

Implementation Report

Environment

CHAPTER

1

Contents

- 010 Long-Term Environmental Vision
- 012 Environmental Action Plan (Endless Green Program)
- 013 Environmental Action Plan (Endless Green Program 2029)
- 014 Environmental Action Plan (Endless Green Program 2026)
- 015 General (Expand environmental contribution businesses)
- 018 Strengthening the foundation of environmental management
 - Environmental management
 - Supply chain management (Environment)
 - Environmental Communication
- 026 Mitigating and adapting to climate change
- 036 Harmony with the natural environment (Preservation of biodiversity)
- 044 Closed-loop resource sourcing and conservation of aquatic environments (Greater durability and waste reduction)
- 051 Prevention of chemical pollution
- 056 Response to Task Force on Climate-related Financial Disclosures (TCFD) and Taskforce on Nature-related Financial Disclosures (TNFD)

Long-Term Environmental Vision

Three phases



Procurement



Business activities



Products 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

Our Vision for 2055*

Carbon neutrality
(Mitigating and adapting to climate change)



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).

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

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.

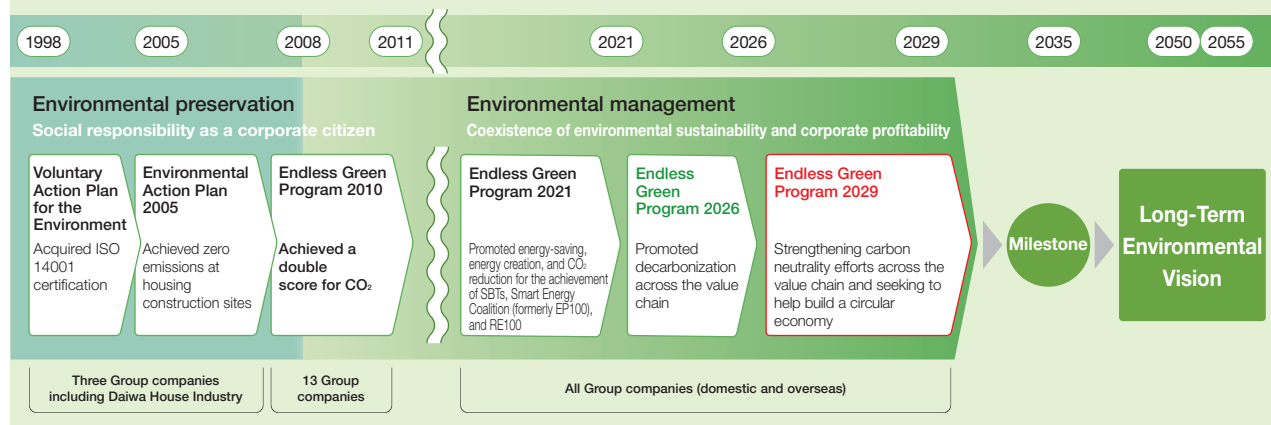
* High-impact commodity: a raw material considered to have a large impact on nature.

Environmental Action Plan (Endless Green Program)

History of the Environmental Action Plan

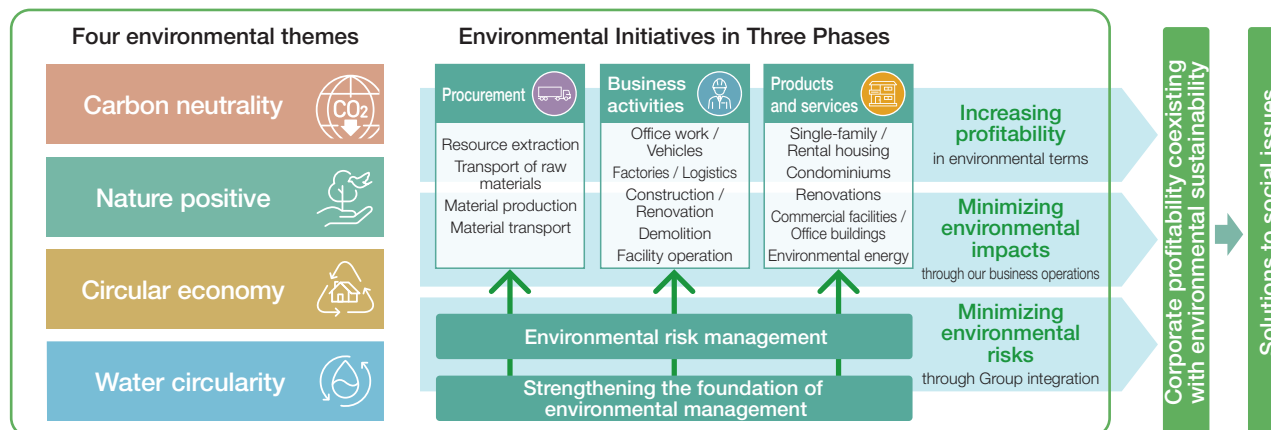
Backcasting from the long-term environmental vision, the Daiwa House Group has set milestones for 2035 for achieving the vision. We formulate concrete targets and plans as the Endless Green Program (EGP) every three to five years in accordance with the period of our medium-term management plan to drive 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
		Strengthen engagement with primary suppliers	GHG emissions reduced through low-carbon building materials	101,000 t-CO ₂ reduction	200,000 t-CO ₂ reduction
			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%	
	3 Challenge ZERO for CO ₂ in the supply chain	ZEB rate for newly constructed company-owned facilities / Percentage of solar power generation equipment	— / —	100% / 100%	100% / 100%	P033
		Setting rate of principal suppliers' SBT standard GHG reduction targets	34%	90%	Achievement of GHG reduction targets by principal suppliers	
Harmony with the natural environment	4 Challenge ZERO Deforestation	The number of contracts for renewable energy and energy-efficiency solutions (The number of cases of support)	—	50 (5-year total)		P038, 039
		Rate of C-ranked timber in procurement	2.7%	0%	0%	
		Setting rate of zero deforestation policy Primary suppliers / Secondary suppliers and beyond	— / —	90% / 50%	100% / 100%	
	5 Challenge ZERO Harm to Biodiversity	Rate of sustainable concrete formwork use	—	70%	100%	P040, 041, 042, 043
		Area of ecosystem-considerate vegetation cover (cumulative)	—	1,000,000 m ²	2,000,000 m ²	
		Rate of formulation and implementation of protection and management plans of significant sites within premises of the company's facilities	—	100%	100%	
Closed-loop resource sourcing and conservation of aquatic environments	6 Challenge ZERO Waste and Reuse	Rate of replacement of plastic goods for distribution (offices, etc.)	Daiwa House Industry: 81% All Group: 92%	100%	100%	P046, 047
		Number of assets subject to effective use / Number of buildings subject to durability extension	3,989 / 3,246	3,100 / 7,150	— / —	
		Recycling rate of waste plastics material (production)	10.9%	30%	—	
		Reduction rate of amenities that are plastic-containing products specified in law (vs. FY2021) / Recycling rate (hotels)	— / —	–50% / 50%	— / 100%	
	7 Challenge ZERO Water-Associated Risks	Setting rate of zero waste emissions targets by principal suppliers	34.5%	90%	Achievement of zero waste emissions targets by principal suppliers	P049, 050
		Water-saving device adoption rate (housing and hotels)	89.8%	99%	100%	
		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	
		Sales of environmental contribution businesses	—	1,600 billion yen	3,000 billion yen	
		Number of those who pass the Certification Test for Environmental Specialists (Eco Test) [®]	19,033	38,000		
	Environmental Management	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)

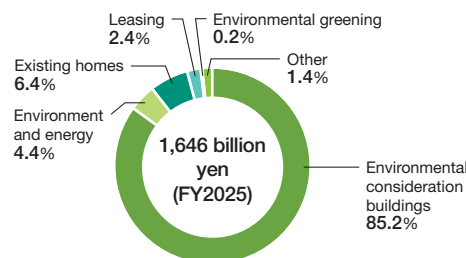
Business		Definition	
Environmental consideration buildings	Single-family housing	Buildings that meet BEI* standard values set for each application	
	Rental housing	Application	BEI value
	Condominium	Housing	0.8 or less
	Commercial and office buildings	Hotels, hospitals, department stores, restaurants,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

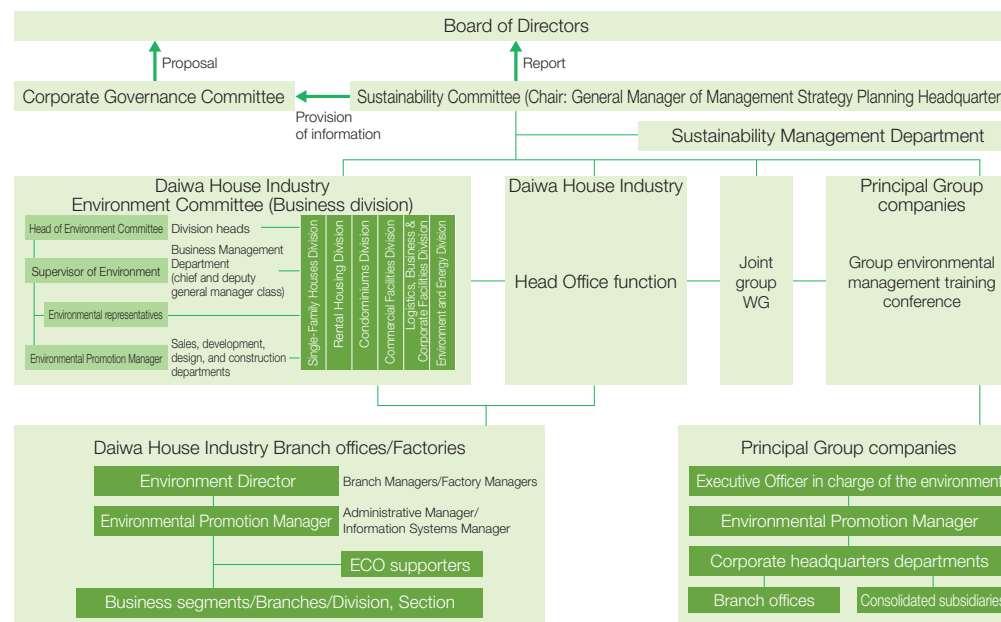
We formulated the Endless Green Program (EGP), an

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.

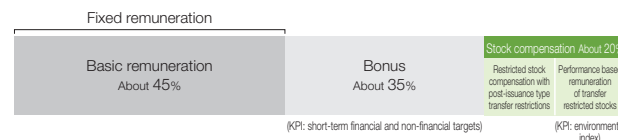
We also incorporate environmental evaluation into management of goals for individual employees, including Executive Officers, thereby building an environmental management structure participated by all employees at all levels.



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



*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%

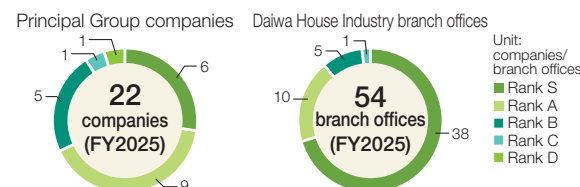
Degree of achievement of ②: -54.3% (result for FY2025) / -56% (target for FY2025) = 97%

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.



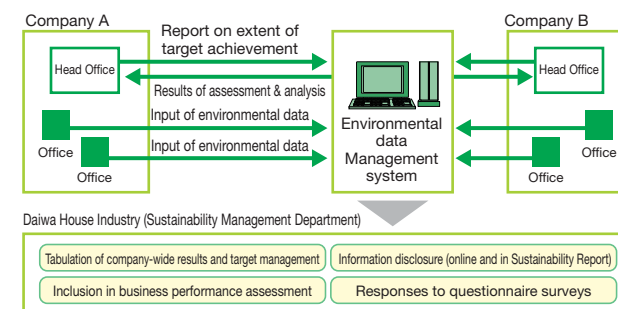
P122 Executive remuneration for medium- to long-term corporate value enhancement

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

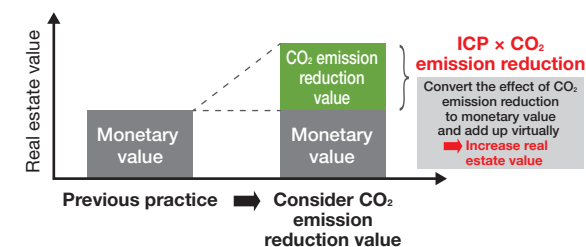
In April 2023, the Group introduced internal carbon pricing (hereinafter, "ICP") into the investment decision criteria for real estate for investment. The scheme, the first such mechanism in Japan, is to convert the environmental value of a real estate planned for investment to monetary value based on 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 Setсуwa 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 Setсуwa Club made up of facility equipment suppliers co-hosts product technology exhibitions featuring members' new environmental technologies and seminars to publicize environmental consideration technologies.

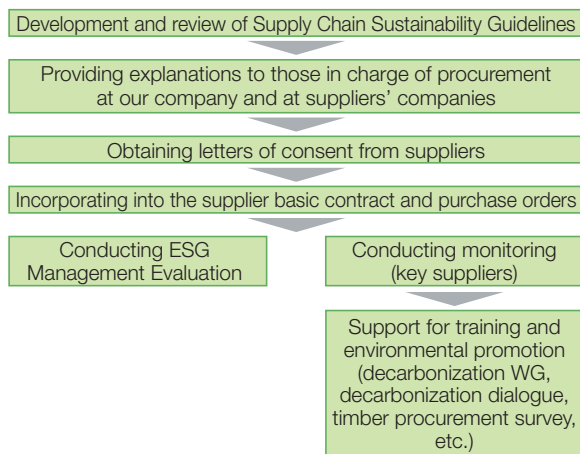
The Confederation of Partner Companies comprising manufacturing and partner subcontractors established a basic policy to contribute to zero environmental impact through business operations. Based on this policy, the Confederation is engaged in initiatives such as the 3Rs in construction sites, and low-CO₂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

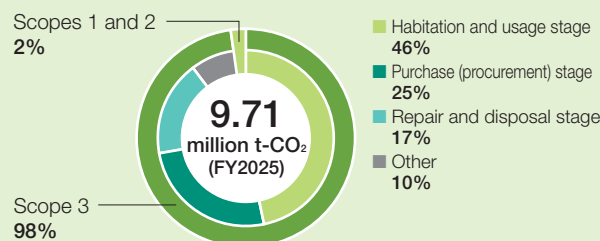
The Daiwa House Group's impact on society and the environment

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.

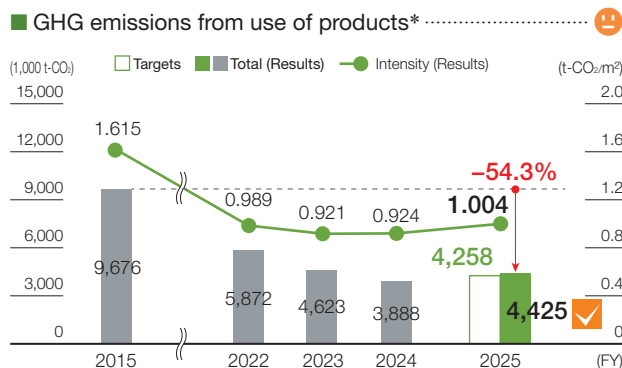
Self-assessment of the Main Targets and Results of Endless Green Program 2026

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.

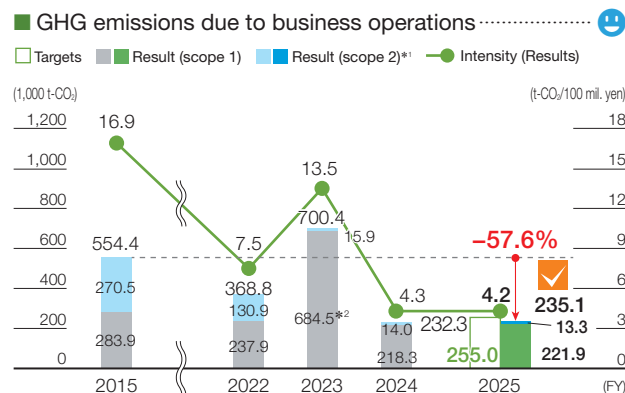
* Excluding Hokkaido prefecture.



* 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.

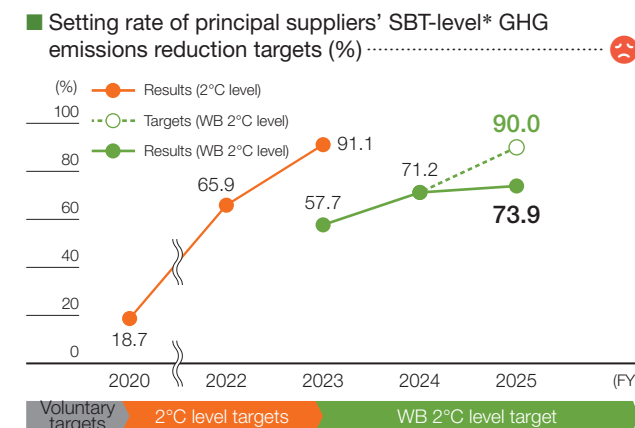


*1 The calculation method of Scope 2 emissions was changed from location-based method to market-based approach in fiscal 2022.

*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 steelframed 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

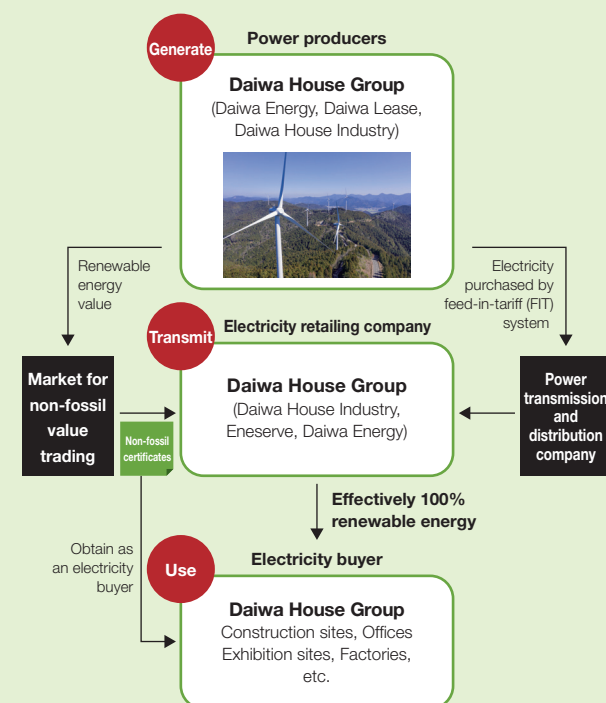
To further reduce greenhouse gases emissions from our business activities, we are promoting the adoption of clean energy vehicles*, both for company vehicles and for personal cars used by employees for business purposes.

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.



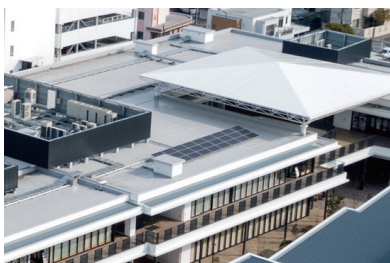
P166 Environmental Data Electricity consumption and renewable energy utilization rate (RE100)

■ 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 m ² 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 m ² 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.

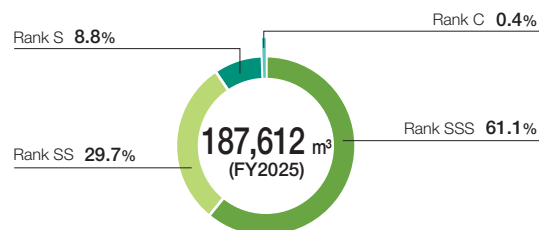
Self-assessment of the Main Targets and Results of Endless Green Program 2026

🟢 : 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%)

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

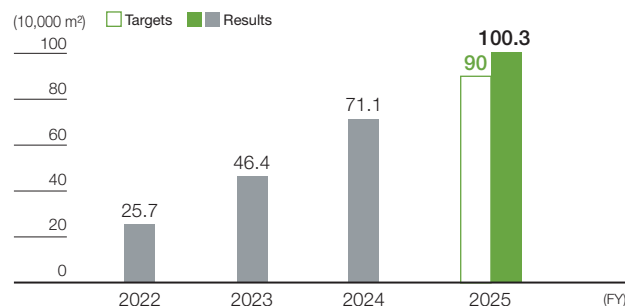


Expanded total area of green spaces under the slogan "Let's connect greenery!" in nature-positive efforts, achieving the target

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)

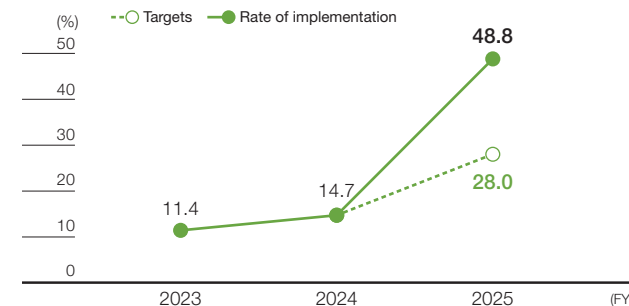


Proceeded with biodiversity initiatives at our own facilities, achieving the target

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

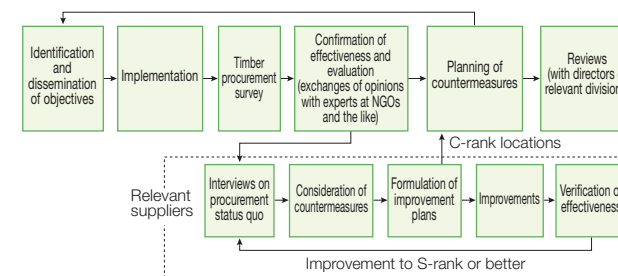
of C-ranked timber with high risk of deforestation as a result of the assessment and monitor the status of improvements. We publish the survey results and share them with cooperating stakeholders (such as environmental NGOs) so they can give us expert feedback that we can apply in future policy.

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

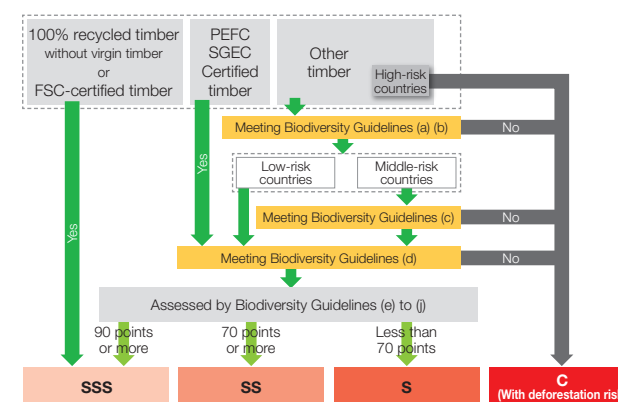


P173 Environmental Data Biodiversity Guideline [Timber Procurement]

■ 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.



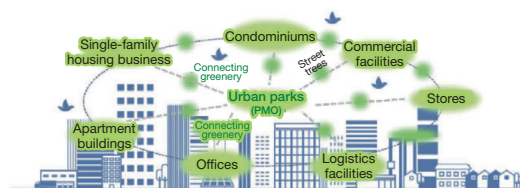
P173 Biodiversity Guideline [Development & Community Creation]

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.

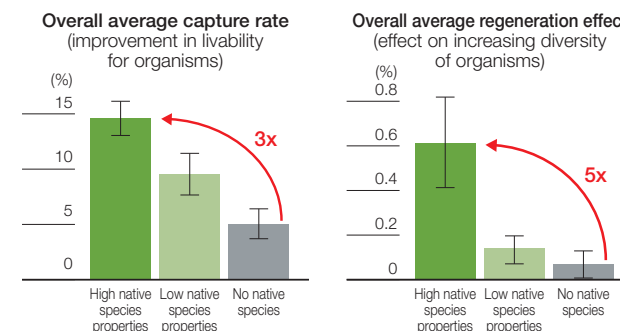
Main Approach

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)**

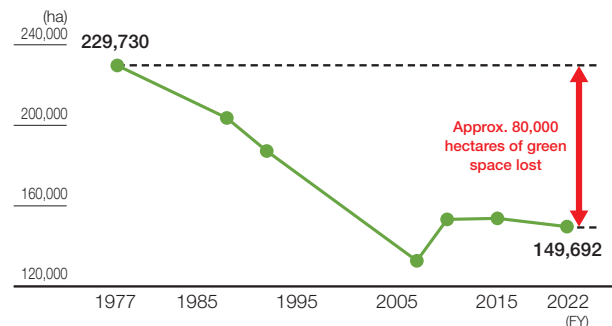
Forecasting the biodiversity restoration effects of greening with native species

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)



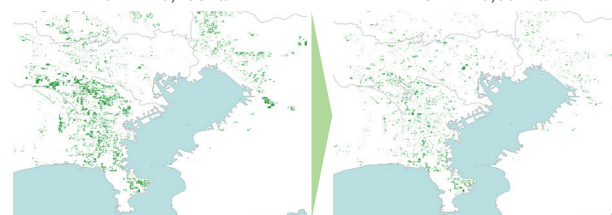
*¹ Based on the Ministry of Land, Infrastructure, Transport and Tourism's detailed land-use mesh data, areas classified as building sites, roads, railways, and other land uses (such as airports and schools) were defined as built-up areas, and areas within these classified as forests were defined as green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

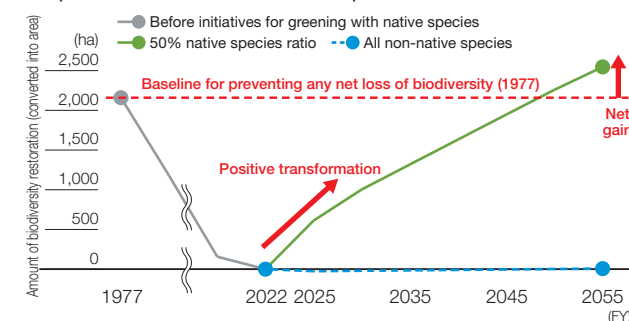
■ Changes in Urban Green Spaces (Example: Greater Tokyo Area)



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



[!\[\]\(cf8bc438bd46d9bf525c4e2ae3e5b47b_img.jpg\) 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.



[!\[\]\(fcedba5c00f2d7b26d46071c02231187_img.jpg\) 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)

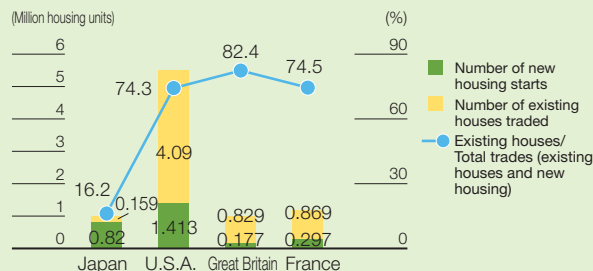
Policy and Concept

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



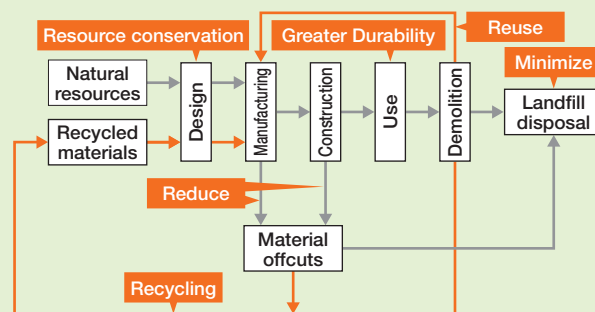
Source: Ministry of Land, Infrastructure, Transport and Tourism "International comparisons of housing standards (2023)" taken from Data on Housing and Economy 2025

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.

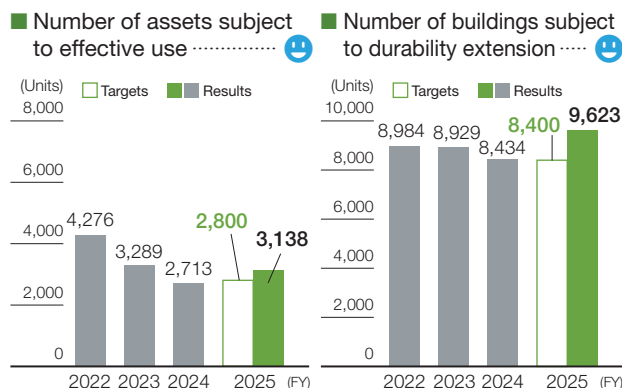
Self-assessment of the Main Targets and Results of Endless Green Program 2026

😊 : 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

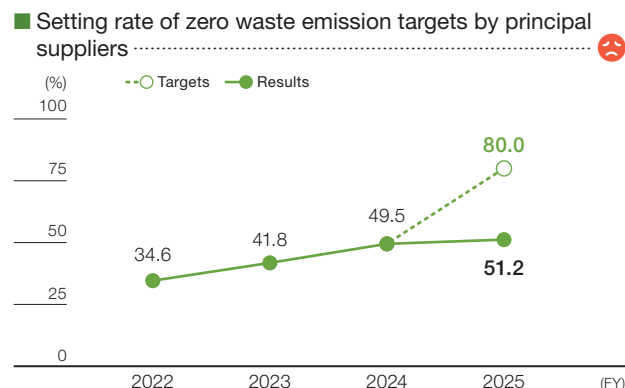
To make effective use of existing buildings, we vitalize trade of existing homes and rental housing through purchasing and selling such houses and mediating the purchase and sales. As a result, the number of assets subject to effective use, which is a sum of the number of existing buildings that we bought 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.



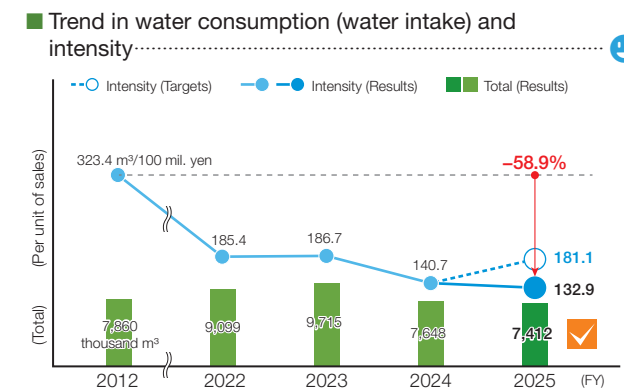
Target not achieved, despite efforts for setting targets throughout supply chains

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.

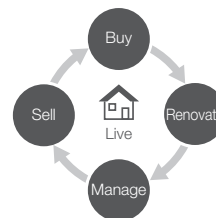
Fourteen Daiwa House Group companies work together to offer a one-stop customer touchpoint

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 Setсу 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

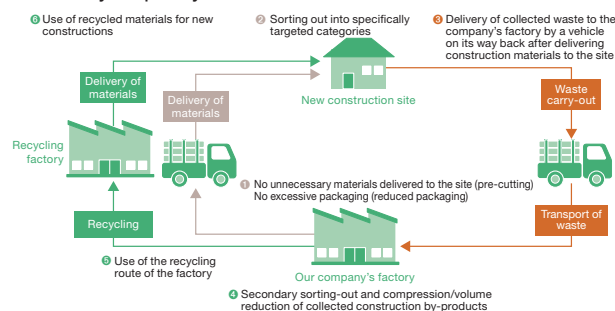
Adopting product development, design, and construction processes conducive to resource conservation and recycling

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.

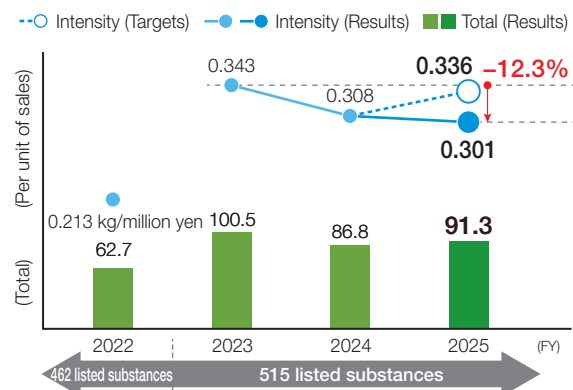
Self-assessment of the Main Targets and Results of Endless Green Program 2026

😊 : 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

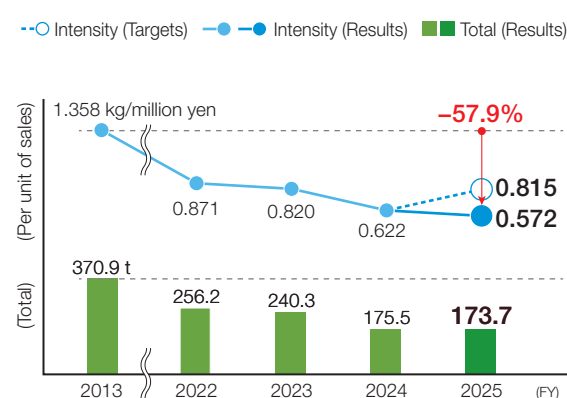


* PRTR-listed substances were revised in fiscal 2023 following the amendment to the PRTR Law. Release and transfer results for fiscal 2022 are calculated for the 462 listed substances prior to the amendment. Results for fiscal 2023, fiscal 2024 and fiscal 2025 are calculated for the 515 substances listed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

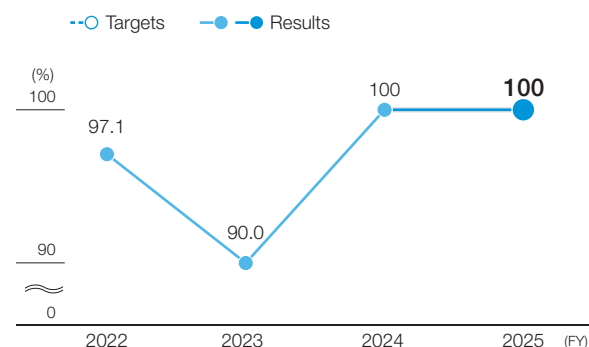
VOC emissions



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)



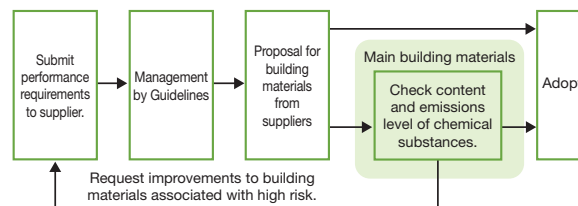
➤ Supply Chain Sustainability Guidelines

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.

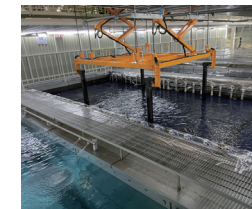
Reduce PRTR-listed substances and VOC emissions by reducing the amount of paint loss and solvent concentration in paints and capturing VOC

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.

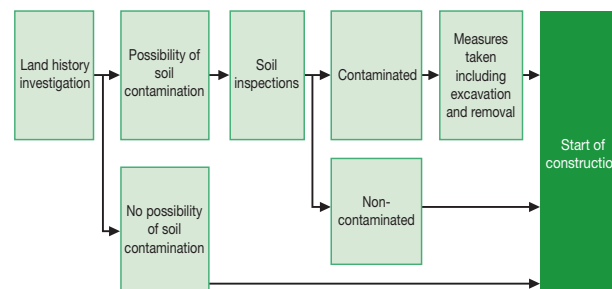
Management

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
TCFD	Strategy (Climate-related risks and opportunities, scenario-based validation assessment)	P057, 058
	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
	Metrics and targets	P068
TCFD, TNFD	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.

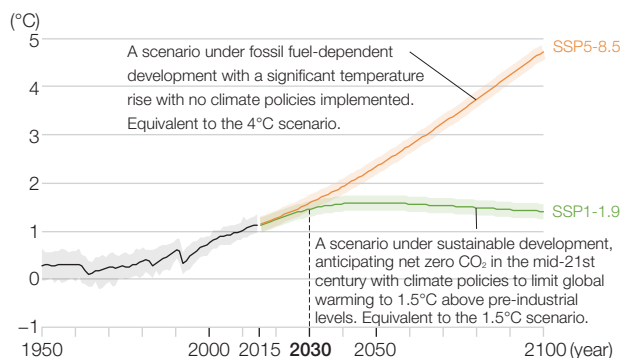
*2 A scenario with maximum GHG emissions under fossil fuel-dependent development with no climate policies implemented.

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.

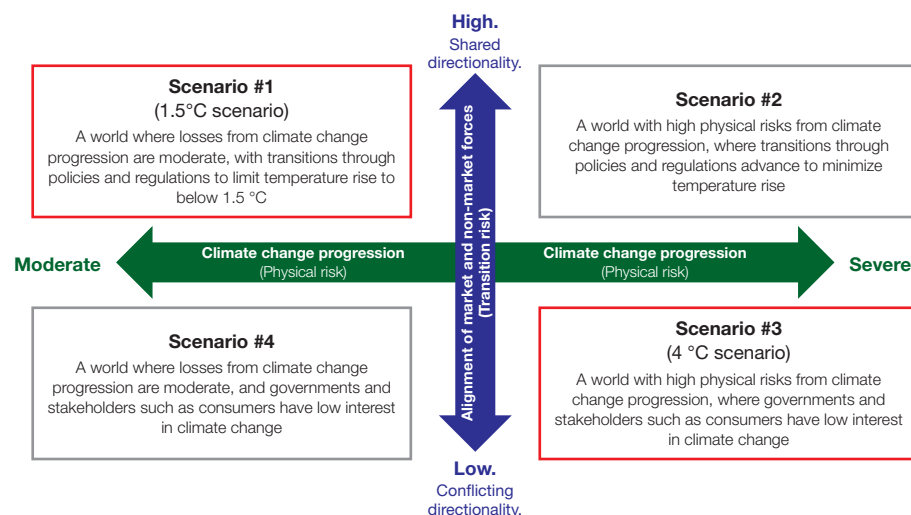
This analysis covers the Group’s main businesses (single-family housing, rental housing, condominiums, commercial facilities, office buildings, and Environment and Energy Business).

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.

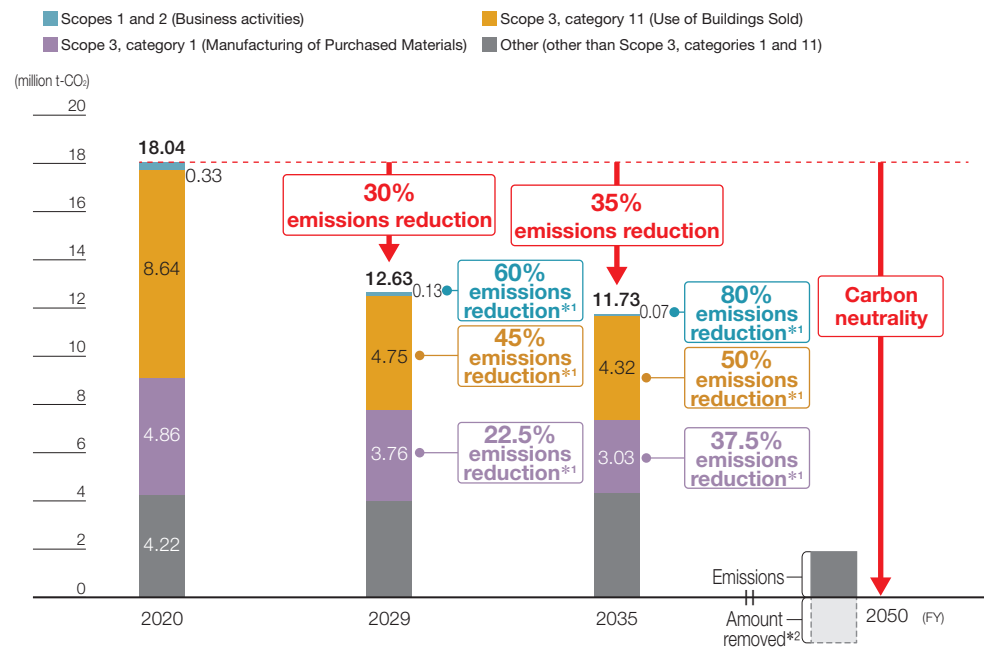
Response to the Task Force on Climate-related Financial Disclosures (TCFD)

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)

L	E	A	P
---	---	---	---

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)

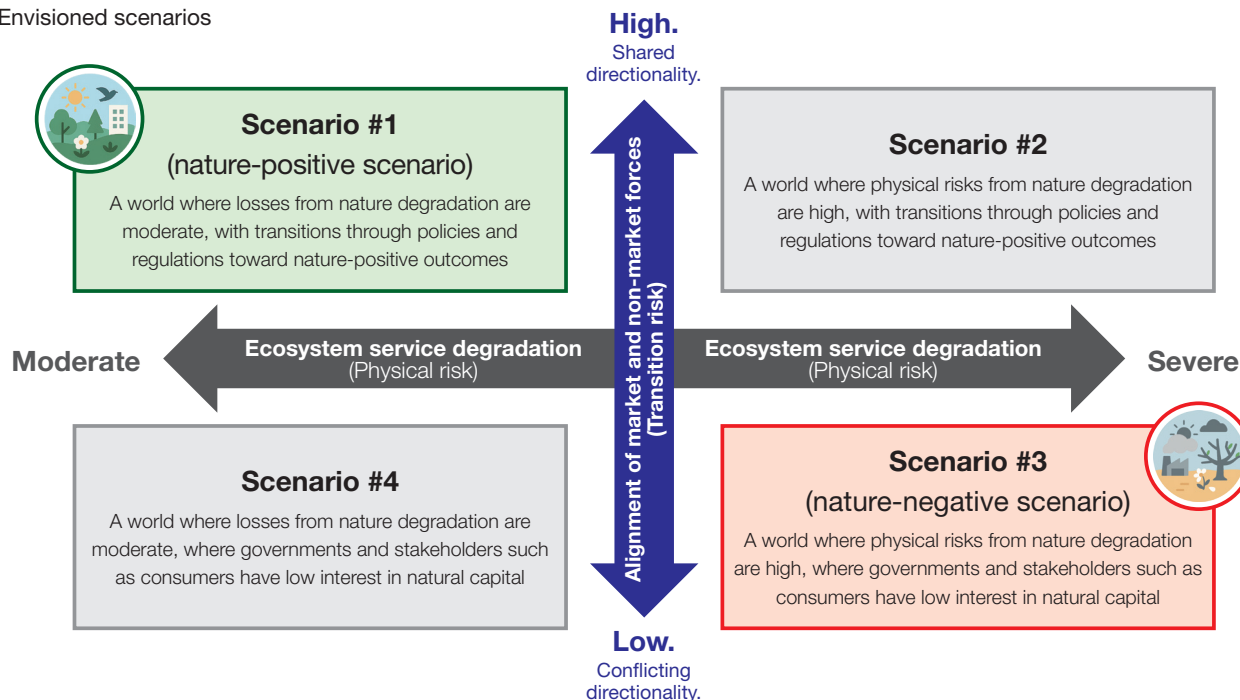


Scenario analysis and evaluation of nature-related risks and opportunities

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)

L	E	A	P
---	---	---	---

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)

L	E	A	P
---	---	---	---

■ 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

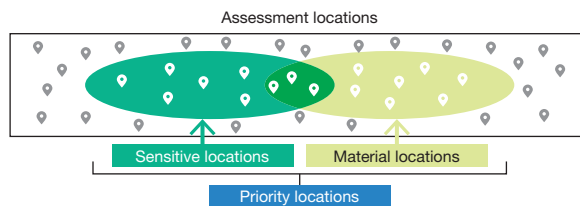
* Although nature conservation opportunities may not directly affect corporate business, we consider them important to the sustainability of ecosystem services, and we have identified them as opportunities and formulated strategies for them.

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

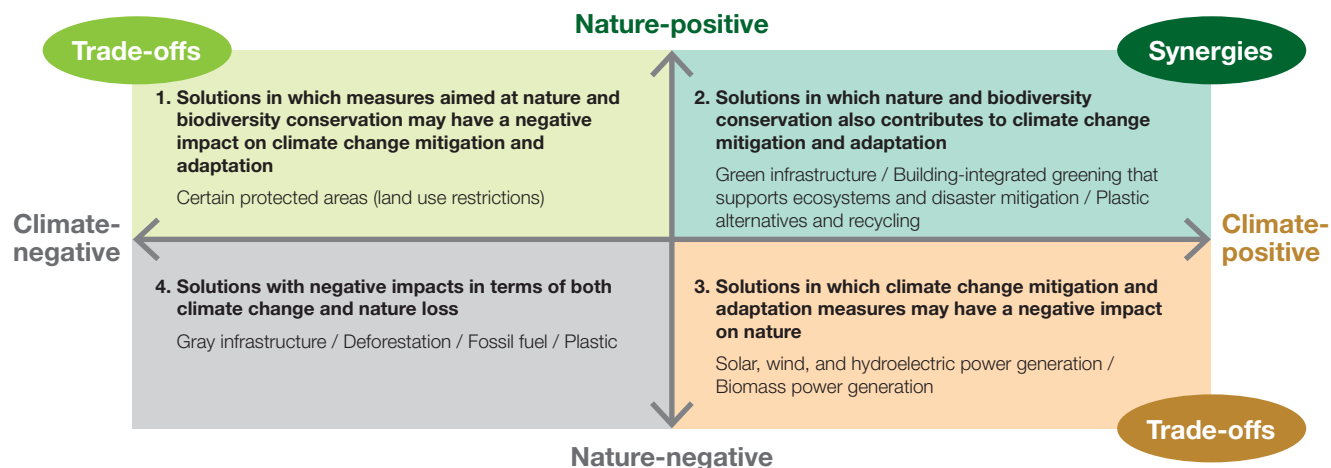
Synergies and Trade-offs Related to Climate Change and Nature-Positive Measures

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)