

Sustainable procurement

Concept and Policy

The Group has formulated its Supply Chain Sustainability Guidelines to promote sustainable procurement together with its business partners, and to not only keep with the spirit of the law, but also by specifying requirements for business partners.

In addition, we have established the “Daiwa House Industry Procurement Headquarters CSR Purchasing Policy,” which is focused on purchasing activities by all business partners in Japan who do business with our Procurement Headquarters. We have had all business partners submit a letter of consent after gaining an understanding of our approach to sustainable procurement.

Furthermore, we participate in the Declaration of Partnership Building established by the Cabinet Office and other organizations, and have declared to society our “compliance with desirable business practices with small and medium-sized contractors,” reviewing this as appropriate.

The Supply Chain Sustainability Guidelines Business Partner Code of Conduct

- 1) Establish a relationship of trust with customers
- 2) Business activities with high ethical standards
- 3) Considerations for occupational safety and health
- 4) Fair business activities
- 5) Environmental conservation
- 6) Co-creating a Brighter Future with local communities
- 7) Respect for human rights



➤ [Supply Chain Sustainability Guidelines](#)

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

➤ [Participation in the Declaration of Partnership Building \(Japanese text only\)](#)



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Management

Operating the Supply Chain Sustainability Guidelines

The Group formulated the CSR Procurement Guidelines in 2015 to promote sustainable procurement together with our business partners, and revised them in 2023 as the Supply Chain Sustainability Guidelines in response to changes in social conditions.

These Guidelines establish seven principles concerning environmental and social aspects in the Business Partner Code of Conduct, and specify concrete request items for business partners in the Corporate Activity Guidelines, which are based on the Business Partner Code of Conduct. In addition, the Guidelines for Products set standards for the environmental and social aspects of products such as construction materials delivered to us by business partners, and procurement is carried out based on these standards.

The Group holds explanatory meetings for business partners and has them submit a letter of consent to ensure compliance with these guidelines. In addition, when entering into contracts with new business partners, we explain the purpose and outline of these guidelines and have them submit a letter of consent. In fiscal 2025, we received letters of consent from 640 new companies, and through awareness activities since 2024, 88.7% of our business partners have consented. Furthermore, to ensure that employees of our business partners understand these guidelines, we prepare and distribute explanatory materials for business partners based on the Business Partner Code of Conduct and the Corporate Activity Guidelines, and engage in awareness activities for their employees.

In fiscal 2025, we introduced “Nikkei Sustainable Link,” an ESG evaluation system provided by Nikkei Research, for our major business partners. This allows us to conduct ESG management evaluations of our business partners, monitoring and assessing their compliance with these guidelines and the extent to which ESG management is embedded in their operations. Going forward, based on the evaluation results, we will provide education through e-learning and webinars, conduct on-site audits, and strengthen engagement with our business partners.



P024 [Supply chain management \(Environment\) Increasing suppliers' awareness of our environmental policy](#)



P038 [Establishing a cross-departmental timber survey system](#)

P199 [Social Data](#)

[Supply Chain Sustainability Guidelines Agreement collection rate/Self-check response rate/ESG management evaluation of business partners](#)



➤ [Supply Chain Sustainability Guidelines](#)

Selecting and managing business partners in light of QCDSME

Based on our Supply Chain Sustainability Guidelines, we select and manage new business partners in accordance with QCDSME (Quality, Cost, Delivery, Safety, Moral, and Environment). For housing materials in particular, the Procurement Headquarters selects suppliers who provide the parts and materials that are defined as key and make up products manufactured at our factories that have obtained the type-certified specifications. In making the selections, we first screen documented evidence of their quality, environmental considerations, delivery performance, costs, management and CSR against our regulations on purchasing operations. Upon passing the screening, we visit the manufacturing company's production factory to verify the quality management system in accordance with ISO 9001 requirements. The flow requires that an initial lot verification is carried out to confirm that manufacturing is being done according to the contracted specifications before shipment is approved. Even after transactions have begun, we conduct annual follow-up evaluations of all suppliers regarding quality and delivery. If there are any defects in quality or delivery, both the supplier and the Company confirm that measures have been taken to prevent recurrence and that the system is capable of stable supply.

When selecting new partner companies to perform construction work at our sites, we review their management policies, future prospects, construction capabilities, and other factors through application documents and interviews, in accordance with our Technical Operations Regulations. We also verify legal compliance, occupational safety and health measures, the exclusion of criminal organizations or antisocial forces, the status of permits required under relevant laws and regulations, and enrollment in social insurance. Applicants that pass the review submit a Trading Name Notification Form and enter into a Basic Subcontractor Agreement with us before commencing business as partner companies.

■ Sustainable procurement

CSR Purchasing Policy in the Procurement Headquarters

The “Daiwa House Industry Procurement Headquarters CSR Purchasing Policy,” which is formulated by the Procurement Headquarters, comprises three elements: “Basic Policy for CSR Purchasing,” a policy for sustainable procurement, the “CSR Purchasing Code of Conduct” to be implemented by the Company based on this policy, and the “Supplier Code of Conduct” to be implemented by suppliers. We have received letters of consent to the “Daiwa House Industry Procurement Headquarters CSR Purchasing Policy” from all suppliers that do business with our Procurement Headquarters.

For each of these business partners, we conduct annual follow-up evaluations on “quality” and “stable supply,” as stipulated in the CSR Purchasing Code of Conduct for each manufacturing factory, and rank them on a four-level scale (A, B, C, D). For business partners that receive a “D” rating, quality audits are conducted through on-site factory visits. We conduct on-site audits to ensure that controls are in place to guarantee product and operational quality, and provide advice for improvement as necessary. In fiscal 2025, we conducted five on-site audits.

Through dialogue with our business partners, we will continue to deepen understanding of sustainable procurement together with suppliers and advance our initiatives.

CSR Purchasing Policy

1. Fair trade (Anti-corruption)
2. Environmental preservation
3. Corporate social responsibility
4. Co-creation and coexistence
5. Confidentiality

Cooperating with trailblazing organizations in CSR procurement

· Global Compact Network Japan (GCNJ) Taking part in the Supply Chain Subcommittee

Since April 2018, Daiwa House Industry has been participating in the UN Global Compact (UNGC), a universal principle advocated by the UN on human rights, labor, the environment, and corruption prevention. We are also member to the GCNJ Supply Chain Subcommittee consisting of UNGC member companies. These subcommittees feature case studies and lectures by experts on recent CSR trends. Knowledge obtained from the subcommittee is reflected in the Daiwa House Group's business activities.

· Registering with EcoVadis

Daiwa House Industry registered with EcoVadis, which carries out sustainability assessments of supplier companies, from fiscal 2019 as a supplier and started to disclose required information. We have continuously received evaluations.



P143 [Company receives Bronze EcoVadis sustainability rating](#)

Main approach

Training on social issues in cooperation with business partners

We hold training and study sessions twice a year (once each for the Osaka and Tokyo blocks) for the Trillion Club (234 companies), which is composed of material suppliers.

The training and study session held in the Osaka block in August 2025 was attended by 103 participants from 66 companies, while the session in the Tokyo block in March 2026 was attended by 102 participants from 57 companies.

The topics covered in the training and study sessions in fiscal 2025 were as follows.

1. Latest domestic and international trends toward achieving carbon neutrality
2. Case studies of decarbonization initiatives by the Trillion Club companies
3. Explanation of the CSR Purchasing Policy of our Procurement Headquarters
4. Supply chain human rights due diligence for centralized suppliers

We continue to raise awareness so that companies recognize the connection between their business activities and sustainability.



➔ [Daiwa House Industry Procurement Headquarters CSR Purchasing Policy \(Japanese text only\)](#)