warm-water washing toilet seats

◇ Calculation formula

The number of ZEH- renovation equivalents = $\frac{\text{Total amount of primary energy reduction obtained through energy conservation retrofits [MJ] (excluding renewable energy)}}{\text{Primary energy reduction obtained by energy-saving renovation of one existing model house fitted for the ZEH specifications (equivalent to ZEH Oriented) [MJ] (18,635 [MJ])}}$

■ 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 CO₂ 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)

◇ Scope of coverage

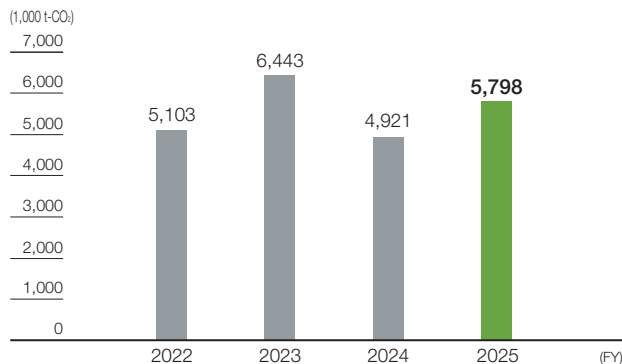
Reporting organizations	Main items for sale*
Daiwa House Industry	Electricity retailing (PPS), sale of renewable energy-based electricity under the PPA model, and brokerage of non-fossil fuel energy certificates
Eneserve	Electricity retailing (PPS), sale of renewable energy-based electricity under the PPA model
Daiwa Energy	Sale of renewable energy-based electricity under the PPA model

* Including supply to our company and sales to Group companies

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Contribution to GHG reduction

■ Contribution to GHG reduction (Groupwide)



■ Contribution to GHG reduction (by segment)

Unit: 1,000t-CO₂

Segment	2022	2023	2024	2025
Single-family housing business	302	296	247	235
Rental housing business	421	713	603	696
Existing homes business	42	67	69	108
Condominium business	128	62	160	42
Commercial and office buildings business	3,091	2,624	2,235	2,819
Environment and Energy Business	1,121	2,680	1,606	1,899

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-CO₂) = $\{ \sum (\text{Annual GHG emissions (t-CO}_2\text{/year) in the usage or operation stages of the products being compared} - \sum (\text{Annual GHG emissions (t-CO}_2\text{/year) in the usage or operation stage of products offered during the fiscal year}) \times \text{Number of assumed years of use (year)} \}$

Method ② (New buildings):

contribution to GHG reduction (t-CO₂) = $\sum \{ \text{Annual primary energy consumption per unit of floor area by application or scale (MJ/m}^2\text{-year)} \times \text{Floor area (m}^2\text{)} \times \text{Energy reduction rate} \times \text{CO}_2\text{ emission factor (t-CO}_2\text{/MJ)} \times \text{Estimated number of years of use (year)} \}$

Note: Energy reduction rate (%) = $1 - \text{BEI}^*$ *Design primary energy consumption (excluding renewable energy) (MJ/year) ÷ Reference primary energy consumption (MJ/year)

Method ③ (Energy generation facility):

contribution to GHG reduction (t-CO₂) = $\sum \{ \text{Annual renewable energy generated (kWh/year)} \times \text{CO}_2\text{ emission factor (t-CO}_2\text{/kWh)} \times \text{Estimated number of years of use (year)} \}$

Note: Includes power sales

Method ④ (Energy efficiency improvement):

contribution to GHG reduction (t-CO₂) = $\sum \{ (\text{Annual GHG emissions (t-CO}_2\text{/year) before energy-efficiency retrofits} - \text{Annual GHG emissions (t-CO}_2\text{/year) after energy-efficiency retrofits} \times \text{Estimated number of years of use (year)} \}$

Method ⑤ (Electricity retailing):

contribution to GHG reduction (t-CO₂) = $\sum \{ (\text{Alternative value emission factor in current fiscal year}^* (\text{t-CO}_2\text{/kWh}) - \text{Adjusted CO}_2\text{ emission factor in current fiscal year (t-CO}_2\text{/kWh)}) \times \text{Supplied electric energy (kWh)} \}$

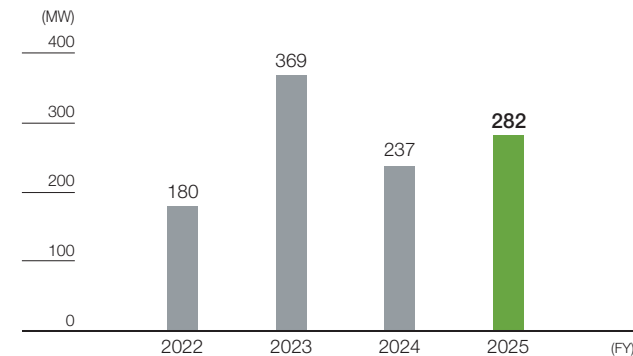
* Alternative values to the emission factors by electricity business operator based on the "GHG emissions accounting, reporting and disclosure system (the SHK system)"

Example of base method for existing home

contribution to GHG reduction (t-CO₂/year) = $\sum \{ (\text{Annual GHG emissions (t-CO}_2\text{/year) of comparable facilities} - (\text{Annual GHG emissions (t-CO}_2\text{/year) of equipment subject to ESCO services provided during year}) \}$

Installed capacity of solar power generation systems

■ Trend in installed capacity of solar power generation systems



■ Trend in installed capacity of solar power generation systems (by segment)

Unit: MW

Segment	2011-2020	2022	2023	2024	2025
Single-family housing business	218	19	20	17	15
Rental housing business	149	10	23	30	35
Existing homes business	161	2	2	1	1
Condominium business	1	0	0.1	0.1	0
Commercial and office buildings business	157	43	37	31	43
Environment and Energy Business	1,745	107	286	158	189
Total	2,430	180	369	237	282
Cumulative	4,663	2,706	3,075	3,311	3,592

Calculation method and scope of coverage of environmental data

■ Trend in installed capacity of solar power generation systems

◇ Scope of coverage

Same as "Renewable energy generation equipment construction results (EPC)" on P149.

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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 ² 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	Average values to the emission factors by electricity business operator based on the national "GHG emissions accounting, reporting and disclosure system (the SHK system)"	Store, warehouse, factories: 30 years Other applications: 60 years Solar power generation: 20 years
	Environment and Energy Business	All Power Producer and Supplier (PPS) business	Calculation method: Flow base method ⑤		—
		All energy-efficiency and energy-generation solution projects	Calculation method: Flow base method ③-④, existing home base method (ESCO projects only) Calculation of power generation amount/energy-saving effect: Calculated with our proprietary simulation tool (in combination with trial calculations by the manufacturer).	Example of energy-efficiency solutions: Before implementation of energy-efficiency retrofit Example of energy-generation solution: Before introduction of energy-generating facility	Lighting fixture replacement: 15 years Air conditioner replacement: 15 years Solar power generation: 20 years
Daiwa Lease	Commercial and office buildings business	All construction starts of the commercial and office buildings business (excluding lease items), 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 ² of the office buildings business and installation of solar power generation systems			

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Calculation method and scope of coverage of environmental data

■ Contribution to GHG reduction

◇ Scope* and calculation criteria [2/2] * All for domestic use only

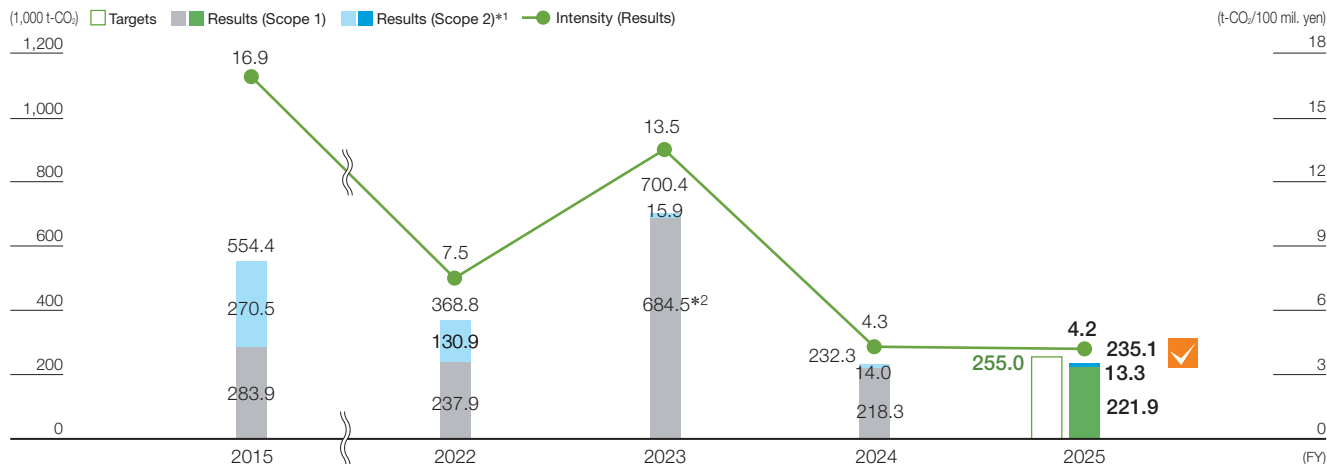
Reporting organizations	Segment	Scope	Calculation criteria		
			Calculation methods and calculation tools	Comparison	Estimated number of years of use
Daiwa House Reform	Existing home business	All energy-efficiency retrofits and energy-generation installation projects of the home renovation business	Calculation method: Flow base method ③-④ Calculation tool used: Primary energy consumption reduction effects calculated by industry organization.	Construction sites: 6 areas Plan: Single-family house, Total floor area: 120.8m ² Exterior insulation: 1992 Energy efficiency standard Ventilation: Air conditioning (C)* Hot-water supply: General gas water heater Lighting: All non-incandescent lighting Power generation facilities: None	Insulation upgrade: 15 years Lighting fixture replacement: 15 years Hot-water supply replacement: 15 years Solar power generation: 20 years
Daiwa Living		All energy-efficiency retrofits and energy-generation installation projects of the Rental housing renovation business	Calculation of power generated/energy-saving effect: Assumes that all the energy-efficiency retrofits and energy-generation installations for the fiscal year share the same regional classification and plan as the comparable dwelling unit. The effect of each energy-efficiency measure is calculated with the Energy Consumption Performance Calculation Program, and the reduction effect is multiplied by the number of units constructed during the year.	* Energy consumption efficiency classification	
Daiwa House Chintai Reform					
Daiwa Energy, Eneserve	Environment and Energy Business	All Power Producer and Supplier (PPS) business	Calculation method: Flow base method ⑤	Average values to the emission factors by electricity business operator based on the national "GHG emissions accounting, reporting and disclosure system (the SHK system)"	—
		All 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

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(2) Challenge ZERO for CO₂ in business activities

GHG emissions

■ GHG emissions and intensity



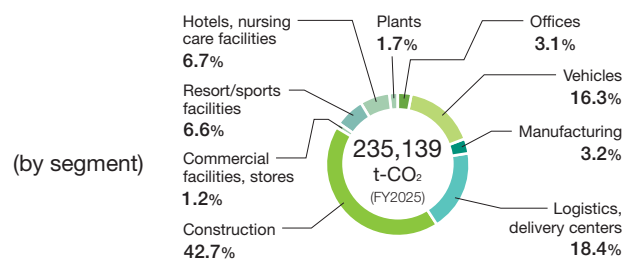
*1 Since FY2022, the Scope 2 calculation method has been revised to a market-based method.

*2 Scope 1 emissions increased in fiscal 2023 due to converting Hibikinada Thermal Power Station into a Group company in January 2023.

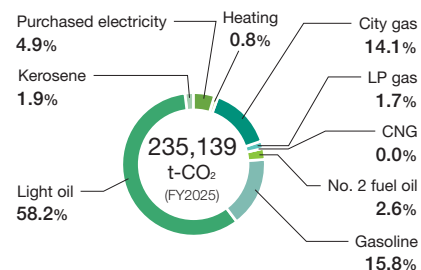
(GHG emissions of Hibikinada Thermal Power Station in fiscal 2023: 446 thousand t-CO₂)

The operation of co-burning of coal and biomass fuel (wood pellets) ended in March 2024. The plant is scheduled to resume operation as a biomass-fired power station during fiscal 2026.

■ Breakdown of GHG emissions



(by type)



■ GHG emissions (by segment)

Unit: t-CO₂

	2015	2022	2023	2024	2025
Offices	36,619	13,916	8,289	7,997	7,297
Vehicles	55,265	43,707	42,244	40,284	38,345
Manufacturing	36,094	9,469	8,386	8,270	7,529
Logistics, delivery centers	37,426	32,004	42,392	47,605	43,187
Construction	148,840	96,705	103,416	90,665	100,496
Commercial facilities, stores	69,072	36,787	1,940	2,605	2,837
Resort/sports facilities	137,337	92,982	30,425	16,476	15,590
Hotels, nursing care facilities	30,954	42,273	17,247	15,740	15,793
Parking lots	2,790	957	—	—	—
Plants	—	—	446,083	2,622	4,065

■ GHG emissions (by type)

Unit: t-CO₂

		2015	2022	2023	2024	2025
Scope 2	Purchased electricity	270,504	130,049	14,637	11,939	11,407
	Heating	0	854	1,304	2,065	1,862
	City gas	34,522	44,227	39,051	34,669	33,216
Scope 1	LP gas	9,147	7,976	4,946	3,972	3,952
	CNG	—	—	—	31	47
	No. 2 fuel oil	25,348	17,645	5,954	4,372	6,003
	Gasoline	55,765	39,929	37,822	35,778	37,238
	Light oil	153,894	125,777	148,865	137,697	136,895
	Kerosene	5,216	2,341	2,806	1,741	4,518
	Coal	—	—	445,038	—	—

■ GHG emissions (Japan, outside Japan)

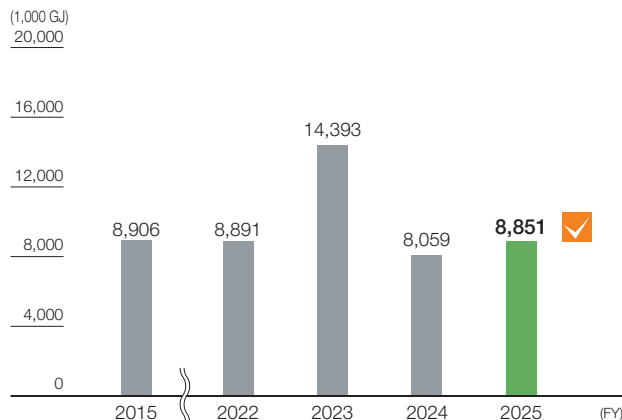
Unit: t-CO₂

	2015	2022	2023	2024	2025
Japan	538,663	352,352	682,296	205,481	192,922
Outside Japan	15,734	16,447	18,127	26,782	42,217

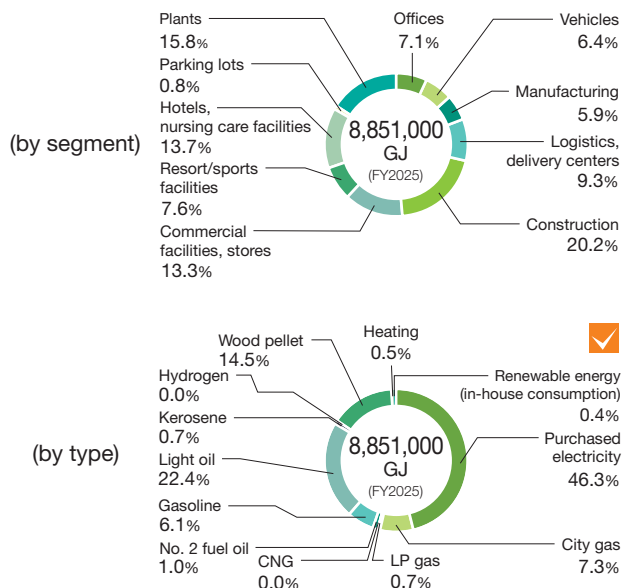
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Energy consumption

■ Energy consumption



■ Breakdown of energy consumption



■ Energy consumption (by segment)

Unit: 1,000 GJ

	2015	2022	2023	2024	2025
Offices	628	735	654	644	632
Vehicles	823	650	619	592	566
Manufacturing	604	619	546	519	519
Logistics, delivery centers	570	505	764	867	822
Construction	2,227	1,746	1,838	1,636	1,790
Commercial facilities, stores	1,179	1,369	1,138	1,159	1,173
Resort/sports facilities	2,288	1,974	957	697	668
Hotels, nursing care facilities	541	1,225	1,205	1,180	1,210
Parking lots	47	66	62	67	72
Plants	—	—	6,609	698	1,398

■ Energy consumption (by type)

Unit: 1,000 GJ

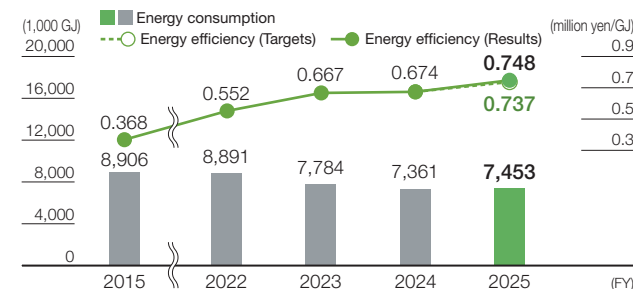
	2015	2022	2023	2024	2025
Purchased electricity	4,534	5,111	4,067	4,047	4,098
City gas	692	887	783	676	648
LP gas	155	135	83	66	66
CNG	—	—	—	1	1
No. 2 fuel oil	366	255	84	62	85
Gasoline	831	595	552	522	543
Light oil	2,244	1,834	2,160	1,998	1,986
Kerosene	77	35	41	25	66
Hydrogen	—	—	0	0	0
Coal	—	—	4,994	—	—
Wood pellet	—	—	1,584	589	1,280
Heating	0	20	27	43	42
Renewable energy (in-house consumption)	7	19	19	29	37

■ Energy consumption (Japan, outside Japan)

Unit: 1,000 GJ

	2015	2022	2023	2024	2025
Japan	8,683	8,599	14,086	7,592	8,163
Outside Japan	223	292	307	467	689

■ Energy efficiency (Smart Energy Coalition (formerly EP100))



Calculation method and scope of coverage of environmental data

■ GHG emissions

◇ Overview

GHG emissions refers only to CO₂ emissions originating from energy. The emissions are calculated by multiplying the CO₂ emission factor for each type of energy based on purchasing data for electricity and fuel, respectively. It also includes a partial estimate for the construction segment.

◇ Calculation formula

$$\text{GHG emissions (t-CO}_2\text{)} = \sum \{ (\text{Annual consumption of electricity and fuel}) \times (\text{CO}_2 \text{ emission factor for each type of energy}) \}$$

$$\text{GHG emissions intensity (t-CO}_2\text{/100 mil. yen)} = \frac{\sum (\text{GHG emission})}{\div \text{consolidated net sales}}$$

◇ Scope of coverage

See P167.

■ Energy consumption

◇ Overview

Energy consumption is calculated on a heat quantity basis and is calculated by multiplying the heat quantity conversion factor for each type of energy based on purchasing data for electricity and fuel, respectively. It also includes a partial estimate for the construction segment.

◇ Calculation formula

$$\text{Energy consumption (GJ)} = \sum \{ (\text{Annual consumption of electricity and fuel}) \times (\text{Energy conversion factor for each type of energy}) \}$$

◇ Scope of coverage

See P167.

■ Energy efficiency (Smart Energy Coalition (formerly EP100))

◇ Calculation formula

$$\text{Energy efficiency (million yen/GJ)} = \frac{\sum \{ (\text{Annual consumption of electricity and fuel}) \times (\text{Energy conversion factor for each type of energy}) \}}{\div \text{Net sales}^*1}$$

*1 Figure excludes sales for the power generation business from consolidated sales.

◇ Scope of coverage

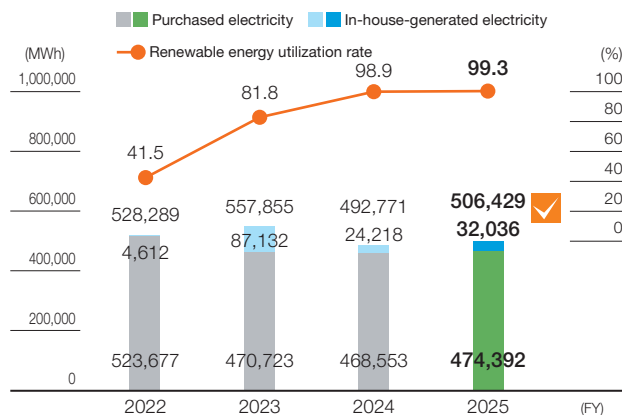
See P167 (but excludes power plant department*2)

*2 Due to the nature of the energy efficiency (Smart Energy Coalition (formerly EP100)) indicator, power producers selling energy to other companies are not included.

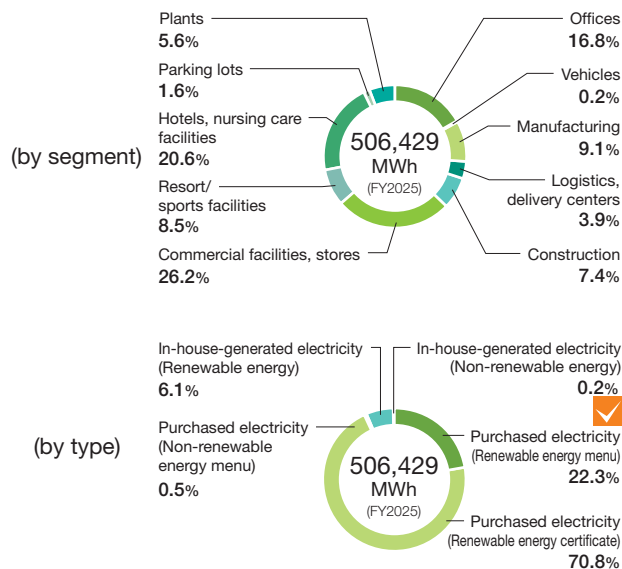
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Electricity consumption

Electricity consumption and renewable energy utilization rate (RE100)



Breakdown of electricity consumption



Electricity consumption (by segment)

Unit: MWh

	2022	2023	2024	2025
Offices	66,342	69,199	70,512	85,152
Vehicles	9	373	615	792
Manufacturing	49,412	49,091	46,966	46,008
Logistics, delivery centers	12,361	17,253	27,624	19,705
Construction	36,189	40,156	38,735	37,716
Commercial facilities, stores	136,251	127,339	128,437	132,737
Resort/sports facilities	123,780	62,350	44,625	43,300
Hotels, nursing care facilities	97,197	103,622	105,031	104,487
Parking lots	6,748	7,189	7,787	8,356
Plants	—	81,282	22,441	28,176

Electricity consumption (by type)

Unit: MWh

		2022	2023	2024	2025
Purchased electricity	Renewable energy menu	118,043	117,298	111,950	113,136
	Renewable energy certificate*	99,345	333,947	353,581	358,526
	Non-renewable energy	306,288	19,478	3,022	2,730
In-house-generated electricity	Renewable energy	1,925	5,102	21,990	31,077
	Non-renewable energy	2,687	82,030	2,228	959

* Non-fossil certificates with tracking (purchased by consumers)

Electricity consumption (Japan, outside Japan)

Unit: MWh

	2022	2023	2024	2025
Japan	514,593	542,173	464,547	479,463
Outside Japan	13,696	15,682	28,224	26,966

Calculation method and scope of coverage of environmental data

Electricity consumption

◇ Calculation formula

Electricity consumption (MWh) = Σ {Annual purchased electricity + in-house-generated electricity (including renewable energy)}

Renewable energy utilization rate (%) = $\frac{\text{renewable energy utilization}^*}{\text{electricity consumption}}$

* For electricity consumption, total of in-house-generated electricity (renewable energy), purchased electricity (renewable energy plans, on-site PPA, off-site PPA) and purchased electricity (renewable energy certificates)

◇ Scope of coverage

See P167.

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■ GHG emissions/ energy consumption/ electricity consumption

◇ Scope and calculation criteria (Japan)

Segment	Target	Scope (Number of locations as of end of March, 2026)		Calculation criteria	
Offices	Daiwa House Group	All offices (Head Office, affiliates, branches and sales offices), research labs, training centers and housing exhibition	Total	828 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 ₂ emission factor.
			Offices	654 locations	
			Housing exhibition	174 locations	
Vehicles	Daiwa House Group	All company vehicles and privately owned permitted vehicles	Total	13,093 vehicles	At each site, we use gasoline credit card billing data or refueling receipts to determine the amount of gasoline consumed, etc., and multiply it by the respective CO ₂ emission factor.
Manufacturing	Daiwa House Group	All production sites	Total	31 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 ₂ emission factor.
Logistics, delivery centers	Daiwa House Group	Transport	Transport	1,100 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 ₂ emission factor.
		Delivery center	Delivery center	115 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 ₂ emission factor.
Construction	Daiwa House Group	Construction sites for new houses and buildings and civil engineering works (excluding demolition/renovation)	Construction area: Total	3,166,000 m ²	We use the daily invoice from the electric power suppliers to identify the energy consumption and multiply it by the respective CO ₂ emission factor (some estimates included)*. The total fuel is estimated by multiplying the energy consumption per floor area (or sales amount) in sample properties by the total floor area (sales amount) during the data collection period. 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 ₂ emission factor. * Temporary electricity at construction sites only (excluding permanent electricity)
			Housing construction	1,575,000 m ²	
			Building construction	1,591,000 m ²	
			Number of civil engineering sites: Total	113 locations	
Commercial facilities, stores	Daiwa House Group	Commercial facilities and stores operated by our company	Total	901 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 ₂ emission factor. Note: Excludes the tenants' portion.
			Commercial facilities	901 locations	
Resort/sports facilities	Daiwa House Group	Resort hotels, golf courses, fitness clubs, warm bathing facilities and restaurants operated by our company	Total	75 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 ₂ emission factor.
			Resort hotels	1 location	
			Golf courses	10 locations	
			Fitness clubs	62 locations	
Hotels, nursing care facilities	Daiwa House Group	Urban hotels and nursing care facilities operated by our company	Warm bath facilities, Restaurants	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 ₂ emission factor.
			Total	107 locations	
			Urban hotels	97 locations	
Parking lots	Daiwa House Group	Parking lots operated by our company	Nursing care facilities	10 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 ₂ emission factor.
			Total	3,123 locations	
Plants	Daiwa House Group	Thermal power plant operated by the company	Total	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 ₂ emission factor.

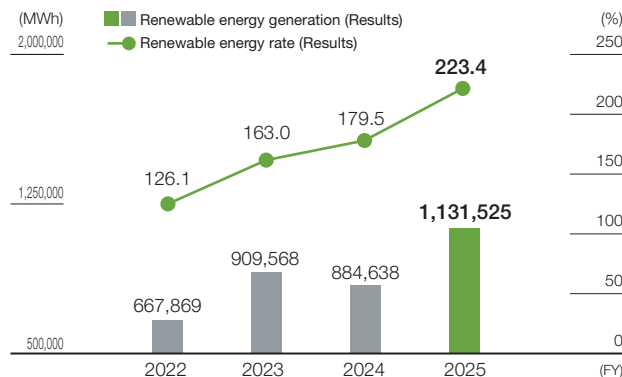
◇ Scope and calculation criteria (Outside Japan)

Segment	Target	Scope (Number of locations as of end of March, 2026)		Calculation criteria	
Offices	Daiwa House Group	Offices	136 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 ₂ emission factor. * At some sites, based on estimates from amount billed and space in use	
Vehicles	Daiwa House Group	Company vehicles	1,039 vehicles	At each site, we grasp the amount of gasoline used, etc., from invoice data or receipts issued at the time of fueling and multiply it by the CO ₂ emission factor.	
Manufacturing	Daiwa House Group	All production sites	9 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 ₂ 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 ₂ emission factor.	
Construction	Daiwa House Group	Construction sites for new houses and buildings (excluding demolition/renovation)	7 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 ₂ emission factors.	
Logistics, delivery centers	Daiwa House Group	All Logistics, delivery centers	9 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 ₂ emission factor.	

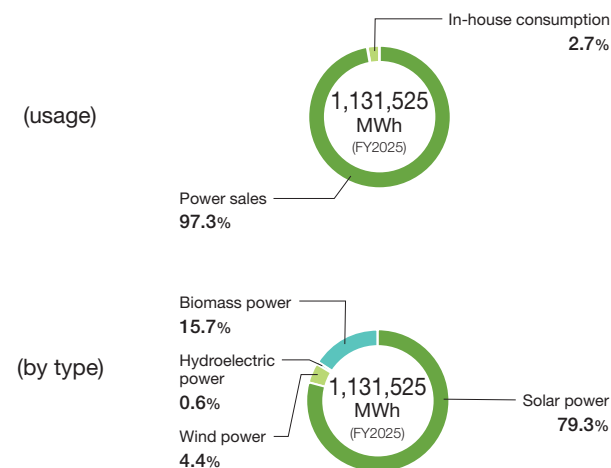
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Renewable energy

Renewable energy-based power generation and renewable energy rate



Breakdown of renewable energy-based power generation



Renewable energy-based power generation (usage)

	2022	2023	2024	2025
Power sales	665,944	904,466	862,648	1,100,448
In-house consumption	1,925	5,102	21,990	31,077

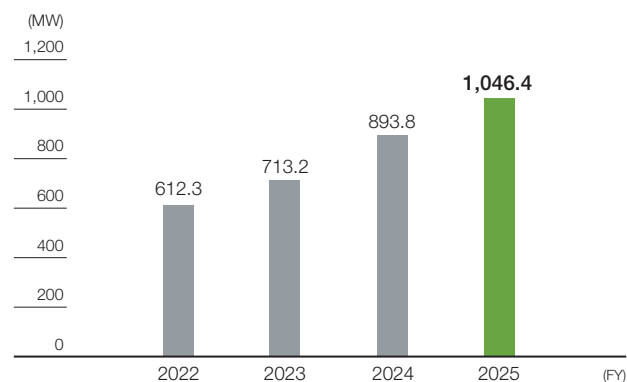
Renewable energy-based power generation (by type)

	2022	2023	2024	2025
Solar power	610,568	666,846	737,653	896,984
Wind power	47,522	47,295	49,125	49,656
Hydroelectric power	9,779	6,862	6,798	7,222
Biomass power	—	188,566	91,062	177,663

Renewable energy-based power generation (Japan, outside Japan)

	2022	2023	2024	2025
Japan	667,869	909,568	884,638	1,131,525
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)

	2022	2023	2024	2025
Power sales	601.6	699.9	877.3	1,028.4
In-house consumption	10.7	13.3	16.4	18.0

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) Power sales and 2) In-house consumption below.

- 1) 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.
- 2) The power-generation capacity of equipment for in-house 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.

Scope of coverage

- 1) Please refer to "Renewable energy power plants development and operating results (IPP)" on P149.
- 2) Entire Daiwa House Group

Renewable energy rate

Calculation formula

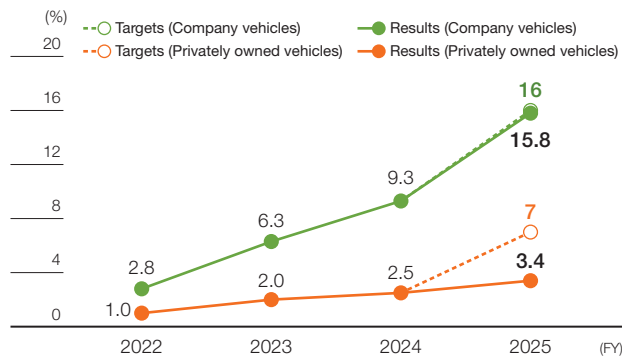
Renewable energy rate (%) = renewable energy-based power Generation ÷ electricity consumption

Scope of coverage

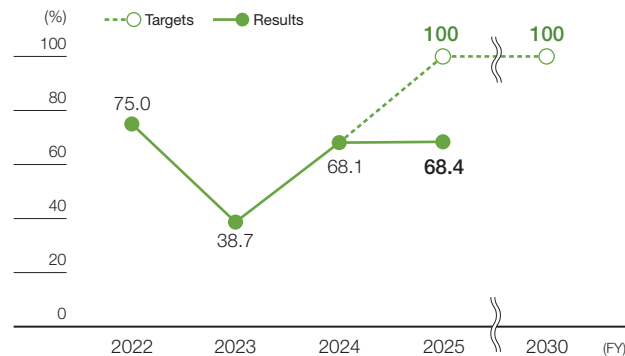
Please refer to P167 for electricity consumption. Please refer to the above for renewable energy generation.

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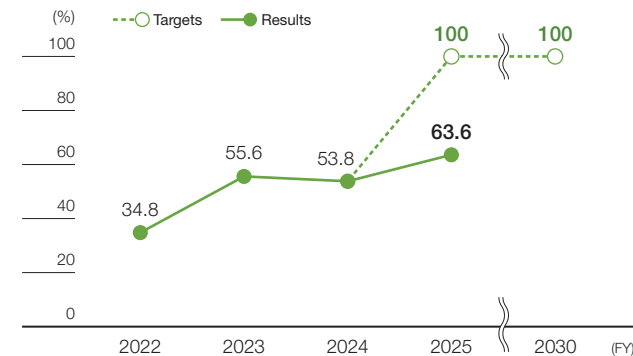
■ Introduction rate of clean energy cars



■ ZEB rate for newly constructed company-owned facilities



■ Percentage of newly constructed company-owned facilities with solar power generation equipment



Calculation method and scope of coverage of environmental data

■ Introduction rate of clean energy cars

◇ Overview

We calculate the introduction rate of clean energy cars*1 for the domestic companies in our Group that own 30 or more company vehicles.

*1 Definition of clean energy vehicles: EVs (electric vehicles), PHVs (plug-in hybrid vehicles) and FCEVs (fuel cell vehicles). Gasoline-fueled HVs (hybrid vehicles) are not included.

◇ Reporting organizations

Introduction rate of clean energy company vehicles

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)

Introduction rate of clean energy privately owned vehicles

Daiwa House Industry and 7 Group companies (Daiwa House Reform, Daiwa Life Next, Daiwa Lantec, Daiwa House Real Estate, Daiwa Living, Daiwa House Parking, and Daiwa House Chintai Reform)

◇ Calculation formula

Introduction rate of clean energy company vehicles (%)

= Number of clean energy company vehicles
÷ total number of company vehicles

Introduction rate of clean energy privately owned vehicles (%)

= Number of clean energy privately owned vehicles
÷ total number of privately owned vehicles*2

*2 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)

Calculation method and scope of coverage of environmental data

■ ZEB rate for newly constructed company-owned facilities, percentage of newly constructed company-owned 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 7 Group Companies (Daiwa Lease, Daiwa Logistics, Royal Home Center, Sports Club NAS, Daiwa House Realty Management, Wakamatsu KONPOU UNYU SOKO, KOUYAMAUNYU)

◇ Scope of coverage

Company facilities whose construction started in FY2025 (domestic only)

◇ Calculation formula

ZEB rate for newly constructed company-owned facilities (%)

= 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)

Percentage of newly constructed company-owned facilities with solar power generation equipment (%)

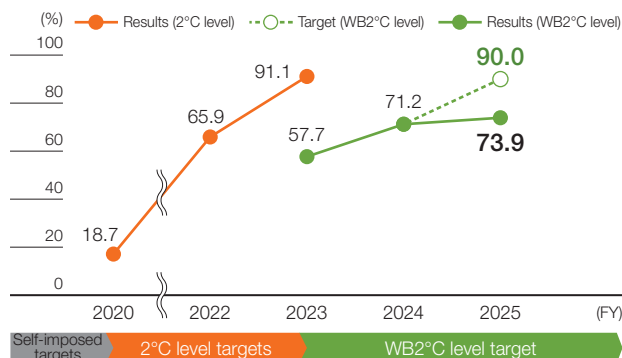
= Number of buildings with solar power generation equipment (buildings) ÷ Number of eligible properties with solar power generation equipment (buildings)

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(3) Challenge ZERO for CO₂ in the supply chain

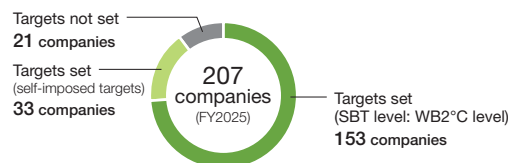
Principal suppliers' GHG emissions reduction

■ Setting rate of principal suppliers' SBT standard* GHG reduction targets

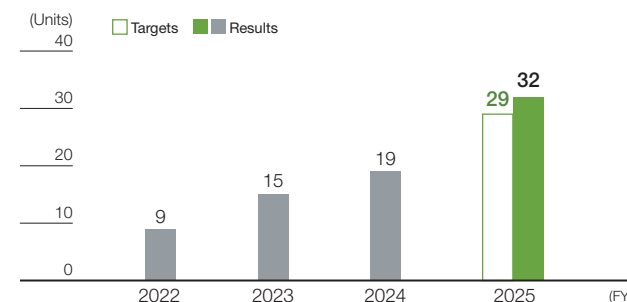


* We used the 2°C level (annual reduction in GHG emissions of 1.23% or more) for our target through fiscal 2022. However, we raised the target to the WB 2°C level (reduction of 2.5% or more) starting in fiscal 2023. (WB 2°C, or well-below 2°C, is a GHG reduction target to keep global temperature increase to well-below 2°C compared to pre-industrial temperatures.)

■ 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) (cumulative)



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 and the Setsuwa Club, which supplies our facility equipment, 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 (88 companies)
Daiwa House Industry (The Setsuwa Club)	Companies with membership in the Setsuwa Club, excluding sales companies and those with less than 100 employees (94 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) (cumulative)

◇ Overview

For the members of the Trillion Club, which supplies our materials, and the Setsuwa Club, which supplies our facility equipment, we have proposed solutions to support their achievement of GHG reduction targets. We calculate the number of solutions contracts on a cumulative basis.

◇ Reporting organizations

Daiwa House Industry, Daiwa Energy and Eneserve

◇ Calculation criteria

Number of solutions contracts to help principal suppliers to reduce GHG emissions

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 (88 companies)
Daiwa House Industry (The Setsuwa Club)	Companies with membership in the Setsuwa Club, excluding sales companies and those with less than 100 employees (94 companies)

Environmental Data | Mitigating and adapting to climate change

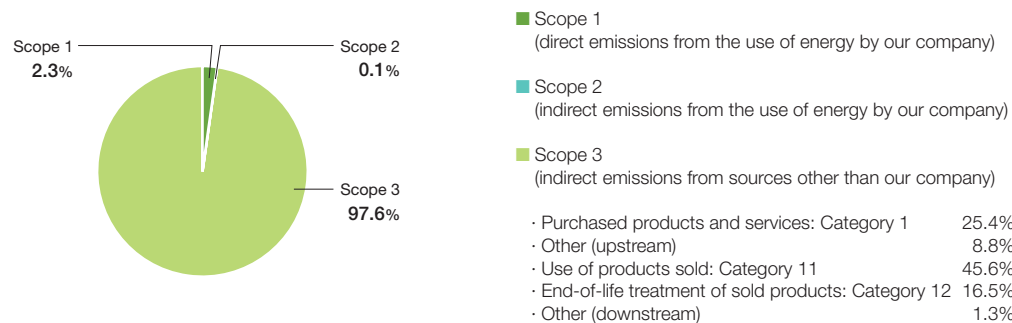
GHG emissions in our value chain Scope 1, 2 & 3 GHG emissions

Unit: 1,000 t-CO₂

Category				FY2022	FY2023	FY2024	FY2025	Percentage of total
Scope 1				238	684	218	222	2.3%
Scope 2*				131	16	14	13	0.1%
				11,858	9,595	8,366	9,479	97.6%
Scope 3	Upstream	1	Purchased products and services	3,312	2,822	2,320	✔ 2,469	25.4%
		2	Capital goods	368	157	379	689	7.1%
		3	Fuel- and energy-related activities (not included in scope 1 or scope 2)	41	42	39	37	0.4%
		4	Upstream transportation and distribution	33	32	26	26	0.3%
		5	Waste generated in operations	101	101	85	75	0.8%
		6	Business travel	11	16	18	18	0.2%
		7	Employee commuting	13	7	7	7	0.1%
		8	Upstream leased assets	0	0	0	0	0.0%
	Downstream	9	Downstream transportation and distribution	—	—	—	—	—
		10	Processing of sold products	—	—	—	—	—
		11	Use of products sold	5,872	4,623	3,888	✔ 4,425	45.6%
		12	End-of-life treatment of sold products	1,976	1,667	1,450	1,607	16.5%
		13	Downstream leased assets	131	128	155	124	1.3%
		14	Franchises	—	—	—	—	—
		15	Investments	—	—	—	—	—
Total				12,226	10,295	8,599	9,714	100.0%

* Since FY2022, the Scope 2 calculation method has been revised to a market-based method.

Breakdown of GHG emissions (FY2025)



Under the GHG Protocol*, GHG emissions from biomass power must be reported separately from Scope 1, 2 and 3 GHG emissions. GHG emissions from biomass power in the Group's Hibikinada Thermal Power Station (fiscal 2025) are presented below.

143,336 t-CO₂

* International standards for calculating and reporting greenhouse gases emissions

Environmental Data | Mitigating and adapting to climate change

Calculation method and scope of coverage of environmental data

■ GHG emissions in our value chain

◇ Overview

As for Scope 1 and Scope 2, refer to pages 165 and 167. 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. 3.6, Ministry of Economy, Trade and Industry, Ministry of the Environment) for calculation of greenhouse gases emissions of the organization throughout its supply chain
- ② LCI database IDEAv2 (for calculating greenhouse gases emissions in the supply chain) (Sustainable Management Promotion Organization (SuMPO))
- ③ The Comprehensive Assessment System for Built Environment Efficiency System (CASBEE) Single-family Housing (Newly Built) and Buildings (Newly Built), LCCO₂ 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 ₂ emissions per activity (intensity)]	
			Activity	Intensity (source)
Upstream	1 Purchased products 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 and travel/transportation expenses	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 ₂ 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 ₂ emissions apply to this category.	Not applicable	Not applicable
	11 Use of products sold	Lifetime use of single-family housing, rental housing, condominiums, and non-residential buildings (inside Japan, Single-family housing/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 ₂ emissions associated with repair and renovation are included in Category 12.	Design primary energy consumption × CO ₂ emission factor for each energy type × useful life * Same as "GHG emissions derived from use of products" on p. 158	
	12 End-of-life treatment of sold products	Repair, renovation, demolition, disposal of single-family housing, rental housing, 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 ₂ 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 ecosystem-considerate 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 ecosystem-considerate 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]



P053 Implementation of the Chemical Substance Management Guidelines



➤ Supply Chain Sustainability Guidelines

Biodiversity Guideline [Timber Procurement]

(Revised February 2025)

"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 and consider the rights of indigenous peoples, local communities and workers, human rights, and occupational health and safety.
- (i) The forest reserves can be maintained.
- (j) The timber is Japanese domestic timber.

* For zero deforestation, conditions (a) through (d) must be met.

* FSC-certified timber is timber confirmed to have been legally and sustainably sourced.

* 100% recycled timber is post-consumer timber (timber that cannot be used for its original purpose), such as timber recovered from construction.

* For (h), consideration must be given to the rights of indigenous peoples and local communities, including the protection of customary land rights and the protection of rights based on customs and traditions, as well as the safety, health, and human rights of workers, including forced and child labor.

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

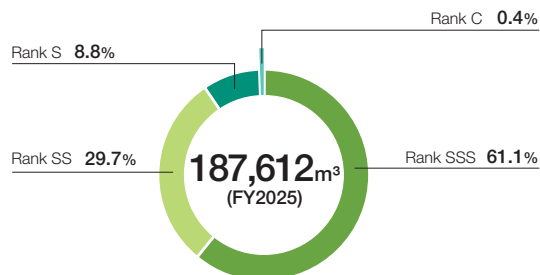
In order to maintain a good biological environment, we will plan and propose facilities and management policies necessary for maintaining and managing green spaces.

Environmental Data | Harmony with the natural environment

(4) Challenge ZERO Deforestation

Ecosystem-considerate timber procurement

■ Rate of C-ranked timber in procurement

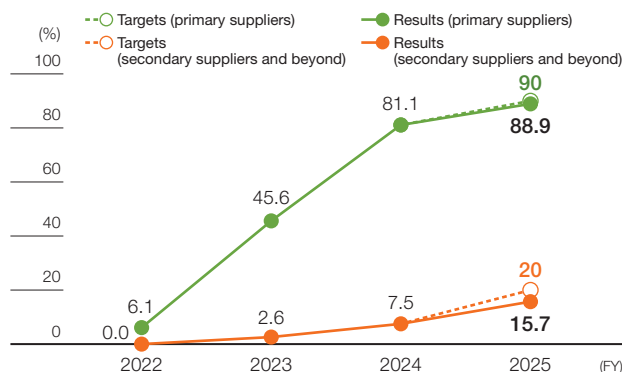


■ Volume of timber procured

Unit: m³

	2022	2023	2024	2025
Single-family housing and rental housing businesses (low-rise)	159,734	163,189	157,969	137,375
Rental housing business (medium- and high-rise)	13,893	3,867	3,247	2,673
Condominium business	4,263	1,731	1,539	5,217
Commercial and office buildings business	51,245	11,432	24,170	19,172
Existing homes business	266	231	180	180
Other	24,446	21,801	26,106	22,995
Total	253,848	202,252	213,211	187,612

■ Setting rate of zero deforestation policy



■ Companies endorsing Challenge ZERO Deforestation

· Aimokusha	· IPC Co., Ltd.	· Asunaro Aoki Construction Co., Ltd.
· Akashimokuzai Co., Ltd.	· Akikogei Inc.	· Asanuma Corp.
· Asahi Woodtec Co., Ltd.	· AZUMA & COMPANY, LTD.	· AwajiGiken Co., Ltd.
· Ikeda Mokuzai Co., Ltd.	· ISHIMOK CORPORATION CO., LTD.	· Ishin LLC
· ITOCHU KENZAI CORPORATION	· Impact Inc.	· Willhousing Co., Ltd.
· Unnoseisakusho Co., Ltd.	· SMB Kenzai Co., Ltd.	· SY Co., Ltd.
· Echigoya Mokuzai Corporation	· Emachu Mokuzai Co., Ltd.	· Oosako Co., Ltd.
· Oshima Flooring Co., Ltd.	· OAK Co., Ltd.	· OG CORPORATION
· OMNITSUDA Inc.	· KASHIWA Mokko Co., Ltd.	· Kanesho Corporation
· Kamitani Construction Co., Ltd.	· Kameoka Lumber Industry, Co., Ltd.	· Kinugasa Mokuzai Corporation
· kiyoulumber Co., Ltd.	· Kyowa Sangyo Inc.	· Kirii Construction Materials Co., Ltd.
· Kodai Co., Ltd.	· KOUWAKENSHO Co., Ltd.	· KOKUYO Tohoku Sales Co., Ltd.
· Kodama Naiso LLC.	· Kobayashi Shoji Co., Ltd.	· Kobayashi Mokuzai Co., Ltd.
· Sato Construction Co., Ltd.	· Sampo Corporation	· Sanyo UD Co., Ltd.
· Shinozaki Mokko Co., Ltd.	· Shimizu Mokuzai Co., Ltd.	· Jumbo Co., Ltd.
· JUTEC Corporation	· Syuhoku Co., Ltd.	· Jomo Shoji Co., Ltd.
· Showa Lumber Co., Ltd.	· Showayuki Corporation	· Shirasaki tategu seisakujo Co., Ltd.
· Shinei, Inc.	· SHINYO MOKUZAI KOGYO CO., LTD.	· Sumitakenso LLC.
· Senda Kogyo Co., Ltd.	· SOJITZ BUILDING MATERIALS CORPORATION	· Daiichi Mokuzai, Ltd.
· Daiei Kousan Co., Ltd.	· Takachiho Co., Ltd.	· Takumi Corporation
· TASK Co., Ltd.	· Tateguya Yamaoka Co., Ltd.	· Tamoyama Komuten Co., Ltd.
· Chugoku Mokuzai Co., Ltd.	· TWO-KEN INDUSTRIES Inc.	· Tsuda Sangyo Co., Ltd.
· Tsuchiura Mokuzai Co., Ltd.	· DIY Century Co., Ltd.	· Ta Build & Material Co., Ltd.
· TEC-CELL Co., Ltd.	· TOHKAI Co., Ltd.	· Tokyo Central Timber Market Co., Ltd.
· Tokyo Board Industries Co., Ltd.	· Toho Mokuzai Co., Ltd.	· Tohoku Shiraishi Bussan Co., Ltd.
· Towa Kenko Co., Ltd.	· Tohsen Ltd.	· Tomishiro Kogei Co., Ltd.
· Toyo Materia Corporation	· Nice Corporation	· Nakai Shoji Corporation
· NAFFICS CO., LTD.	· Niigata Gohan Co., Ltd.	· Nishiuragumi Co., Ltd.
· Japan Housing & Building Components Manufacturers Cooperative	· Nippon Paper Lumber Co., Ltd.	· NIHON FLUSH CO., LTD.
· Numata Koumuten Co., Ltd.	· NODA CORPORATION	· Hatano Co., Ltd.
· HAYASHI PLYWOOD INDUSTRIAL CO., LTD.	· barco Co., Ltd.	· Higuchi Kenso Corporation
· FUKUNEI CORPORATION	· Prestige Japan Inc.	· Matsumoto Shoten Co., Ltd.
· Maruka Shoten Co., Ltd.	· MARUKUNI FORESTRY CO., LTD.	· Maluko Co., Ltd.
· MIURA Co., Ltd.	· Mitsuya Co., Ltd.	· Miwaki Co., Ltd.
· Mobiria Co., Ltd.	· Morikenso Co., Ltd.	· Yamamotokoumuten Co., Ltd.
· Yamaike Co., Ltd.	· UFG Co., Ltd.	· Land TOOCX Co., Ltd.
· REAL HOUSE inc.	· Waklus Co., Ltd.	· Watazai Co., Ltd.

Total 111 companies (as of March 31, 2026; Japanese alphabet order)

Calculation method and scope of coverage of environmental data

■ Rate 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 factfinding 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

Rate of C-ranked timber (%) = amount of C-ranked timber procured (m³) ÷ Total amount of timber procured (m³)

Statistics for SSS, SS, and S-ranked timber are also calculated in the same way.

◇ Scope of coverage

Segment*1	Target	Scope of coverage*2
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	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

*1 Each department covers only domestic operations

*2 Target materials are includes construction materials, framing/crosspieces, wood used below grade, plywood, and flooring.

■ Setting rate of zero deforestation policy

◇ Overview

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 beyond, we calculate the rate of suppliers establishing zero deforestation policies or suppliers agreeing to Challenge ZERO Deforestation.

◇ Scope of coverage

Same as the scope of coverage for the rate of C-ranked timber

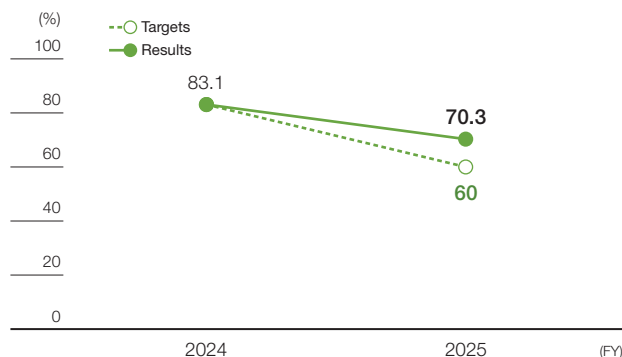
◇ Calculation formula

Setting rate of zero deforestation policy (primary suppliers) (%) = Number of primary suppliers that have established a zero-deforestation policy with minimum procurement of 50 m³/year ÷ Number of primary suppliers with minimum procurement of 50 m³/year

Setting rate of zero deforestation policy (secondary suppliers and further) (%) = Number of primary suppliers that have completed the formulation of zero deforestation policy for their secondary suppliers and further ÷ Number of primary suppliers with minimum procurement of 50 m³/year

Environmental Data | Harmony with the natural environment

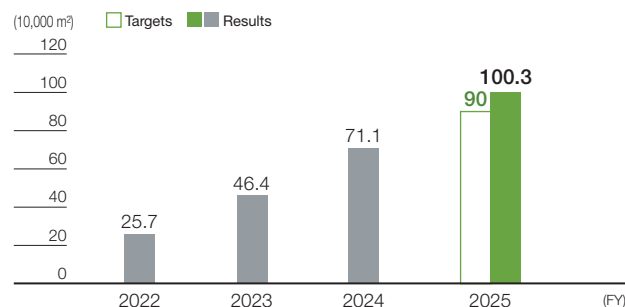
■ Rate of sustainable concrete formwork use (no. of building basis)



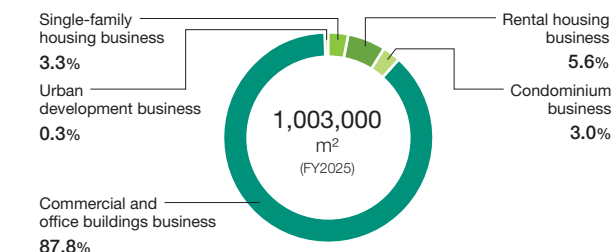
(5) Challenge ZERO Harm to Biodiversity

Preservation of biodiversity in development and community development

■ Area of ecosystem-considerate vegetation cover (cumulative)



■ Breakdown of area of ecosystem-considerate vegetation cover



Calculation method and scope of coverage of environmental data

■ Rate of sustainable concrete formwork use (no. of building basis)

◇ Overview

For concrete formwork used in the aboveground sections of RC and SRC frames, we calculate the percentage of buildings using at least 10% sustainable concrete formwork (incl. domestic coniferous plywood panels, plastic formwork, steel formwork).

◇ Calculation formula

Rate of sustainable concrete formwork use (%)
 = number of buildings using at least 10% sustainable concrete for buildings with RC and SRC frames for which construction commenced
 ÷ the number of buildings with RC and SRC frames for which construction commenced

◇ Scope of coverage

Segment	Target	Scope of coverage*
Rental housing business	Daiwa House Industry	Medium- and high-rise rental housing construction commenced during the period employing RC and SRC frames
Condominium business	Daiwa House Industry	Buildings with RC and SRC frames for which construction commenced during the period (excludes properties for which budgets were finalized through fiscal 2023)
Commercial and office buildings business	Daiwa House Industry	Buildings with RC and SRC frames for which construction commenced during the period
	Fujita	Buildings with RC and SRC frames for which construction commenced during the period

* Domestic properties only

Calculation method and scope of coverage of environmental data

■ Area of ecosystem-considerate vegetation cover (cumulative)

◇ Overview

Area of ecosystem-considerate vegetation cover, 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

Area of ecosystem-considerate vegetation cover (m²)
 = Σ (Area of ecosystem-considerate vegetation cover 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)
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

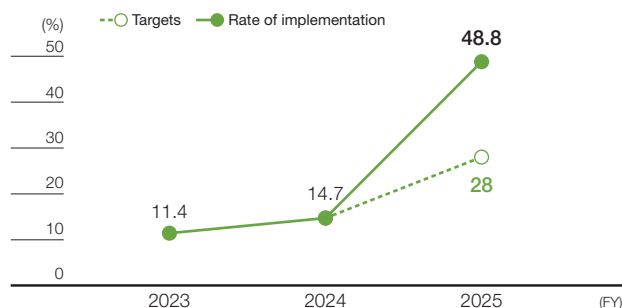
* Domestic properties only

Environmental Data | Harmony with the natural environment

(5) Challenge ZERO Harm to Biodiversity

Conservation of biodiversity at Company facilities

- Rate of formulation and implementation of protection and management plans of significant sites within premises of the company's facilities



■ Biodiversity assessments for Daiwa House Group sites

	Number of locations	Surface area (ha)
Directly operated sites	1,773	—
Of which, sites located in biodiversity priority areas	41	3,029
Sites with biodiversity considerations already in place	20	269.7

- Rate of formulation and implementation of protection and management plans of significant sites within premises of the company's facilities

■ Biodiversity assessments for Daiwa House Group sites

◇ Overview

We confirm whether directly operated sites (assessment locations) are located in biodiversity priority areas*.

* Method of determination: We use the Ministry of the Environment's environmental assessment database (Environmental Impact Assessment Database System (EADAS)) to determine whether a site is within protected areas. Examples of protected areas include international protected areas under laws such as the UNESCO World Heritage Convention, the Ramsar Convention, and the Key Biodiversity Areas (KBA); areas designated under laws such as the Nature Conservation Act, the Natural Parks Act, the Wildlife Protection and Hunting Management Law, and the Act on Conservation of Endangered Species of Wild Fauna and Flora; and areas designated as Important Socio-ecological Production Landscapes (Satohi-satojama) for Biodiversity Conservation.

◇ Calculation formula

Rate of formulation and implementation of protection and management plans of significant sites within premises of the company's facilities (%)

$$= \frac{\text{Number of sites with biodiversity considerations already in place}}{\text{Number of directly operated sites located in biodiversity priority areas}}$$

◇ Scope of coverage

Target	Scope of coverage
Daiwa House Group	Sites that the Company directly operates under a central manager (Domestic only)

Breakdown of application by target company

Target company	Application
Daiwa House Industry, Group companies	Sites (Head Office, branches, offices), Factories, research laboratories, training centers, solar and wind power plants, Forest housing areas, company-owned forest sites
Fujita	Technological Center
Daiwa Lease	Factories, commercial facilities, solar and wind power generation plants
Daiwa House Realty Management	Commercial facilities, Hotels, solar and wind power generation plants
DesignArc	Factories, delivery centers
Daiwa Energy	Solar and wind power generation plants
Eneserve	Office, factories, solar and wind power generation plants
Royal Home Center	Commercial facilities
Sports Club NAS	Commercial facilities
Daiwa Royal Golf	Golf courses
Daiwa Logistics	Delivery centers
Wakamatsu KONPOU UNYU SOKO	Delivery centers
KOUYAMAUNYU	Delivery centers, solar power generation plants

Promotion of the Daiwa Plastics Smart Project

■ Plastics Usage Guidelines (revised January 2024)

1	In principle, Daiwa House Group companies do not use disposable plastics for office items and promotional goods distributed for free to external parties, novelty goods packaging, catalog bags, cutlery, and the like.
2	In cases where it is difficult to replace disposable plastics due to functional restrictions, environmental consideration materials such as biomass plastic and recycled plastic will be used as much as possible. Efforts will be made to limit the amounts used and disposed to the necessary minimum, including setting limits on their use, distribution to only those making requests, and recycling post distribution.
3	As for office supplies used repeatedly in the company, environmental consideration 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.

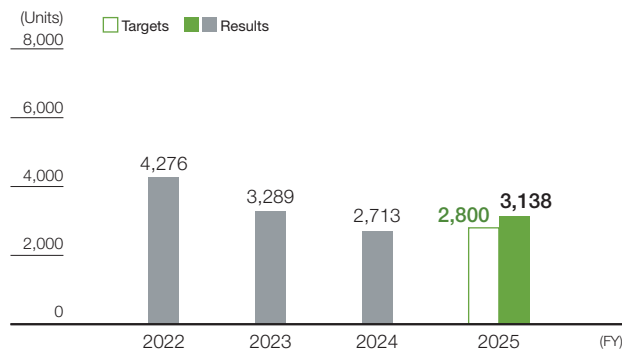
Supplementary explanation

- 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.
- For novelty and promotional goods, efforts will be taken to not use packaging or consideration given to using packaging other than disposable plastic.
- Plastic bags and polyethylene terephthalate (PET) bottles that fall under the Containers and Packaging Recycling Law 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.

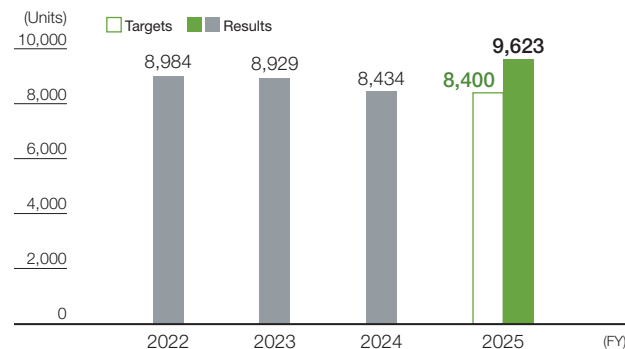
Environmental Data | Closed-loop resource sourcing and conservation of aquatic environments

(6) Challenge ZERO Waste and Reuse

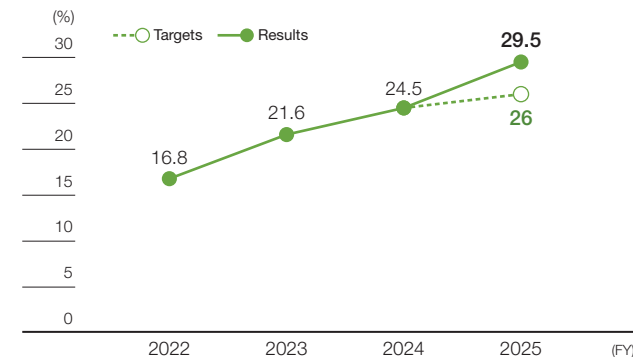
■ Number of assets subject to effective use



■ 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 purchase and sale 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 purchase and sale them and mediating purchase and sales of them in Japan
Daiwa House Real Estate	
Daiwa LifeNext	

◇ Calculation formula

Number of assets subject to effective use (No.)
= Purchase for purchase and sale (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 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 the Company's 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

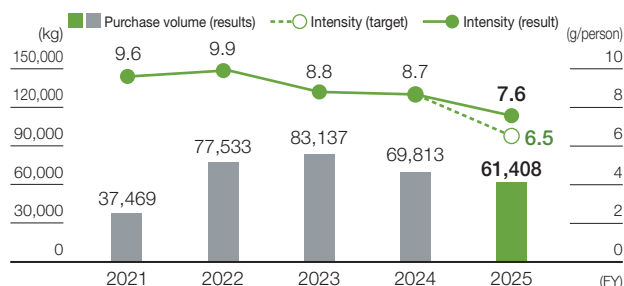
◇ Calculation formula

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)

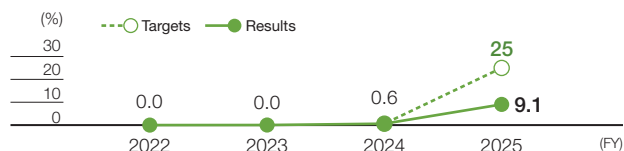
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(6) Challenge ZERO Waste and Reuse

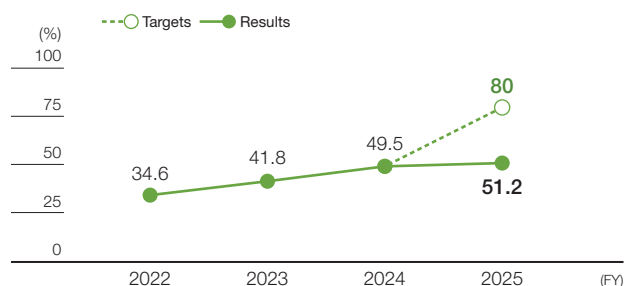
■ Purchase amount and intensity of amenities that are plastic-containing products specified in law [hotels]



■ 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

	2022	2023	2024	2025
Daiwa House Industry	662	590	553	392

Unit: t

■ Steel consumption

	2022	2023	2024	2025
Daiwa House Industry	179,566	176,867	162,406	167,186

Unit: t

Calculation method and scope of coverage of environmental data

■ Purchase amount and intensity 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) designated as products using specified plastics, which will be distributed free of charge at domestic bases.
Daiwa House Realty Management	
Housing Complex Business Division (Daiwa Living)	

* For the Company's Housing Complex Business Division (Daiwa Living), results through December 2025 have been included in the calculation.

◇ Calculation formula

Annual purchases intensity of amenities that are plastic-containing products specified in law (g/person)
= $\sum (\text{annual purchases of amenities that are plastic-containing products specified in law}) \div \sum (\text{annual number of overnight guests})$
Recycling rate of amenities that are plastic-containing products specified in law (%)
= $\sum (\text{weight of recycled amenities that are plastic-containing products specified in law}) \div \sum (\text{weight of annual purchases of amenities that are plastic-containing products specified in law})$

■ 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 and the Setсуwa Club, which supplies our facility equipment, 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 (88 companies)
Daiwa House Industry (The Setсуwa Club)	Companies with membership in the Setсуwa Club, excluding sales companies and those with less than 100 employees (94 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 (%)

= $\text{Number of principal suppliers that have set zero emission targets}^* \div \text{Number of principal suppliers}$

* Targets set for zero emissions or recycling rate of 99% or higher (includes targets already achieved)

■ Paper consumption

◇ Overview

Regarding our paper consumption, we calculate the actual value of the paper purchased (m²) 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
Office work	Daiwa House Industry	All offices (Head Office, branches, offices, sales offices) and research centers in Japan

■ Steel consumption

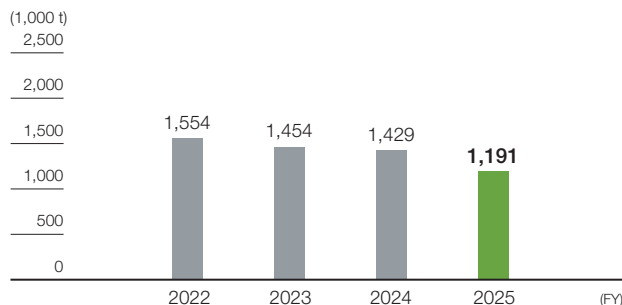
◇ Scope of coverage

Segment	Target	Scope of coverage
Manufacturing	Daiwa House Industry	All production sites in Japan

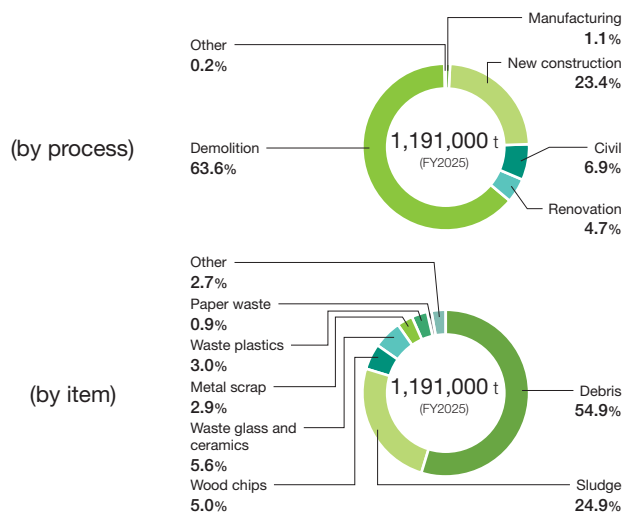
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Construction waste emissions, Recycling rates

Overall Construction waste emissions



Overall Breakdown of construction waste emissions



Overall Construction waste emissions (by process)

Unit: 1,000 t

	2022	2023	2024	2025
Manufacturing	15	15	14	14
New construction	286	288	310	279
Civil	161	131	89	82
Renovation	49	46	57	56
Demolition	1,040	972	956	757
Other	3	2	2	2

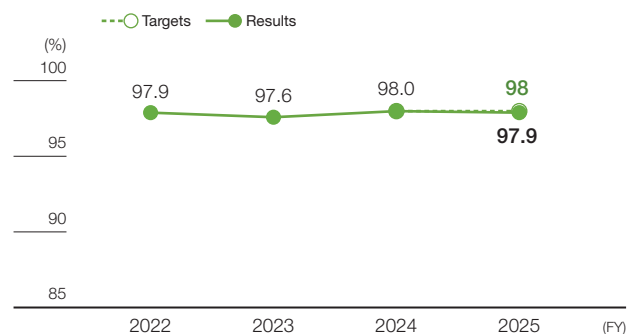
* The classification method per stage was partly changed in FY2022.

Overall Construction waste emissions (by item)

Unit: 1,000 t

	2022	2023	2024	2025
Debris	848	780	800	655
Sludge	360	378	345	297
Wood chips	98	89	75	60
Waste glass and ceramics	88	85	79	67
Metal scrap	47	33	42	35
Waste plastics	39	38	37	36
Paper waste	13	11	11	10
Other	59	39	39	32

Overall Recycling rate of construction waste



Overall Recycling rate of construction waste (by treatment)

Unit: %

	2022	2023	2024	2025
Recycling				
Material recycling	93.9	94.7	95.8	94.9
Thermal recycling	3.0	2.9	2.2	2.9
Neutralization treatment	1.0	0.0	0.1	0.1
Final disposal				
Simple incineration	0.0	0.0	0.0	0.0
Landfill	2.1	2.4	1.9	2.0

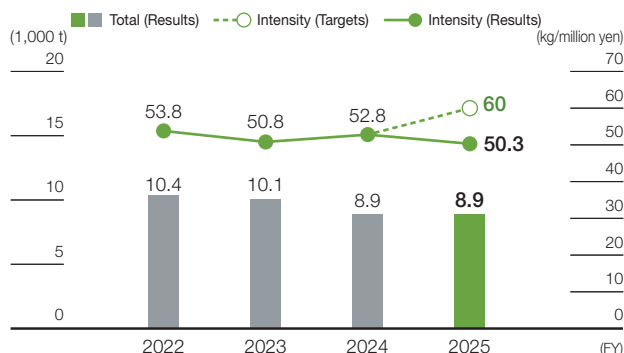
Overall Specially controlled industrial waste emissions (Daiwa House Industry)

Unit: t

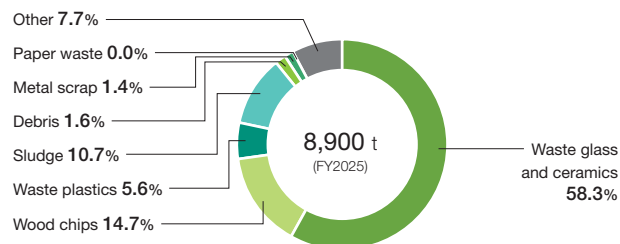
	2022	2023	2024	2025
Combustible waste oil	118.67	111.27	96.03	82.11
Corrosive waste acid, waste alkali	32.84	29.53	17.75	34.79
Specified hazardous industrial waste (e.g. waste asbestos, waste PCB)	95.38	47.91	115.59	212.31

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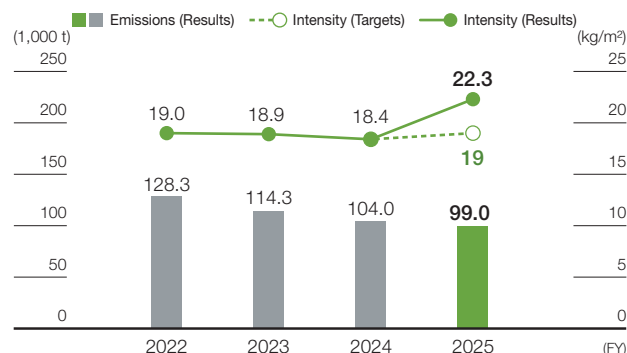
Manufacturing Construction waste emissions and intensity



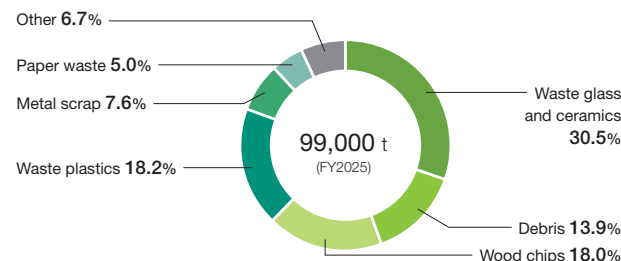
Manufacturing Breakdown of Construction waste emissions (by item)



New construction Construction waste emissions and intensity



New construction Breakdown of Construction waste emissions (by item)



Number of Long-Life Quality Housing Certification acquired

Number of Long-Life Quality Housing Certification acquired

Unit: Units		
Name of certification	2024	2025
Long-Life Quality Housing Certification	4,133	4,349

Calculation method and scope of coverage of environmental data

Number of Long-Life Quality Housing Certification acquired

◇ 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.

◇ Reporting organizations

Daiwa House Industry

◇ Uses of buildings

Single-family housing

◇ Scope of coverage

Contracted and built-for-sales properties (domestic only)

Calculation method and scope of coverage of environmental data

Construction waste emissions, Recycling rates

◇ 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. 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 "floor area" of each site is used as the basic denominator of the construction segment.

◇ 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	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

◇ 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/m²)
= 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)

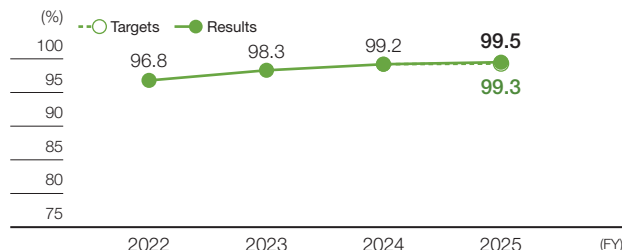
Note: Construction sludge is included in the calculation of the recycling rate.

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(7) Challenge ZERO Water-Associated Risks

Water-saving device adoption rate

■ Water-saving device adoption rate (housing and hotels)



■ Water-saving device adoption rate by department (FY2025)

Department	Adoption rate
Single-family housing business	100%
Rental housing business	99.8%
Existing homes business	100%
Condominium business	100%
Commercial and office buildings business*	96.1%

* Only the hotel and residential care facilities

Calculation method and scope of coverage of environmental data

■ Water-saving device adoption rate (housing and hotels)

◇ 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

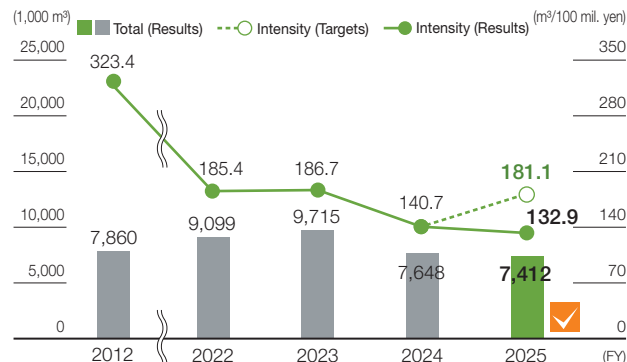
Water-saving equipment adoption rate (%)

$$= \frac{\sum \text{[No. of installed water-saving equipment (showers + kitchen faucets + toilets)]}}{\sum \text{[No. of relevant facilities installed (showers + kitchen faucets + toilets)]}} \times 100$$
 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

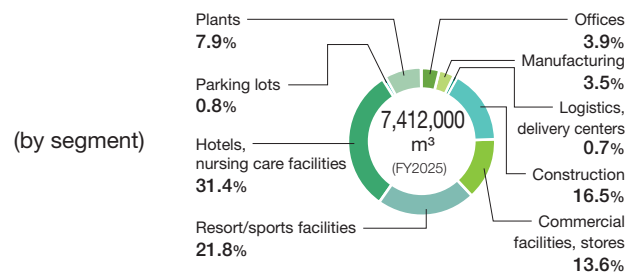
Segment	Target	Scope of coverage
Single-family housing business	Daiwa House Industry	All properties in Japan
Rental housing business	Daiwa House Industry	All properties in Japan
Condominium business	Daiwa House Industry	All properties in Japan
Commercial and office buildings business	Daiwa House Industry, Fujita	Only for hotels and residential care facilities in Japan
Existing homes business	Daiwa House Reform	All properties in Japan

Water consumption

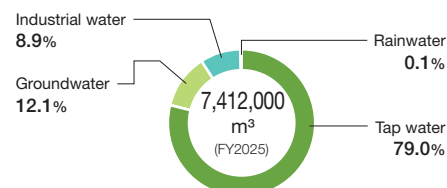
■ Trend in water consumption (water intake) and intensity



■ Breakdown of water consumption (water intake)



(by type)



■ Water consumption (water intake) (by segment)

Unit: 1,000 m³

	2022	2023	2024	2025
Offices	266	289	295	287
Manufacturing	292	273	254	256
Logistics, delivery centers	31	64	44	55
Construction	1,587	1,276	1,702	1,225
Commercial facilities, stores	1,090	1,070	1,002	1,006
Resort/sports facilities	3,826	2,193	1,714	1,612
Hotels, nursing care facilities	2,007	2,426	2,231	2,325
Parking lots	0.4	0	12	58
Plants	—	2,124	394	587

■ Water consumption (water intake) (by type)

Unit: 1,000 m³

	2022	2023	2024	2025
Tap water	7,458	6,471	6,197	5,853
Groundwater	1,448	955	796	893
Recycled water	31	2	—	—
Industrial water	161	2,283	651	660
Rainwater	3	5	5	6

■ Water consumption (water intake) (Japan, outside Japan)

Unit: 1,000 m³

	2022	2023	2024	2025
Japan	8,900	9,459	7,348	7,139
Outside Japan	199	257	300	273

Calculation method and scope of coverage of environmental data

■ Water consumption (water intake)

◇ Overview

This represents the total annual water consumption from the water supply, groundwater, 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. 167.

Environmental Data | Closed-loop resource sourcing and conservation of aquatic environments

Water conservation measures at each facility (FY2025)

Segment	Company name	Scale	Water conservation
Hotels	Daiwa House Realty Management	7 facilities	Replacement with wall-mounted thermostat faucets that shut off water at set volumes
Resort hotels	Nishiwaki Royal Hotel	1 facility	Reduction of the load on cooling towers through air conditioning equipment upgrades
Sports facilities	Sports Club NAS	2 stores	Adoption of shower water-saving systems
Manufacturing	Daiwa Lease	2 factories	Adoption of self-contained high-pressure cleaners
		1 factory	Upgrades to water-saving toilets
		4 factories	Installation of rainwater tanks
Commercial facilities, stores	Royal Home Center	1 store	Installation of water-saving components

Drainage discharge

Drainage discharge (by point of discharge) (Japan)

Unit: 1,000 m³

	2022	2023	2024	2025
Rivers and lakes	900	491	360	376
Brackish water intake source/sea	360	941	251	272
Sewer system	5,603	5,245	4,905	5,017
Discharge to other organizations	—	—	—	—
Total	6,863	6,677	5,517	5,665

Drainage discharge (by point of discharge) (Outside Japan)

Unit: 1,000 m³

	2022	2023	2024	2025
Rivers and lakes	0	0	0	0
Brackish water intake source/sea	—	—	—	—
Sewer system	40	133	295	643
Discharge to other organizations	0	0	0	0
Total	40	133	295	644

Water consumption

Unit: 1,000 m³

	2022	2023	2024	2025
Total	2,196	2,905	1,837	1,103

Water quality

BOD (biochemical oxygen demand)

Unit: t

	2022	2023	2024	2025
Total	0.172*	0.167	0.220*	0.237

* Figures have been corrected due to errors in the aggregations for FY2022 and FY2024.

Water data for key sites located in water risk areas* (FY2025)



		Unit	Daiwa House Industry		
			Tochigi Ninomiya Factory	Nara Factory	Osaka Head Office
Water intake	Total amount	m³	67,261	21,097	39,452
	Drainage discharge	m³	32,656	21,012	31,152
Wastewater concentration (maximum value for the current FY)	pH		7.8	6.9	—
	BOD	mg/L	2.0	12.0	—
	COD	mg/L	4.8	10.0	—
	Suspended solids	mg/L	1.2	22.0	—
	Normal hexane extracted substance content [mineral oil]	mg/L	ND	ND	—
	Normal hexane extracted substance content [animal and vegetable oils]	mg/L	ND	ND	—
	Phenols content	mg/L	ND	—	—
	Copper content	mg/L	ND	—	—
	Zinc content	mg/L	0.03	0.18	—
	Soluble iron content	mg/L	0.03	0.13	—
	Soluble manganese content	mg/L	ND	0.01	—
	Chromium content	mg/L	ND	—	—
	Coliform group count	pcs/cm³	ND	—	—
	Nitrogen content	mg/L	5.7	20.0	—
	Phosphorus content	mg/L	0.3	0.9	—
	Boron and its compounds	mg/L	ND	ND	—
	Fluorine and its compounds	mg/L	ND	ND	—
	Ammonia, ammonium compounds, nitrite compounds, nitrate compounds	mg/L	5.4	17.0	—
	Lead	mg/L	ND	—	—
	Arsenic	mg/L	ND	—	—
	Hexavalent chromium	mg/L	ND	ND	—

* Inundation areas on hazard maps

—: 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, brackish 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.

Water consumption

Overview

Calculated by subtracting drainage discharge from water intake.

Scope of coverage

Same as the scope of coverage of "GHG Emissions, Energy Use, and Electricity Consumption" on p. 167.

BOD (biochemical oxygen demand)

Overview

Calculated by multiplying BOD concentrations at each factory by drainage discharge and adding the values for each factory.

Scope of coverage

Segment	Target	Scope of coverage
Manufacturing	Daiwa House Industry	Of our domestic production sites, sites with discharge into rivers (seven locations in total)

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)
Source of drainage discharge (River): Tochigi Ninomiya Factory
(Sewer system): Nara Factory, Osaka Head Office

Environmental Data | Closed-loop resource sourcing and conservation of aquatic environments

Water recycling

Water recycling in each facility (FY2025)

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.	5,435 m ³ (12.1%)
Hibikinada Thermal Power Station	Recycling of boiler coolant water	569,740 m ³ (49.3%)

Number of regulatory violations concerning water

Number of regulatory violations concerning water

Unit: Units

	2022	2023	2024	2025
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 for which we received fines, penalties, and injunctions for exceeding and violating 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

Water-related costs

Costs related to water risk (FY2025)

Unit: 1,000 yen

(1) Water and sewage system charges, industrial water fees, groundwater charges, hot spring fees, and other operating expenses	1,938,981
(2) Costs for water resource conservation measures	148,481

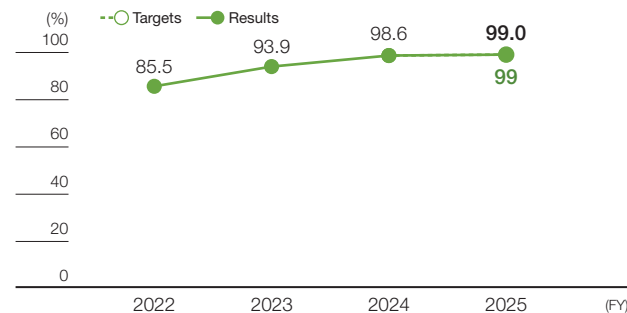
Investments in R&D to mitigate water-related risk (FY2025)

Unit: 1,000 yen

R&D for rainwater gardens	18,000
R&D for sewerage	68,000
R&D for organic wastewater	4,550
Membership fees for water-related academic societies, etc.	713

Investigation of water-related risks

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 (88 companies)
Daiwa House Industry (The Setсуwa Club)	Companies with membership in the Setсуwa Club, excluding sales companies and those with less than 100 employees (94 companies)
Fujita	Companies that account for 2/3 of materials purchases of major construction types (25 companies)

◇ Calculation formula

Percentage of principal suppliers subject to water risk survey (%)
= Number of suppliers that responded to the water risk survey (cumulative)
÷ Number of principal suppliers.

Results of Comprehensive Water Risk Assessment at Group Facilities

Segment	Country	Unit	Risk level*1				
			(Low) 1	2	3	4	(High) 5
Factories	Japan	locations	7	18	—	—	—
Golf courses	Japan	locations	—	10	—	—	—
Total water consumption for each risk level*2			1,000 m ³	4.5	461.1	—	—

*1 For total risk for all areas, including the status of drought, flood, water quality, and biodiversity services for factories and golf courses, we confirmed Basin Risk for 2025 and Operational Risk for 2022 in Water Risk Filter 6.0, developed by WWF and DEG.

Risk levels. 1: Very low risk, 2: Low risk, 3: Moderate risk, 4: High risk, 5: Very high risk

*2 As of end of March, 2026

Water Usage in Water Stress Areas (Water Intake)

Water stress		Total	Business sites, etc.	Hotels	Construction
High (40-80%)	Number of sites	4	3	0	1
	Water intake (1,000 m ³)	3.1	2.0	0.0	1.1
Extremely High (>80%)	Number of sites	7	5	1	1
	Water intake (1,000 m ³)	49.3	8.8	26.4	14.1
Water stress area total	Water intake (1,000 m ³)	52.3	10.8	26.4	15.1
	Percentage of total water intake	0.7%			
Group water intake (1,000 m ³)		7,412			

Sites in water stress areas with water intake of over 10,000 m³: 1 site (hotel in Mexico). For 28 overseas business sites, commercial facilities and hotels in FY2025 for which there were water consumption reports, confirmed with WRI Aqueduct 4.0. For construction, we confirmed with Aqueduct 4.0 Country Rankings for countries where 11 overseas management bases are located and listed the number of management bases.

Water risk assessment results in timber-producing countries

	Japan	China	Finland	Indonesia	Sweden	Other 20 countries	Other 2 countries	Unknown (recycled materials, etc.)
Ratio of procured timber	29.3%	18.9%	17.8%	5.6%	2.9%	8.5%	0.5%	16.4%
Risk level	Present	1	2	0	2	0		
	2030	1	2	0	2	0		
	2050	1	2	0	2	0		
	2080	1	2	1	2	0		

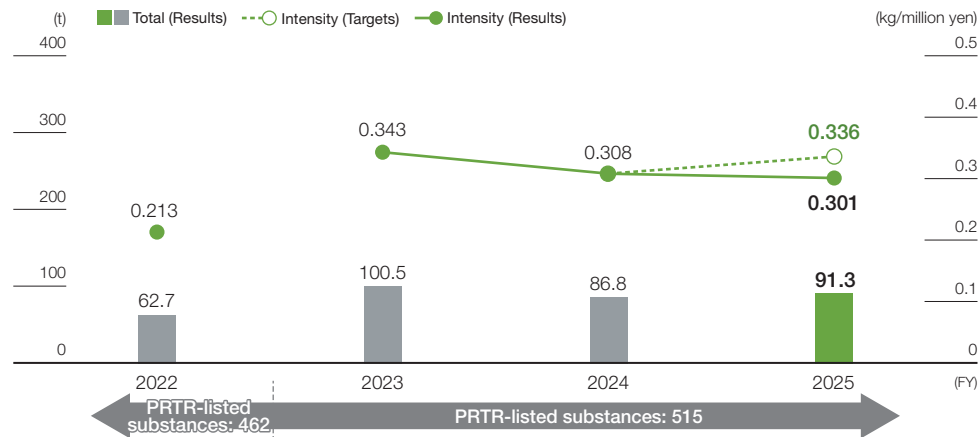
For water stress in countries producing procured timber for FY2025, we made evaluations with Aqueduct 4.0 Current and Future Country Rankings
Risk levels. 0: low, 1: low to medium, 2: medium to high, 3: high, 4: very high

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	2022	2023	2024	2025
Daiwa House Industry (housing)	17.6	54.5	40.9	48.1
Daiwa House Industry (construction)	8.7	12.4	15.9	12.4
Daiwa Lease	16.6	13.9	12.8	13.4
DesignArc	5.6	4.1	3.0	2.4

■ Change in transfer of PRTR-listed substances (by company/segment)

Breakdown by segment	2022	2023	2024	2025
Daiwa House Industry (housing)	9.1	10.5	8.8	9.0
Daiwa House Industry (construction)	4.7	4.8	5.1	5.6
Daiwa Lease	0.4	0.4	0.4	0.3
DesignArc	0.0	0.0	0.0	0.0

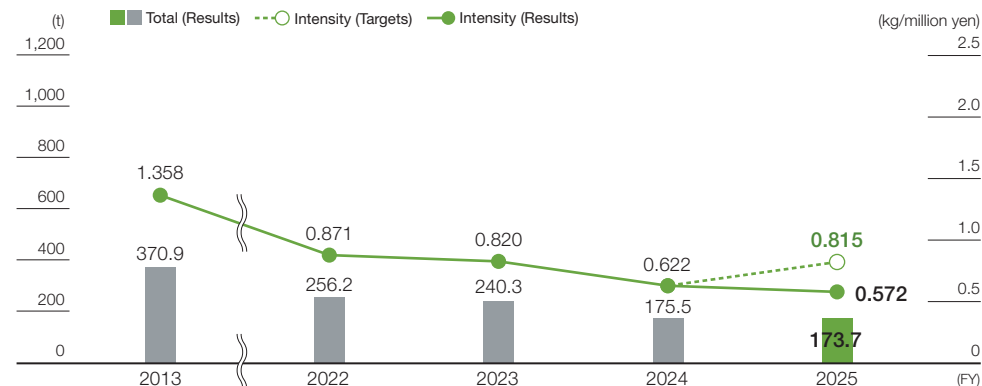
* PRTR-listed substances for fiscal 2023 were revised following amendments to the PRTR Law.

For fiscal 2022, release and transfer quantities for PRTR-listed substances (462) were calculated based on the PRTR Law prior to amendments.

For fiscal 2023, 2024, and 2025 release and transfer quantities for PRTR-listed substances (515) were calculated based on the revised PRTR Law.

VOC emissions

■ VOC emissions and intensity



■ Change in release of VOC emissions (by company/segment)

Breakdown by segment	2022	2023	2024	2025
Daiwa House Industry (housing)	118.4	110.9	77.8	87.6
Daiwa House Industry (construction)	32.0	21.8	30.3	28.8
Daiwa Lease	96.7	100.6	62.2	53.0
DesignArc	9.1	7.0	5.2	4.3

■ NOx and SOx emissions in the manufacturing phase

	2022	2023	2024	2025
NOx emissions	0.14	0.16	0.11	0.10
SOx emissions	—	0.0	—	—

Environmental Data | Prevention of chemical pollution

Material balance of PRTR-listed substances

■ Release and transfer of PRTR-listed substances (by type)

Unit: kg

Category name	Amount handled	Amount consumed	Amount transferred			Emissions			Amount subjected to chemical removal processes
			Total transferred to sewer	Amount of (waste) transferred out of our business sites	Total amount transferred	Emissions into the atmosphere	Discharged to public water bodies	Total emissions	
Manganese and its compounds (compound group)	36,641	25,927	—	9,470	9,470	1,244	—	1,244	—
Ethylene glycol monobutyl ether	30,834	—	—	462	462	30,372	—	30,372	—
Trimethylbenzene (compound group)	16,384	—	—	243	243	16,083	—	16,083	59
Xylene (compound group)	10,750	—	—	144	144	10,541	—	10,541	65
Methylenebis (4,1-phenylene) = diisocyanate	7,325	7,280	—	45	45	—	—	—	—
Ethylbenzene	6,283	—	—	85	85	6,189	—	6,189	10
Water-soluble zinc compounds (compound group)	5,382	4,229	17	1,027	1,044	—	108	108	—
Toluene	5,130	—	—	68	68	4,939	—	4,939	124
Molybdenum and its compounds (compound group)	2,934	1,733	—	1,201	1,201	—	—	—	—
Methyl isobutyl ketone	2,556	—	—	38	38	2,518	—	2,518	—
Polymethylenepolyphenyl polyisocyanate	1,411	544	—	21	21	846	—	846	—
Cumene	1,387	—	—	21	21	1,366	—	1,366	—
N-Methyl-2-pyrrolidone (NMP)	1,110	—	—	17	17	1,093	—	1,093	—
49 other substances	4,566	1,076	—	2,062	2,062	804	271	1,076	352
Grand total	132,695	40,792	17	14,902	14,920	75,995	380	76,375	609


[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 515 Class-I Designated Chemical Substances*1 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).

*1 PRTR-listed substances for fiscal 2023 were revised following amendments to the PRTR Law. In "Release and transfer of PRTR-listed substances and intensity" (P. 184), release and transfer quantities of PRTR-listed substances (462) for fiscal 2022 were calculated based on the PRTR Law prior to amendments. For fiscal 2023, 2024, and 2025 release and transfer quantities for PRTR-listed substances (515) were calculated based on the revised PRTR Law.

◇ Scope of coverage

Segment	Target	Scope of coverage
Manufacturing	Daiwa House Group	All production sites in Japan (Total 29 locations*2)

*2 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

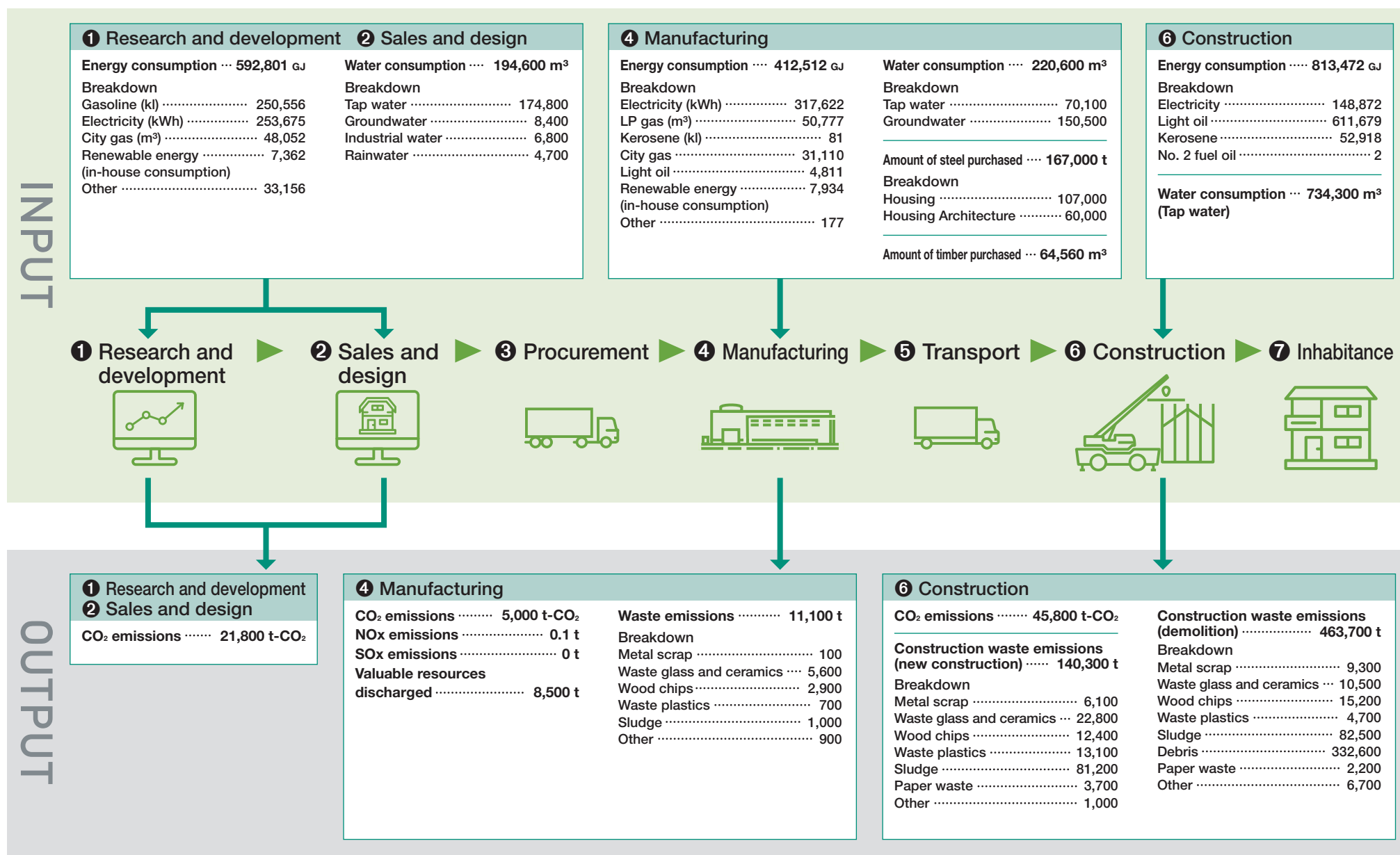
Calculated based on "Environmental Report Guidelines (2018 edition)" by the Ministry of the Environment.

◇ 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	FY2022	FY2023	FY2024	FY2025
		Amount invested			Amount invested
Cost within business area	Cost of measures to control pollution related to air, water, and noise	12,244	8,929	9,493	22,128
	Cost of prevention of global warming (energy efficiency)	32,629	59,217	14,179	79,027
	Cost of waste reduction measures	2,237	5,623	7,668	2,113
	Cost of reducing water consumption	3,345	7,623	2,851	37,061
Upstream/downstream costs	Green purchasing fees, cost of purchasing returnable boxes	88,067	2,315	2,752	3,859
Administrative costs	Environmental education costs, EMS maintenance expenses, etc.	0	58	2,174	107
Total		138,522	83,764	39,116	144,295

② Environmental preservation effects

Effect		Item	Unit	FY2022	FY2023	FY2024	FY2025
Business area	Effect on input resources	Energy consumption, calorie equivalent (production system)	GJ	513,023	447,698	405,634	422,704
		Energy consumption, calorie equivalent (distribution system)	GJ	476,951	470,832	378,350	383,307
	Effect on environmental load and waste	Waste generated	t	12,260	13,146	11,268	11,089
		CO ₂ emissions (production system)	t-CO ₂	6,674	5,851	5,070	4,978
		CO ₂ emissions (distribution system)	t-CO ₂	32,665	32,410	26,047	26,402
		Water resource consumption	m ³	254,384	228,339	207,317	220,640

③ Economic effects of environmental preservation

Unit: 1,000 yen

Content		FY2022	FY2023	FY2024	FY2025
Revenue	Sales of valuable resources*	5,764	1,037	144	582
Cost savings	Cost savings from energy-efficiency efforts	16,736	47,468	13,088	42,383
	Cost savings from waste-reduction efforts	13,858	26,825	17,320	14,405
	Cost savings from water resource reduction efforts	5,451	5,239	4,331	6,480
	Total	41,809	80,569	34,883	63,850

* 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, 2025 to March 31, 2026

◇ 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 P148 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, 2025 to March 31, 2026

◇ 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



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Social Data

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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: 20 Daiwa House Group companies (Data coverage rate based on the number of Group company employees: 73.7%).

Daiwa House Industry Co., Ltd., Daiwa House Reform Co., Ltd., Daiwa House Real Estate Co., Ltd., DesignArc Co., Ltd., Daiwa Lantec Co., Ltd., Daiwa Living Co., Ltd., Daiwa House Chintai Reform Co., Ltd., Daiwa LifeNext Co., Ltd., Global Community Co., Ltd., Daiwa Lease Co., Ltd., Daiwa House Realty Mgt. Co., Ltd., Daiwa Roynet Hotels Co., Ltd., Royal Home Center Co., Ltd., World Tool Co., Ltd., Sports Club NAS Co., Ltd., Fujita Corporation, Daiwa Logistics Co., Ltd., Kouyama UNYU Co., Ltd., Nasa Home Co., Ltd., Daiwa SeeRex Co., Ltd.

* Based on the number of regular employees as of March 31, 2026. However, when fiscal years of individual companies differ from the parent, totals are calculated based on the fiscal years of the individual companies.

Results and self-assessment of the Social Action Plan (Endless Social Program 2026)

 : Target for fiscal 2025 achieved

 : Target for fiscal 2025 not achieved (achieved 90% or more)

 : Target for fiscal 2025 not achieved (achieved less than 90%)

As the Social Action Plan (Endless Social Program 2026) begins in FY2025, the FY2024 figures are provided for reference.

In addition, in conjunction with the 7th Medium-Term Management Plan, it ended in fiscal 2025, one year earlier than originally scheduled.

Priority themes	Key management metrics	FY2024 results (reference)			FY2025 targets	FY2025 results			Self-assessment (reasons for achieving/not achieving target, future measures, etc.)
Human resources development	Companywide training hours (per person) (Non-consolidated)	35.5 hours			(Results management)	37.9 hours			— Training was conducted as planned, and both the number of training hours and the cost exceeded those of the previous fiscal year. We will continue to conduct company-wide training.
	Companywide training cost (per person) (Non-consolidated)	¥143 thousand			(Results management)	¥167 thousand			—
Motivation and working in comfort	&D Campus self-study completion rate (Non-consolidated)	52.2%			55%	75.5%			 The completion rate for self-study programs far exceeded our target. We will continue to encourage proactive learning behavior, with a focus on career development.
	Engagement Survey score	Motivation 84%	Pride 88%	Sense of growth 89%	(Results management)	Motivation 84%	Pride 89%	Sense of growth 90%	— Scores were maintained for all items. We will continue to strive to improve engagement by creating opportunities for dialogue through the use of company-wide surveys.
DE&I	Human capital ROI	131.5%			(Results management)	124.7%			— The growth rate of employee salaries and bonuses, as well as bonus provisions, was higher than the growth rate of operating income, resulting in a figure lower than the previous fiscal year. We will continue to invest aggressively in human resources capable of creating future businesses.
	Ratio of females in managerial positions (Non-consolidated)	6.1%			6.5%	6.3%			 The results fell slightly short of our target. We will continue to provide training for management candidates and work to improve the content and operation of the training to bring about behavioral changes in participants.
Human rights	Ratio of childcare leave taken by male employees (Non-consolidated)	68.9%			80%	87.3%			 We provided information on childcare leave, conducted activities to raise awareness of the system, and held seminars, resulting in a take-up rate that exceeded our target. We will continue to foster a corporate culture that makes it easier for employees to take childcare leave.
	Human rights DD score	64.1			67.5	(No survey in FY2025) —			— To deepen understanding of human rights risks, we will continue to conduct harassment self-checks and other initiatives to foster awareness of respect for human rights.
Occupational safety	Attendance rate of human rights awareness training, etc.	95.8%			100%	96.7%			 Although the attendance rate improved from FY2024, it fell short of the target. We will strive to achieve a 100% attendance rate by ensuring strict adherence to implementation periods, sharing attendance status, and other measures to encourage participation by all eligible employees.
	Frequency rate at our construction sites (Non-consolidated)	0.50			Less than 0.3	0.35			 Despite efforts to disseminate information within the company on disaster occurrence status, cases, and priority items, as well as providing guidance to branch offices, the frequency rate was 0.35, missing the target. Based on the safety and health management plan, we will strive to eradicate disasters at construction sites.
Quality	Frequency rate at our production sites (Non-consolidated)	0.35			Less than 0.3	0.18			 The frequency rate was 0.18, achieving the target. We will continue to conduct case studies and implement fundamental measures to strive for the eradication of disasters at production sites.
	Clarification of quality assurance system and roles (Non-consolidated)	Planning and development of quality assurance system			Formulation of Quality Assurance Regulations	Establishment of Quality Assurance Regulations			 We have established company-wide Quality Assurance Regulations and clarified internal rules and roles to deliver impressive quality to our customers. We will continue to strive for maximum customer satisfaction and earn trust through the provision of non-defective products.
Supply chain	"CSR Purchasing Policy" Agreement collection rate (centralized purchasing) (Non-consolidated)	100%			100%	100%			 We have confirmed that both existing and new business partners have provided their unequivocal agreement to our CSR Purchasing Policy. We will continue to revise and disseminate our purchasing policy and promote procurement activities based on the Business Partner Code of Conduct.
	"SSG"* Agreement collection rate (Confederation of Partner Companies) (Non-consolidated)	74.6%			100%	85.9%			 Despite efforts to explain the purpose and intent of the guidelines and request endorsement, the Confederation of Partner Companies and the Setsuwa Club both fell short of their targets.
	"SSG"* Agreement collection rate (Setsuwa Club) (Non-consolidated)	44.7%			100%	42.6%			 We will continue to promote sustainable procurement in collaboration with our business partners through ongoing explanations and awareness-raising activities to them.
Local Communities	Number of revitalized residential complexes in Neopolis (Non-consolidated)	8 sites			10 sites	10 sites			 The number of revitalized residential complexes reached 10, achieving the target. We will continue to collaborate with industry, government, academia, and citizens to promote initiatives that support the future of local communities.
Compliance	Rate of compliance training implementation	(Survey from FY2025)			100%	100%			 The compliance training completion rate was 100%, achieving the target. We will continue to work on preventing fraudulent and inappropriate acts and fostering compliance awareness.

* SSG: Supply Chain Sustainability Guidelines

Social Data

Results of whistleblowing system operation and handling

Unit: Number of cases

Whistleblowing system	FY2022	FY2023	FY2024	FY2025
Human Rights Hotline (number of cases handled) (of which, consultations regarding harassment)	219 (95)	250 (135)	187 (90)	212 (140)
Risk Information Hotline (number of cases handled)	77	63	61	83
Partners Hotline (number of cases handled)	23	25	120	117
Lawyer Hotline (number of cases handled)	7	13	7	18
Global Whistleblower System (number of cases handled)	0	4	8	14

Number of disciplinary cases for human rights violations (harassment)

Unit: Number of cases

Coverage	Disciplinary reason	FY2023	FY2024	FY2025
Non-consolidated	Power Harassment (abuse of authority)	20	5	14
	Sexual harassment	7	1	7

Conditions of human rights awareness-raising training

Coverage	Indicators	Unit	FY2022	FY2023	FY2024	FY2025
Non-consolidated	Number of participants*1	People	18,379	35,505	30,464	33,119
	Total training hours*2	Hours	9,190	17,753	15,232	16,560

*1 Total number of participants. Trainings conducted twice in FY2025.

*2 Training hours per person are counted as 0.5 hour.

Engagement with key stakeholders concerning human rights issues

Organization type	Name of organization	Timing	Dialogue results
Human rights organization	Caux Round Table Japan	Jun.–Jul., 2025	Participated in the 2025 Stakeholder Engagement Programme in Japan organized by the same organization. NGOs, NPOs, and experts raised a wide range of social issues of domestic and international concern, focusing on human rights and the environment, and we participated in discussions with various stakeholders to identify important human rights issues by industry. Results of Caux Round Table's activities: Stakeholder Engagement Programme Final Report "Human Rights Issues by Sector v.14" (https://crt-japan.jp/files2025/2025%20Human%20Rights%20Due%20Diligence%20Workshop_jp.pdf)
	Global Compact Network Japan (GCNJ)	FY2025	Two employees participated in the Human Rights Education Subcommittee (307 participants from 204 organizations and companies in FY2025). Through lectures by experts and case studies of other companies, they deepened their understanding of human rights education along with participants from other companies. In addition, from June to December, two employees in charge and one ambassador participated in the Business and Human Rights Accelerator 2025. In this program, after completing on-demand self-study (e-learning: four sessions in total), participants attended sessions (13 sessions in total) and systematically learned about topics ranging from basic knowledge of guiding principles to how to start due diligence, addressing impacts, tracking evaluation and information provision, and access to remedies. We also formulated an action plan based on our company's situation. After completing the program, we have incorporated what we learned into the operation of the Company's human rights due diligence process.
	Fair Recruitment and Human Rights Center	FY2025	The organization was established by 15 major companies in the Kansai region, including ours, and we have been involved in its operation since its inception. The organization aims to create and disseminate a certification system for fair recruitment and human rights awareness (which has been confirmed by relevant administrative agencies), and holds annual training sessions on fair recruitment and human rights awareness for those in charge of recruitment and practical operations at member companies, with lectures by outside experts. In order to receive certification that the level of recruitment selection and human rights awareness at the Company meets or exceeds certain standards set by the organization, those in charge of recruitment and human rights awareness underwent an investigation and hearing by investigators from the organization in September 2024, and our fourth certification was renewed in November of the same year.

Social Data

Basic information

■ Personnel composition (by age group)*1

Unit: people

Coverage	Indicators	FY2022 (2023/4/1)	FY2023 (2024/4/1)	FY2024 (2025/4/1)	FY2025 (2026/4/1)
Non-consolidated	Total	16,615	16,620	16,802	16,569
	Under 30 years old	4,277	4,240	4,293	3,814
	30–39 years old	3,780	3,674	3,663	3,806
	40–49 years old	4,059	3,842	3,655	3,554
	50–59 years old	3,783	4,048	4,174	4,206
	60–64 years old	715	811	952	1,090
	65 years old and over	1	5	65	99
Consolidated	Total	36,042	36,923	40,632	41,710
	Under 30 years old	8,526	8,186	8,354	8,206
	30–39 years old	8,173	8,611	8,841	9,368
	40–49 years old	8,675	8,695	8,677	8,789
	50–59 years old	8,780	9,361	9,869	10,115
	60–64 years old	1,871	2,043	2,349	2,634
	65 years old and over	17	27	2,542*2	2,598

*1 This is the total number of regular employees and includes executive officers, department managers/deputy department managers (senior management), and section managers as management positions, as well as chief-level employees and general employees as non-management positions.

*2 The increase is due to a change in the definition of the mandatory retirement system of Daiwa LifeNext from FY2024.

■ Personnel composition (Percentage of female employees by age group)

Unit: %

Coverage	Indicators	FY2022 (2023/4/1)	FY2023 (2024/4/1)	FY2024 (2025/4/1)	FY2025 (2026/4/1)
Non-consolidated	All ages	21.3	21.6	21.7	21.5
	Under 30 years old	26.9	26.8	26.5	25.8
	30–39 years old	27.2	27.7	26.9	27.6
	40–49 years old	22.8	24.2	25.6	24.4
	50–59 years old	10.0	11.1	12.6	13.8
	60–64 years old	8.0	7.8	7.0	7.2
	65 years old and over	0	0	1.5	4.0
Consolidated	All ages	26.3	26.3	26.1	26.6
	Under 30 years old	35.5	34.4	34.3	35.5
	30–39 years old	33.5	34.8	35.5	35.9
	40–49 years old	26.1	26.8	28.4	28.1
	50–59 years old	13.9	13.9	15.3	16.3
	60–64 years old	13.0	13.5	13.1	13.2
	65 years old and over	11.8	3.7	13.3	14.0

■ Average number of years worked

Unit: years

Coverage	Indicators	FY2022 (2023/3/31)	FY2023 (2024/3/31)	FY2024 (2025/3/31)	FY2025 (2026/3/31)
Non-consolidated	female	11.7	12.2	12.5	12.8
	male	16.3	16.5	16.5	16.5
Consolidated	female	9.9	9.9	10.0	10.1
	male	14.9	14.6	14.1	13.9

■ Average overtime hours worked

Unit: hours

Coverage	FY2022	FY2023	FY2024	FY2025
Non-consolidated	267.4	194.4	168.7	171.7
Consolidated	223.0	225.1	183.3	174.5

■ Percentage of paid leave taken

Unit: %

Coverage	FY2022	FY2023	FY2024	FY2025
Non-consolidated	56.4	65.5	66.5	67.7

■ Absentee rate

Unit: %

Coverage	FY2022	FY2023	FY2024	FY2025
Non-consolidated	0.4	0.3	0.3	0.3

■ Retention rate of young employees (in their third year of service)*

Unit: %

Coverage	FY2022 (2023/3/31)	FY2023 (2024/3/31)	FY2024 (2025/3/31)	FY2025 (2026/3/31)	Targets (FY2026)
Non-consolidated	76.6	77.6	81.4	87.6	85
Consolidated	80.6	78.7	80.2	84.5	—

* Retention rate for employees who joined the company three years prior to the base date; in the case of the FY2025 data, this refers to the retention rate for employees who joined on April 1, 2023.

Social Data

Basic information

■ New recruits

Unit: people

Coverage	Indicators	FY2022	FY2023	FY2024	FY2025
Non-consolidated	Number of recruits as new graduates	684	615	733	211
	Number of mid-career recruits	145	182	185	176
Consolidated	Number of recruits as new graduates	1,144	1,093	1,273	829
	Number of mid-career recruits	—	1,104	1,546	1,691

* For new graduates, those joining the company on April 1 are counted; mid-career recruits are counted for individual fiscal years (April 1 through March 31).

■ Percentage of females among new recruits

Unit: %

Coverage	Indicators	FY2022	FY2023	FY2024	FY2025	Targets (FY2026)
Non-consolidated	Number of recruits as new graduates	24.9	27.6	24.7	27.9	30
	Number of mid-career recruits	27.6	11.5	14.1	16.5	—
Consolidated	Number of recruits as new graduates	31.9	32.0	32.0	38.8	—
	Number of mid-career recruits	—	33.0	32.9	29.9	—

* For new graduates, those joining the company on April 1 are counted; mid-career recruits are counted for individual fiscal years (April 1 through March 31).

■ Turnover rate and voluntary turnover rate

Unit: %

Coverage	Indicators	FY2022	FY2023	FY2024	FY2025
Non-consolidated	Turnover rate	4.4	4.1	4.0	3.3
	Voluntary turnover rate	3.4	3.6	2.7	2.8
Consolidated*	Turnover rate	5.6	5.6	5.4	5.4
	Voluntary turnover rate	4.5	4.5	4.8	4.1

* This covers 69 companies in the Daiwa House Group for which we have confirmed compliance with the Article 36 Agreement (data coverage rate based on the number of Group company employees: 81.3%).

■ Percentage of employees with disabilities

Unit: %

Coverage	FY2022	FY2023	FY2024	FY2025	Targets (FY2026)
Non-consolidated	2.50	2.48	2.51	2.52	2.80
Consolidated	2.50	2.50	2.42	2.38	2.70

* Non-consolidated data counts the employment rate as of April 1 of the following fiscal year, and consolidated data counts the employment rate as of June 1 of the current fiscal year.

Social Data

Diversity indicators

■ Women exerting efforts

Unit: %

Coverage	Indicators	FY2022 (2023/4/1)	FY2023 (2024/4/1)	FY2024 (2025/4/1)	FY2025 (2026/4/1)	Targets (FY2026)
Non-consolidated	Percentage of female employees	21.3	21.6	21.7	21.5	—
	Percentage of female executives*1	10.0	10.5	10.5	10.0	—
	Percentage of female directors	14.3	15.4	15.4	14.3	—
	Percentage of female auditors	0.0	0.0	0.0	0.0	—
	Percentage of female executive officers (excluding directors)	1.9	1.8	1.8	1.8	—
	Percentage of females in managerial positions	5.2	5.8	6.1	6.3	8
	(Number of females in managerial positions)	237	270	286	293	—
	Percentage of females in general managers and deputy general managers	1.7	1.8	1.8	1.8	—
	Percentage of female chiefs	21.3	23.5	24.0	24.3	25
	Percentage of female construction personnel	5.0	5.5	6.9	5.8	—
	Percentage of female sales representatives	11.3	10.5	13.0	11.3	—
Consolidated	Percentage of female employees	26.3	26.3	26.1	26.6	—
	Percentage of female executives*1	4.8	3.8	5.9	6.3	—
	Percentage of female directors	4.2	2.9	4.9	5.6	—
	Percentage of female auditors	6.9	6.5	9.4	8.6	—
	Percentage of female executive officers (excluding directors)	1.2	1.2	1.7	2.1	—
	Percentage of females in managerial positions	5.9	6.2	6.7	6.6*2	—
	Percentage of females in general managers and deputy general managers	2.8	2.5	2.8	3.1	—

*1 Total of directors and auditors

*2 This covers the Company and its domestic consolidated subsidiaries with 301 or more employees. A total of 20 companies, including Sumitomo Densetsu and excluding Nasa Home from the scope of consolidation stated on page 188 (data coverage rate based on the number of Group company employees: 76.4%).

Social Data

Diversity indicators

■ Employment and hiring of seniors

Coverage	Indicators	Unit	FY2022 (2023/4/1)	FY2023 (2024/4/1)	FY2024 (2025/4/1)	FY2025 (2026/4/1)
Non-consolidated	Employment continuation rate after reaching age 60*1	%	98.4	92.7	97.4	96.9
	Employment continuation rate after reaching mandatory retirement age of 65*2		49.4	55.2	57.7	—
	Employment continuation rate after reaching mandatory retirement age of 65 or 67*3		—	—	—	44.0
	Number of mid-career recruits at age 50 or older*4	People	12	42	43	35

*1 The percentage of employees who became 60 years old in the previous fiscal year and have been continuously employed during the current fiscal year

*2 The percentage of employees who retired at the end of the previous fiscal year (employees who reached age 65) and were reemployed as contract employees in the current fiscal year.
In FY2025, due to the introduction of the optional retirement age of 67 system, this is stated under "Employment continuation rate after reaching mandatory retirement age of 65 or 67."

*3 The percentage of employees who retired at the end of the previous fiscal year (employees who reached age 65 or 67) and were reemployed as contract employees in the current fiscal year.

*4 Number of new hires each fiscal year

■ Childbirth and childcare support

Coverage	Indicators	Unit	FY2022	FY2023	FY2024	FY2025	Targets (FY2026)
Non-consolidated	Childcare leave uptake (female) (%)*1	%	100.7	108.6	100.7	104.5	—
	Childcare leave uptake (male) (%)*1		62.2	66.5	68.9	87.3	90
	Lump-sum payment program for fostering the next generation	Million yen*2	643	609	556	579	—
	Number of users of shorter working hour system for childbirth & childcare	People	514	486	584	551	—
Consolidated	Childcare leave uptake (female) (%)*1	%	100.4	103.9	107.3	103.0	—
	Childcare leave uptake (male) (%)*1		44.3	57.6	66.4	77.6 *3	—

*1 Calculated based on the number of employees taking childcare leave from the birth of their child until the day before the child's first birthday. The childcare leave acquisition rate may exceed 100%.

*2 We provide a one-off payment of one million yen to employees to whom a child is born.

*3 This covers the Company and its domestic consolidated subsidiaries with 301 or more employees. A total of 20 companies, including Sumitomo Densetsu and excluding Nasa Home from the scope of consolidation stated on page 188 (data coverage rate based on the number of Group company employees: 76.4%).

Social Data

Health management

Unit: %

Themes	Coverage	Indicators	FY2022	FY2023	FY2024	FY2025	Targets (FY2026)	Remarks
Periodic medical examinations	Non-consolidated	Percentage of employees receiving periodic medical examinations	100	100	100	100	Early achievement of 100% of the rate of employees receiving medical examinations	
	Consolidated		98.4	98.0	99.7	99.6	—	
	Non-consolidated	Percentage of follow-up testing of patients who were required to receive detailed tests or medical treatment	95.3	89.5	96.1	100	Early achievement of 100% of the rate of employees receiving medical examinations	
	Consolidated*	Percentage of employees receiving specific health guidance	21.5	44.5	36.4	36.9 (planned)	55.0	
Stress checks		Percentage of employees who receive stress checks	91.4	92.0	96.1	95.5	90.0	
		Percentage of employees who are identified as high stress receiving	11.4	10.4	8.7	8.3	10.0	High-stress individuals are selected based on those whose total score for "mental and physical stress reactions" is above a certain level, and whose total scores for "work-related stress factors" and "surrounding support" are significantly high.
Prevention of lifestyle-related diseases		Exercise	26.2	28.2	29.6	31.5	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	61.3	61.2	62.4	62.8	70.0	Percentage of those who have breakfast at least four times a week
		Sleep	70.4	70.7	71.4	70.6	75.0	Percentage of those who get enough rest through sleep
		Smoking	26.5	26.6	26.2	25.7	18.0 (FY2027)	Percentage of habitual smokers
Percentage of those at high risk of lifestyle-related diseases	Non-consolidated	Percentage of people with obesity risk	39.3	39.1	38.8	38.8	38.0	Percentage of those whose BMI is 25 kg/m ² 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	25.2	23.7	28.5	28.2	24.0	Percentage of those with systolic 130 mmHg or higher or with diastolic 85 mmHg or higher
		Percentage of people with liver function risk	33.0	32.4	32.3	31.7	32.0	People with r-GT at 51 U/L or higher, AST at 31 U/L or higher, or ALT at 31 U/L or higher
		Percentage of people with abnormal lipid risk	55.6	53.9	54.6	51.6	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	21.0	24.6	26.2	27.6	20.0	People whose HbA1c is 5.6% or higher
		Percentage of people with metabolic syndrome	25.6	25.3	26.3	25.7	24.0	Including potential patients
Other		Presenteeism	81.8	83.4	82.3	82.6	81.8	The current average employee performance score, with performance without illness or injury set at 100 (measured using the single-item version of the SPQ developed by the University of Tokyo).
		Implementation rate of health promotion activities	61.4	68.7	78.5	78.1	80.0	
		Absenteeism	—	3.4	3.2	2.9	—	Average number of days absent due to non-work-related illness or injury per person (measured since FY2023).

* 63 Daiwa House Group companies as members of the Daiwa House Industry Health Insurance Association (data coverage rate based on the number of Group company employees: 80.5%).

Social Data

Investment in human resource development

■ Education investment results

Coverage	Indicators	Unit	FY2023	FY2024	FY2025
Non-consolidated	Total amount invested	Thousand yen	2,050,357	2,322,209	2,759,909
	Total hours participated*1	Hours	412,506	574,097	627,773
	Seminar cost (per employee)	Yen	127,075	143,417	166,571
	Hours participated (per employee)	Hours	25.6	35.5	37.9
Consolidated*2	Total amount invested	Thousand yen	—	—	3,911,208
	Total hours participated	Hours	—	—	1,094,534
	Seminar cost (per employee)	Yen	—	—	94,480
	Hours participated (per employee)	Hours	—	—	26.4

*1 From FY2024, the counting method was changed to include participation time in training and study sessions at each workplace, in addition to the time spent on education programs managed by the Head Office.

*2 This covers a total of 19 companies, excluding Nasa Home from the scope of consolidation stated on page 188 (data coverage rate based on the number of Group company employees: 73.1%).

■ Main educational programs attended by employees

Coverage	Educational program	Number of participants (persons) / Hours participated (per employee)		
		FY2023	FY2024	FY2025
Non-consolidated	Recruit training (group training)	681 / 65.9	611 / 52.0	718 / 46.0
	Recruit training (practical training)	624 / 689.9	602 / 654.3*1	702 / 664.1*1
	Training for newly appointed chiefs	319 / 8.0	424 / 18.0	126*2 / 20.0
	Training for newly appointed managers	287 / 9.1	163 / 30.5	119 / 30.8
	Program to strengthen human resource and organizational management skills	—	230 / 27.0	433 / 27.1
	Job- and division-specific specialized education	57,976 / 9.4	153,742*3 / 12.6*4	281,584*3 / 25.2*4
	Self-directed learning	—	8,008 / 5.7	9,899 / 12.6
	Daiwa House Group's succession planning D-Succeed training program	241 / 22.6	230 / 64.4	150 / 59.1
	Multi-Experiential Career Support Program	82 / —*5	73 / —*5	89 / —*5
	New working practices / cross-border programs included above	29 / 38.0	25 / 39.8	33 / 32.2
	External exchange courses for management leaders	23 / 49.6	18 / 73.4	8 / 79.6

*1 This is not included in "Total hours participated" in the above "Education investment results" table (574,097 hours in FY2024, 627,773 hours in FY2025).

*2 In FY2025, due to the change in the personnel announcement date for promotions from October 1 of the current fiscal year to April 1 of the following fiscal year, training for newly appointed chiefs was not conducted. The number of participants in the separately conducted training for current chiefs (voluntary) is stated.

*3 Total number of participants

*4 Calculated by dividing the total hours participated by the total number of employees (FY2024:16,192, FY2025: 16,569 persons).

*5 Figures are unavailable due to inability to calculate working hours at other companies.

Social Data

Indicators related to wages and allowances

■ Classifications of allowance provision to domestic employees

	Regular employees	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	○	○	○

■ Average salary

Unit: yen

Coverage	Indicators	FY2022	FY2023	FY2024	FY2025
Non-consolidated	All workers	8,855,197	9,225,708	9,523,548	10,604,432
	Regular employees	9,282,702	9,645,959	9,917,586	11,011,469
	Non-regular employees	4,629,020	4,929,224	4,938,947	5,259,016

* The average salary includes bonuses and non-standard wages.

■ Gender pay gap (by employment type)

Unit: %

Coverage	Indicators	FY2022	FY2023	FY2024	FY2025
Non-consolidated	All workers	61.3	57.9	58.1	59.6 *2
	Regular employees	61.5	61.6	61.8	62.2 *2
	Non-regular employees*1	65.3	58.3	58.4	64.1
Consolidated	All workers	55.6	49.1	51.6	54.5 *3
	Regular employees	59.1	59.4	62.3	62.6 *3
	Non-regular employees*1	67.2	71.4	69.3	72.4 *3

*1 Regarding the average salary of non-regular employees, calculations were made using the actual number of employees until FY2024, but from FY2025, calculations are made using the number of employees converted to an eight-hour-workday equivalent.

*2 At the Company, the same remuneration system is applied regardless of gender, and the wage standards for the same job positions are equivalent for both national and regional positions (see ■ Gender pay gap (by job position)). However, full-fledged recruitment of women for general positions began in the 2000s, which has led to gender differences in length of service, the ratio of management positions, and the ratio of national positions, resulting in a gender pay gap.

*3 This covers the Company and its domestic consolidated subsidiaries with 301 or more employees. A total of 20 companies, including Sumitomo Densetsu and excluding Nasa Home from the scope of consolidation stated on page 188 (data coverage rate based on the number of Group company employees: 76.4%).

■ Gender pay gap (by job position)*

Unit: %

Coverage	Job position	FY2025	
		G position (National)	L position (Regional)
Non-consolidated	Managers position	95.3	97.7
	Chiefs position	94.5	93.6
	General position	96.5	97.5

* Calculated by dividing the average base wage for women by the average base wage for men.

Social Data

Indicators related to motivation

Unit: %

Coverage	Theme	Indicator	FY2022	FY2023	FY2024	FY2025
Non-consolidated	Motivation	Percentage of employees who feel motivated*	82	83	84	84

* The total percentage of the top three responses of "Strongly agree," "Agree," and "Somewhat agree" to a six-choice question on motivation in the Engagement Survey.

Indicators related to volunteer activities

Unit: people

Coverage	Indicator	FY2023	FY2024	FY2025
Non-consolidated	Number of employees taking volunteer leave*1	493	287*2	196

*1 Cumulative total number of employees taking one-day volunteer leave each month

*2 Number of employees taking volunteer leave has decreased because community co-creation activities have been counted as work-related activities from FY2024

Achievements related to community co-creation activities (FY2025)

	Items	Achievements
Investment in communities through community co-creation activities	Expenditures on community co-creation activities (donations, sponsorships, personnel expenses)*1	2,801,210 thousand yen
	Daiwa Sakura Aid fundraising results	11,164 thousand yen
	(Breakdown)	
	Donation for cherry trees on-site on Mt. Yoshino	893 thousand yen
	Vending machines with donation function	3,863 thousand yen
	Donations at concerts and events	16 thousand yen
	Donations via shareholder special benefits	6,391 thousand yen
	Support results by Endless Donations Program (Number of supported organizations)	8 organizations
	(Amount)	3,504 thousand yen
	Number of Group companies with donation systems in place*2	46 companies
	Number of employees registered with donations systems (Non-consolidated)	2,561
	(Consolidated)*3	3,644
Results of community co-creation activities (Examples of social impacts)	D-ROOM Community Co-creation Fund*4	10 organizations
		21,000 thousand yen
	Number of community co-creation activities (Non-consolidated)	183 cases
	(Consolidated)*5	891
	Number of participants in community co-creation activities (Non-consolidated)	1,602
	Number of activities conducted at Mt. Yoshino (Replanting of saplings and improvement of soil environment at planting sites)	6 times
	Number of saplings planted in the "cherry tree orchard" at Mt. Yoshino	About 112 seeds

*1 Until FY2024, activities carried out by branch offices nationwide were the subject of compilation, but from FY2025, activities that are social contribution activities carried out company-wide are also included in the compilation.

*2 Includes Daiwa House Industry.

*3 Covers 46 companies in the Daiwa House Group that have introduced a donation system (data coverage rate based on the number of Group company employees: 77.9%).

*4 This is a fund established by three companies involved in our rental housing business (Daiwa House Industry, Daiwa Living, and Daiwa House Chintai Reform) to support organizations addressing social issues.

*5 Implementation status of a total of 18 companies: Daiwa House Industry, Eneserve, Osaka Marubiru, Sports Club NAS, Daiwa Energy, Daiwa House Asset Management, Daiwa House Chintai Reform, Daiwa House Property Management, Daiwa House Realty Mgt., Daiwa House Reform, Daiwa Logistics, Daiwa LifeNext, Daiwa Lease, Daiwa Living, DesignArc, Nishiwaki Royal Hotel, Fujita, and Royal Home Center (data coverage rate based on the number of Group company employees: 67.9%)

Social Data

Supply Chain Sustainability Guidelines Agreement collection rate*1/ Self-check response rate*1/ ESG management evaluation of business partners*3 *4

		Unit	FY2022	FY2023	FY2024	FY2025
Agreement	Target companies	companies	5,420	7,918	7,888	8,030
	Collection rate*2	%	94.1	82.3	82.1	88.7
Self-check	Target companies	companies	5,224	8,519	—	—
	Response rate	%	53.1	57.4	—	—
ESG management evaluation of business partners	Target companies	companies	—	—	—	645
	Response rate	%	—	—	—	60.3

*1 Implementation status for just our business partners through FY2022. From FY2023, implementation status for business partners for Daiwa House Industry, Daiwa Lease, Daiwa House Reform, Fujita, Royal Home Center and DesignArc.

*2 The collection rate has decreased from FY2022 because reacquisition was carried out due to revisions to the guidelines from FY2023.

*3 Implementation status for major business partners (business partners with 100 or more employees and our centralized suppliers) of Daiwa Lease, Daiwa House Reform, Fujita, Royal Home Center, and DesignArc.

*4 Self-checks were discontinued in FY2023 and replaced with ESG management evaluations of business partners from FY2025.

Results of questionnaire surveys for business partners

Unit: %

	FY2022	FY2023	FY2024	FY2025
Response rate	77.0	91.6	64.7	84.2

* Status of implementation for our business partners.

Safety and health education

■ Health education (Non-consolidated)

	FY2025
Health support for working women	100 attendees
Health seminars (sleep, bowel activity, etc.)*	1,509 attendees
Mental health self-care training*	403 attendees
Mental health line care training (e-learning)*	256 attendees

* Total number of participants

■ Safety education (Non-consolidated)

Unit: people

	FY2022	FY2023	FY2024	FY2025
Training for appointed safety managers (employees)	5	9	11	5
RST*1 (employees)	4	9	41	37
New CFT*2 (employees)	0	0	23	7
Safety and health education webinar (at construction sites)	—	16,266	21,897	30,351

*1 Safety and health education trainers using the Ministry of Labour (currently the Ministry of Health, Labour and Welfare) method.

*2 Instructor education course for foremen and safety and health supervisors

Number of construction site industrial accidents

■ Number of construction site industrial accidents (non-consolidated)*1

Unit: accidents

	FY2022	FY2023	FY2024	FY2025	Targets (FY2026)
Employees	3	—	—	—	0
Of which, construction sites	1	1	0	2	0
Contractors' employees (at construction sites/factories)*2	33	31	34	23	0

*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

Unit: people

	FY2022	FY2023	FY2024	FY2025	Targets (FY2026)
Employees (non-consolidated)	0	0	0	0	0
Contractors' employees (at construction sites)*	0	0	1	0	0
Employees (Consolidated)	3	—	—	0	0

* Only those covered by our on-site workers' industrial accident insurance.

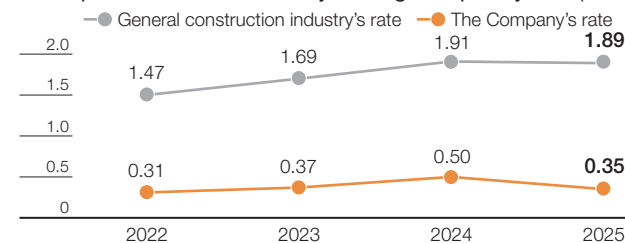
■ Frequency rate of industrial accidents (non-consolidated)*1

	FY2022	FY2023	FY2024	FY2025	Targets (FY2026)
Contractors' employees (at construction sites)*2	0.31	0.37	0.50	0.35	Less than 0.40
Contractors' employees (at factories)*2	0.16	0.80	0.35	0.18	Less than 0.40

*1 "Frequency rate" refers to the number of work-related fatalities and injuries calculated per one million actual working hours. Covers occupational accidents resulting in four or more days of absence from work. Includes heatstroke until FY2024.

*2 Only those covered by our workers' industrial accident insurance.

· Comparison with the industry-average frequency rate (non-consolidated)



Source: Ministry of Health, Labour and Welfare "Overview of the Industrial Accident Trend Survey (Business Office Survey: Size of 100 or More Employees) and General Construction Industry Survey in 2025"

Governance Data

Status of holding committee meetings

■ Status of holding Joint Management Council meetings

(Expected attendees: Directors, Executive Officers and Auditors)

FY2025	First	Second	Third	Fourth
Month	Aug.	Sep.	Dec.	Feb.
Directors	14/14	14/14	12/14	13/14
Auditors	6/6	6/6	6/6	5/6
Executive Officers	55/55	54/55	54/55	54/55
Attendance rate	100%	99%	96%	96%

■ Status of holding Corporate Governance Committee

(Expected attendees: External Directors, External Auditors, Fulltime Auditors, CEO, COO, CFO and Representative Directors)

FY2025	First	Second
Month	Jul.	Jan.
Number of attendees	18/18	18/18
Attendance rate	100%	100%

■ Status of holding Remuneration Advisory Committee

(Expected attendees: External Directors, CEO, COO, General Manager of Management Administration Headquarters)

FY2025	First	Second
Month	May	Mar.
Number of attendees	8/9	10/10
Attendance rate	89%	100%

Governance Data

Status of holding Board of Directors (Expected attendees: Directors and Auditors)

FY2025	First	Second	Third	Fourth	Fifth	Sixth	Seventh	Eighth	Ninth	Tenth	Eleventh	Twelfth	Thirteenth	Fourteenth
Month	Apr.	May	Extraordinary meeting in May	Jun.	Jul.	Aug.	Sep.	Oct.	Extraordinary meeting in Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Keiichi Yoshii	○	○	○	○	○	○	○	○	○	○	○	○	○	○
Hirotsugu Otomo	○	○	○	○	○	○	○	○	○	○	○	○	○	○
Takeshi Kosokabe	○	○	○	○	○	○	○	○	○	○	×	○	○	○
Yoshiyuki Murata	○	○	○	○	○	○	○	○	○	○	○	○	○	○
Keisuke Shimonishi	○	○	○	○	○	○	○	○	○	○	○	○	○	○
Toshiya Nagase	○	○	○	○	○	○	○	○	○	○	○	○	○	○
Yoshinori Ariyoshi	○	○	○	—	—	—	—	—	—	—	—	—	—	—
Eiichi Shibata	—	—	—	○	○	○	○	○	○	○	○	○	○	○
Yukinori Kuwano	○	○	○	○	○	○	○	○	○	○	○	○	○	○
Miwa Seki	○	○	○	○	○	○	○	○	○	○	×	○	○	○
Kazuhiro Yoshizawa	○	○	○	○	○	○	○	○	○	○	○	○	×	○
Yujiro Ito	○	○	○	○	○	○	○	○	○	○	○	○	○	○
Toshikazu Nambu	○	×	○	○	○	○	○	○	○	○	○	○	○	○
Tomomi Fukumoto	○	○	○	○	○	○	○	○	○	○	○	○	○	○
Yuichiro Kondo	—	—	—	○	○	○	○	○	○	○	○	○	○	○
Percentage of Directors in attendance	13/13	12/13	13/13	14/14	14/14	14/14	14/14	14/14	14/14	14/14	12/14	14/14	13/14	14/14
Tomoyuki Nakazato	○	○	○	—	—	—	—	—	—	—	—	—	—	—
Tadatoshi Maeda	○	○	○	—	—	—	—	—	—	—	—	—	—	—
Yoshinori Hashimoto	○	○	○	○	○	○	○	○	○	○	○	○	○	○
Ryuichi Oyaide	—	—	—	○	○	○	○	○	○	○	○	○	○	○
Yoshihiro Takashige	—	—	—	○	○	○	○	○	○	○	○	○	○	○
Akihisa Watanabe	○	○	○	○	○	○	○	○	○	○	○	○	○	○
Tatsuji Kishimoto	○	○	○	○	○	○	○	○	○	○	○	○	○	○
Takashi Maruyama	○	○	○	○	○	○	○	○	○	○	○	○	○	○
Percentage of Audit and Supervisory Board Members in attendance	6/6	6/6	6/6	6/6	6/6	6/6	6/6	6/6	6/6	6/6	6/6	6/6	6/6	6/6
Matters to be resolved	3	5	4	7	3	8	2	7	1	4	2	7	7	7
Matters to be reported and discussed	8	7	0	2	10	1	1	6	0	4	0	10	4	4
Time required	145 min.	160 min.	45 min.	135 min.	170 min.	145 min.	105 min.	150 min.	35 min.	90 min.	20 min.	225 min.	175 min.	160 min.

■ Third-Party Assurance Report

The sustainability information disclosed in the Sustainability Report 2026 has been assured by Ernst & Young ShinNihon LLC in order to improve the reliability of the information. Indicators subject to assurance are accompanied by a check mark .

Indicators subject to assurance			Page
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		Scope 3/ Category 1 (purchased products and services)	P171
		Scope 3/ Category 11 (use of products sold)	P027, 158, 171
	Energy consumption		P165
	Electricity consumption		P166
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	Water data for key sites located in water risk areas (water intake, drainage discharge, drainage discharge quality)		P182

(See page 202, 203 of the Japanese-language edition of the Sustainability Report 2026 for a third-party assurance report.)

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