



Daiwa House®
Group

Daiwa House Group

Sustainability Report 2024

OUR FUTURE LANDSCAPE –
CELEBRATING THE JOYS OF LIFE.



Sustainability Report 2024 Editorial Policy

Purpose of Publication

To realize management sustainability, the Daiwa House Group has published this Sustainability Report 2024 (hereafter “this report”) for the following purposes.

- (1) **Accomplish accountability:** As a group that maintains the stance of Co-creating a Brighter Future, we will take accountability for contributions to society and the environment as well as reduction in environmental impacts through business.
- (2) **Acquire appropriate third-party evaluations:** We will disclose information based on requests from stakeholders who are particularly interested in corporate ESG (environment, society and governance), including corporate assessment agencies, long-term investors, NGOs, and experts. We especially understand that ESG assessment items of corporate assessment agencies are “a collection of the expectations and demands of a global society and stakeholders,” and are aiming to acquire appropriate evaluations.
- (3) **Utilization for improvements in management:** As part of the “third-party checks” that we use in the PDCA cycle of management, we make improvements on the basis of internal feedback of the points cited in ESG evaluations and dialogues reported herein.

Basic Information |

Reporting Media

Separate Japanese and English editions are issued in PDF format.

Reporting Organizations

The report is centered on Daiwa House Industry and Daiwa House Group companies (447 consolidated subsidiaries, 49 equity method affiliates as of March 31, 2024).

Report Period

The report mainly focuses on the 2023 fiscal year (April 1, 2023 to March 31, 2024) but activities before and after this fiscal period are included when necessary.

Page Layout and contents of the report

This report consists of “Implementation Report” and “Third-Party Assessment / Data Section”. Messages from top managements and executives, etc., which have been published until the previous fiscal year (Sustainability Report 2023), will be published in the Integrated Report (scheduled to be issued at the end of August 2024).

Implementation Report P003–107

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

Third-Party Assessment / Data Section P108–165

We list third-party assessments and detailed performance data related to ESG. In addition, we also report on the achievements and self-assessment of our Environmental Action Plan.

Issued

September 2024 (Issued once a year, next issue scheduled for September 2025)

* Next Japanese version is scheduled in July 2025

Referential Guidelines

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

Our Communications at a Glance

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

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Implementation Report

Environment

CHAPTER

01

Main results in fiscal 2023

- ▶ Greenhouse gas emissions
from use of products (total)

vs FY2015

52.2% reduction

- ▶ Eco-friendly surface area of
green spaces (cumulative)

vs FY2021

+ 464,000m²

- ▶ Water consumption
(per unit of sales)

vs FY2012

42.3% reduction

- ▶ Number of those who acquired
the Eco Test certification

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Long-Term Environmental Vision

Long-Term Environmental Vision

Challenge ZERO 2055

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

Our Group formulated the long-term environmental vision "Challenge ZERO 2055" in fiscal 2016, focusing on 2055*, which marks the 100th anniversary of the foundation of Daiwa House Industry. We aim to realize a sustainable society and try to create "zero" environmental impacts through three stages (procurement, business activities, and products and services) with four environmental priority themes in mind (mitigating and adapting to climate change, harmony with the natural environment, closed-loop resource sourcing and conservation of aquatic environments, and prevention of chemical pollution). Among these themes, seven targets of particular importance are defined as Challenge ZERO in order to accelerate our initiatives with specific milestones for 2030.

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

Four environmental priority themes

Mitigating and adapting to climate change

We aim for zero greenhouse gas emissions throughout the product life cycle through uncompromising pursuit of energy saving and utilization of renewable energy in order to achieve a decarbonized society. In addition, we devise measures to avoid and minimize the negative impacts of climate change, and strive for the operation of businesses that are highly tolerant of climate change risk to realize a safe and secure society.

Harmony with the natural environment (Preservation of biodiversity)

In order to preserve and improve our natural capital, our Group shall prevent any net loss of biodiversity by ensuring zero deforestation through material procurement and by developing communities filled with greenery in harmony with the natural environment.

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

With the aim of contributing to the emergence of a society committed to recycling, our Group is pursuing the sustainable use of resources by extending the service life of houses and buildings and working toward zero emissions of waste, as well as the use of recycled materials.

We also aim for sustainable utilization of water through reducing water consumption, total recycling of resources, and conservation of aquatic environments throughout our supply chain.

Prevention of chemical pollution

We shall institute appropriate management of chemical substances throughout the life cycle of houses and buildings to minimize the risk of adverse impacts on the health of people and ecosystems.

Phase



Procurement

Resource extraction
Transport of raw materials
Material production
Material transport



Business activities

Office work / Vehicles
Factories / Logistics
Construction / Renovation
Demolition
Operation of office buildings



Products and services

Single-family / Rental housing
Condominiums
Renovations
Commercial facilities / Office buildings
Environmental energy



Seven Challenge ZERO

- | | | | |
|--|---|--|--|
| 1 Challenge ZERO for CO ₂ in community development | 3 Challenge ZERO for CO ₂ in the supply chain | 4 Challenge ZERO Deforestation | 6 Challenge ZERO Waste and Reuse |
| 2 Challenge ZERO for CO ₂ in business activities | | 5 Challenge ZERO Harm to Biodiversity | 7 Challenge ZERO Water-Associated Risks |

* Prevention of chemical pollution is not defined as Challenge ZERO because it is already at the maintenance and management level.

Long-Term Environmental Vision

Milestones and goals of seven Challenge ZERO

The Group upholds Challenge ZERO initiatives with a specific year of 2055* in mind as an ultimate goal. We also define the milestones for 2030 to increase effectiveness of the initiatives.

* The year 2050 for the item of mitigating and adapting to climate change



Procurement



Business activities



Products and services

Milestone for 2030

1 Challenge ZERO for CO₂ in community development



- By 2030, we aim to reduce greenhouse gas (GHG) emissions (total) from newly constructed buildings in the habitation and usage stage by 63% in comparison to FY2015.
- By 2030, we turn all newly constructed houses and buildings into ZEH/ZEB in principle, while also promoting the development of carbon neutral towns with 100% renewable energy by installing solar power generation systems in all buildings.
- We seek to complete renovation of existing buildings to turn them into ZEH/ZEB by application by 2030, while also promoting carbon neutrality through renovations to improve energy efficiency or install energy-generation facilities, as well as the supply of renewable energy.

2 Challenge ZERO for CO₂ in business activities



- By 2030, we aim to reduce GHG emissions (total) in all facilities and all business processes by 70% in comparison to FY2015.
 - By further promoting energy saving for existing facilities and achieving ZEB for facilities to be newly constructed, we aim to double the Groupwide energy efficiency (sales unit per consumed energy) by 2030 from the fiscal 2015 levels.
 - Working to expand renewable energy, we aim to attain 100% renewable energy for all the electricity used in our Group by 2025*.
- * By fiscal 2023 for purchased electricity, excluding self-generated power

3 Challenge ZERO for CO₂ in the supply chain

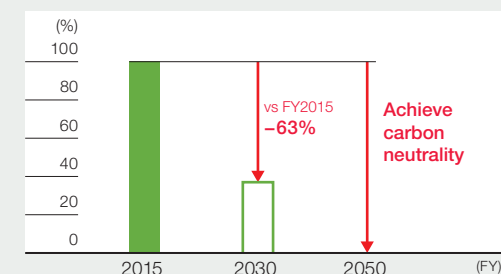


- By 2025, we share with 90% of our principal suppliers the GHG reduction targets in line with the Paris Agreement and cooperate with them in the initiatives for energy efficiency and renewable energy in order for the principal suppliers to achieve the targets by 2030.

Goal for 2050

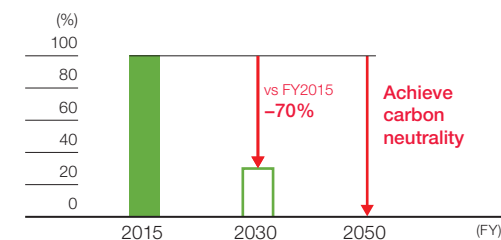
Through turning newly constructed buildings into net zero energy buildings and by improving energy efficiency and energy-generation installation at existing buildings, as well as through supplying renewable energy, we aim to achieve carbon neutrality by 2050.

Reduction target for GHG emissions from houses and buildings in use



We implement thorough energy-efficiency measures, turn newly built facilities into ZEBs, and utilize renewable energy to achieve carbon neutrality by 2050 in all facilities and all business processes.

GHG emission reduction targets in business activities



Through collaboration with suppliers, we aim to achieve carbon neutrality in the supply chain by 2050.

Long-Term Environmental Vision

Milestones and goals of seven Challenge ZERO



Procurement



Business activities



Products and services

Milestone for 2030

Goal for 2055

4

Challenge ZERO Deforestation



By 2030, we work with suppliers to eliminate from procurement at our housing and construction businesses all timber that cannot be traced to legal harvest.

Through collaboration with suppliers, we aim to achieve zero deforestation arising from materials procurement at all segments by 2055.

5

Challenge ZERO Harm to Biodiversity



By 2030, in all housing- and building-related businesses, we take steps to enhance the amount and quality of green space that take into consideration the protection of biodiversity, aiming to create in aggregate at least 2 million square meters of biodiversity-conducive green spaces.



We will complete biodiversity assessments of all owned or managed sites and undertake ongoing conservation work at all ecologically significant ones* by 2030.

* Factories, company-owned forest sites, hotel vicinities, commercial facilities, city parks, etc.

Through reducing discarded plastics and other efforts, we aim to bring to zero the impact associated with marine plastic waste problems by 2030.

We aim to prevent any net loss of biodiversity by 2055 through sustainable business operation that takes into consideration the protection of biodiversity, and enhancement of the amount and quality of green space in housing, construction, and community development.

6

Challenge ZERO Waste and Reuse



By 2030, we seek to extend the durability and increase the variability of our new buildings. Also, by promoting renovation and remodeling of existing buildings, we help create a market for trading quality housing stock at fair valuations.



We aim to achieve zero waste emissions and total recycling of resources throughout supply chains at in all housing- and building-related businesses by 2030. We also promote the use of recyclable or recycled materials.



We will use only recyclable or recycled materials at our housing and construction businesses by 2055. Through extending the durability of our buildings, we aim to minimize the volume of resources used and waste emissions. We also aim to achieve zero waste emissions and total recycling of resources throughout supply chains across the Group.

7

Challenge ZERO Water-Associated Risks



By 2030, we aim to reduce water consumption (per unit of sales) by 45% vs fiscal 2012 at all sites and properties and in all processes.



By 2030, we aim to complete water risk assessments in all housing- and building-related businesses in our supply chains, and complete water risk countermeasures at all owned locations and high-risk supplier locations.



We aim to achieve a water-saving device adoption rate of 100% for new residential and hotel buildings by 2030.

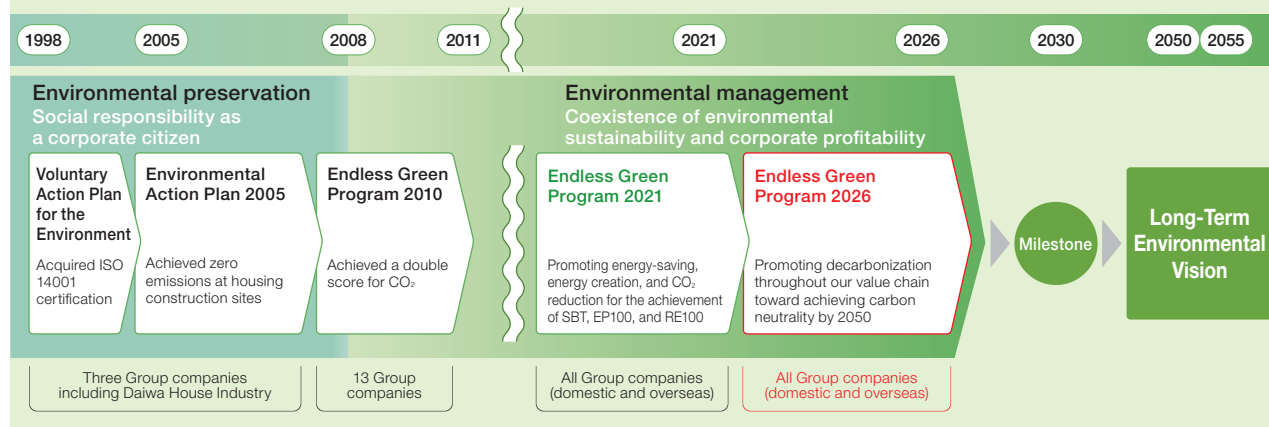
We aim for sustainable utilization of water through reducing water consumption, total recycling of resources, and conservation of aquatic environments throughout supply chains across the Group by 2055.

Environmental Action Plan (Endless Green Program)

History of the Environmental Action Plan

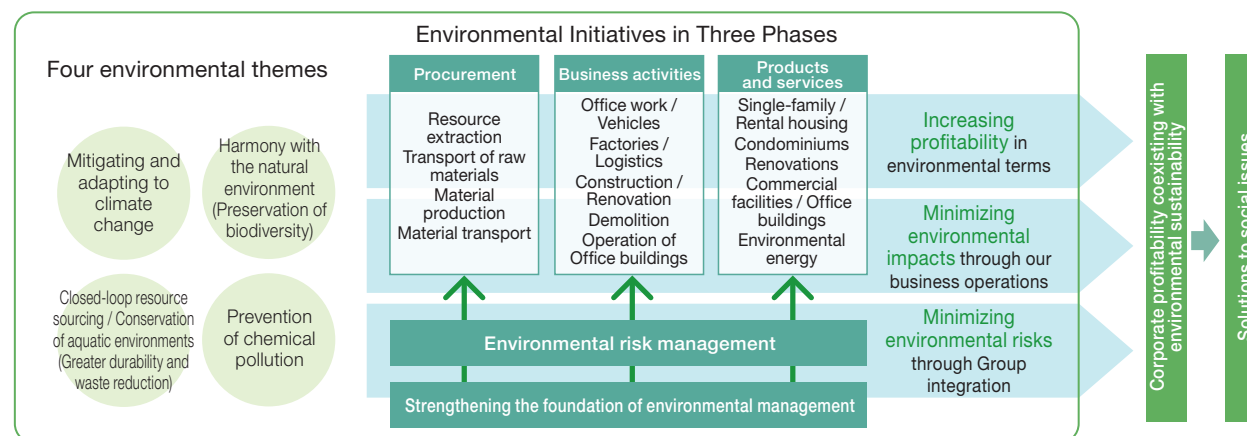
Calculating backward from the long-term environmental vision, Daiwa House Group have set 2030 as a milestone for achieving the vision. We formulate concrete targets and plans as the Endless Green Program (EGP) nearly every three- five years in accord with the period of a medium- term management plan to promote it.

[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 at three phases: procurement; business activities; and products and services.



Link between materialities, the 7th Medium-Term Management Plan and Environmental Action Plan

In fiscal 2022, we identified priority issues (materiality) in order for us to realize Our Hopes for the Future, which constitute the Daiwa House Group’s corporate purpose. As part of this process, we considered the aspects necessary to realize our purpose, given the direction of social change. We selected 18 key issues, including carbon neutrality for individuals, communities, and people’s lifestyles, taking on the challenge of preventing any net loss to biodiversity, and sustainable use of resources and conservation of water resources through a circular economy.

One of the priority issues we have adopted is “circular economy and carbon neutrality.” Based on this, the 7th Medium-Term Management Plan (FY2022-FY2026) has established realizing carbon neutrality by making all buildings carbon-free as one of the Group’s priority themes.

An environmental action plan EGP2026 formulated alongside our 7th Medium-Term Management Plan sets four themes as environmental priority themes, including climate change, preservation of biodiversity, and closed-loop resource sourcing, for which KPIs were defined to promote initiatives.

[WEB](#) [Road to 2055 and Materiality \(Japanese text only\)](#)

Basic policies of Endless Green Program 2026

- Turning all buildings into ZEH/ZEB and installing solar power generation systems in all buildings in all our businesses in principle toward achieving “carbon neutrality in community development”
- Aiming to achieve RE100 in FY2025, as well as turning all the company’s newly constructed facilities into ZEBs in principle, toward achieving “carbon neutrality in business activities”
- Sharing “carbon neutrality,” “zero deforestation,” and “zero waste emissions” policies with suppliers to strengthen our supply chains with the environment as a starting point
- Stepping up our efforts to satisfy expectations of society and stakeholders toward further improving ESG evaluation (expanding environmental contribution businesses, responding to climate change risk)
- Firming up the foundation of environmental management in order for us to implement faster the EGP2026 (enhancing the environmental management system, developing human resources for environmental management)

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 ZERO”s.

	Seven “Challenge ZERO”s	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%*1	−63%	P022, 023
		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	
	2 Challenge ZERO for CO ₂ in business activities	GHG emissions reduction rate derived from business operations (vs FY2015)	−20.8%	−55%	−70%	P024, 025, 026
		Energy efficiency (vs FY2015)	Up 1.47 times	Up 1.9 times	Up 2.0 times	
		Renewable energy utilization rate	18.2%	100%	100%	
		Introduction rate of clean energy cars Company vehicles / Privately owned vehicles	0.3%	30% / 10%	100% / 30%	
		ZEB rate for the company's newly constructed facilities / Percentage of solar power generation equipment*2	— / —	100% / 100%	100% / 100%	
	3 Challenge ZERO for CO ₂ in the supply chain	Setting rate of principal suppliers' SBT standard GHG reduction targets	34%	90%	Achievement of GHG reduction targets by principal suppliers	P027
		The number of contracts for renewable energy and energy-efficiency solutions (The number of cases of support)	—	50 (5-year total)		
Harmony with the natural environment	4 Challenge ZERO Deforestation	Rate of C-ranked timber in procurement	2.7%	0%	0%	P035, 036
		Setting rate of zero deforestation policy Primary suppliers / Secondary suppliers and beyond	— / —	90% / 50%	100% / 100%	
		Rate of sustainable concrete formwork use*2	—	70%	100%	
	5 Challenge ZERO Harm to Biodiversity	Eco-friendly surface area of green spaces (cumulative)	—	1,000,000m ²	2,000,000m ²	P037, 038, 039
		Rate of formulation and implementation of protection and management plans of significant sites within premises of the company's facilities	—	100%	100%	
		Rate of replacement of plastic goods for distribution (offices, etc.)	Daiwa House Industry: 81% All Group: 92%	100%	100%	
Closed-loop resource sourcing and conservation of aquatic environments	6 Challenge ZERO Waste and Reuse	Number of assets subject to effective use / Number of buildings subject to durability extension	3,989 / 3,246	3,100*1 / 7,150*1	—*3/ —*3	P048, 049
		Recycling rate of waste plastics material (production)	10.9%	30%	—*3	
		Reduction rate of amenities that are plastic-containing products specified in law (vs FY2021) / Recycling rate (hotels)	— / —	−50% / 50%	—*3 / 100%	
		Achievement of zero waste emissions targets by principal suppliers	34.5%	90%	Achievement of zero waste emissions targets by principal suppliers	
	7 Challenge ZERO Water-Associated Risks	Water-saving device adoption rate (housing and hotels)	89.8%	99%*1	100%	P051, 052
		Water consumption reduction rate (vs FY2012, per unit of sales)	−46.8%	−45%*1	−45%	
		Implementation rate of water risk surveys by principal suppliers	—	100%	Completing response to water risks	
	Environmental Management	Sales of environmental contribution businesses	—	1,600 billion yen	3,000 billion yen	P009, 014, 028
		Number of those who acquired the Eco Test certification	19,033	38,000		
		Implementation status of measures for adopting 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. *1 The fiscal 2026 target has been revised based on the fiscal 2023 results. *2 Added in fiscal 2024. *3 To be formulated in fiscal 2026



P053 Prevention of chemical pollution

P119 Results and self-assessment of the Environmental Action Plan (Endless Green Program 2026)

General | Expand environmental contribution business

Policy and Concept

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

The Daiwa House Group sees the environment as a business opportunity. We made “environmental contribution” (environmentally friendly) 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 eco-friendly products, and does its best to achieve them using its own initiatives.

 **P121 Environmental Data Sales of environmental contribution businesses**

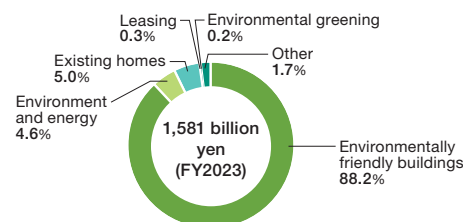
■ Definition of environmental contribution business (For Endless Green Program 2026)

Business	Definition
Environmentally friendly buildings	Buildings that meet BELS five-star rating (BEI standard value by intended use)
Single-family housing	
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 resale Resale 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.

Main approach

Starting with the environment and energy business, each company and division worked toward our fiscal 2023 target for environmental contribution business sales of 1,350 billion yen, 26.9% of Group sales. As a result, sales reached 1,581 billion yen (30.4% of sales) and achieved the target.

■ Sales of environmental contribution businesses



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

In fiscal 2023 as in the previous year, we worked to increase the number of buildings with a building energy index (BEI) of 0.8 or less, a requirement for BELS five-star certification, in each category.

In the area of single-family housing, we worked to expand the adoption of ZEHs. By making ZEH proposals for all houses, including the use of our flagship products xexo Σ and xexo GranWood, we provided buildings with a BEI of 0.8 or less.

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

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

 **P022 Single-family housing: Further increasing the number of ZEHs**

Commercial and office buildings: Increasing the number of environmentally friendly buildings

When constructing buildings with a wide variety of uses, we offer D's SMART Series, a package of environmentally friendly technologies. Moreover, by holding internal study sessions on energy-saving designs for specific uses, we have strengthened our capacity to propose energy-saving buildings to clients. As a result of these efforts, our fiscal 2023 provision rate for environmentally friendly commercial and office buildings was 82.8%.

In collaboration with the Energy Conservation Center, Japan, we hold seminars to promote the advantages of environmentally friendly 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.

 **P023 Commercial and Office buildings: Hold ZEB seminars, put ZEB into practice and improve technological capabilities**

Environment and energy: Promoting renewable energy

The Daiwa House Group operates 442 renewable energy power plants generating 700MW*1 (as of end- March 2024).

In fiscal 2023, we started operating 57 new plants with capacity of 98MW, including large-scale solar power plants in Aichi and Nagano prefectures.

We also promoted projects in an onsite PPA model*2, whereby solar power generation facilities are set up on the roofs of buildings owned by clients to supply them directly with renewable energy. The business model helps reduce both initial introduction and maintenance costs and GHG emissions of clients.

*1 Inhouse consumption is excluded
*2 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.



DREAM Solar Aichi
Yatomi (Aichi Prefecture)

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.

Daiwa Lease also promotes public-private partnership projects in urban parks, known as Park-PFI (private finance initiatives) in Japan. By actively participating in Park-PFI and designated-manager system projects, while also utilizing the expertise of private businesses to set up park facilities such as restaurants and shops, Daiwa Lease is managing and operating parks in a way that helps breathe new life into them. The company is currently engaged in 32 park-related projects*.

* Total number of projects in which Daiwa Lease participates as the lead or a supporting company (as of May 2024)



Hanahaku Memorial Park
Tsurumi green space
(Osaka Prefecture)

Strengthening the foundation of environmental management | Environmental management

Policy and Concept

The Daiwa House Group has its Long-Term Environmental Vision shared by our Group companies, and formulates an Environmental Action Plan in a bid to realize it. Furthermore, we are promoting integrated environmental management within our Group and globally in simultaneous pursuit of reduction in environmental impacts and increase in corporate profitability. “With the environment” is also set forth as one of the basic policies of the Daiwa House Group Principles of Corporate Ethics and Code of Conduct. Based on a detailed action plan, business worksites and principal Group companies make environmental activities subject to the business performance assessment to improve effectiveness of the PDCA cycle.

Promoting Environmental Management

Environmental management organization

The Group Environmental Promotion Committee, chaired by the Senior Department Manager of the Sustainability Management Department of the Company, oversees our activities involving the environment. At biannual meetings, the committee examines environment-related risks and opportunities and decides which initiatives we should undertake. An autonomous management system with a divisional head as a chairperson of the Environment Committee was set up for each of business divisions. Under the system, achievement of environmental targets is confirmed at biannual meetings of the Environment Committee (Business division). Twice yearly we share decisions of the Group Environmental Promotion Committee at an environmental management conference for Executive Officers in charge of the Environment at principal Group companies.

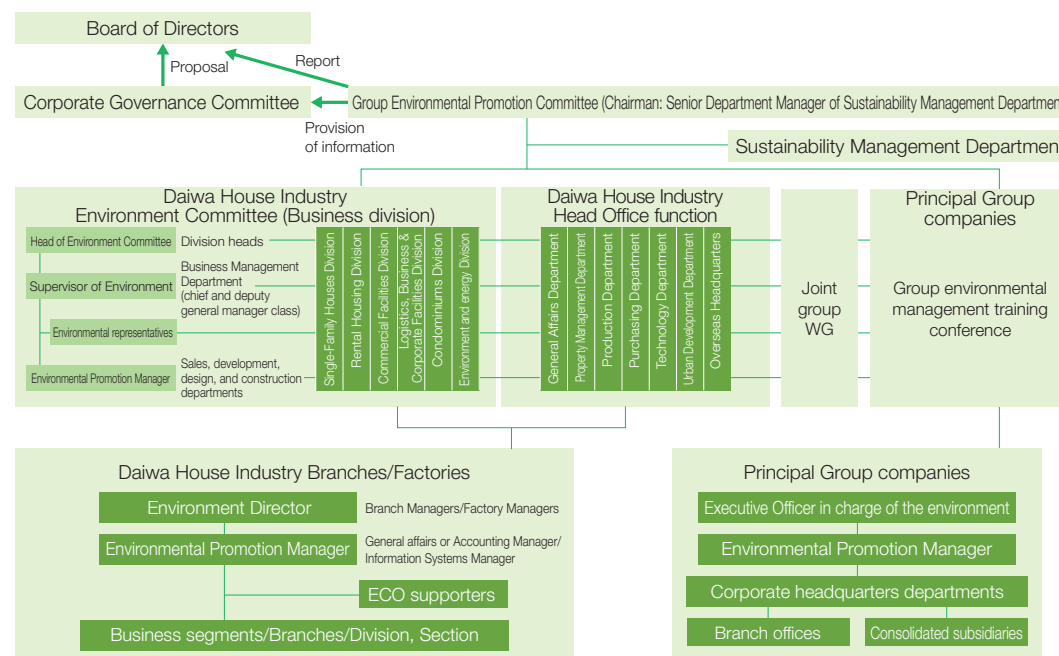
Important matters concerning our environmental management are reported to the Corporate Governance Committee through the Group Environmental Promotion Committee. The Corporate Governance Committee (including external directors and external auditors) discusses the reports from diverse and long-term perspectives and makes recommendations to the Board of Directors to facilitate sustainable corporate management.

One of the important matters concerning our environmental management, which is subject to report to the Board of Directors, is the Endless Green Program, the environmental action plan containing climate change issues and biodiversity preservation, formulated alongside the Medium-Term Management Plan. The chairperson of the Group Environmental Promotion Committee reports on progress to the Board of Directors once a year and

conducts a timely review of strategy, targets, and plans. In fiscal 2023, the Board of Directors reviewed the companywide results in fiscal 2022 of Endless Green Program 2026 and targets for fiscal 2023. Based on the Board's instructions to accelerate promotion of ZEH and ZEB, each of business divisions enhanced their measures accordingly.

 [P096 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	Biannually	Discussing and reporting important items about strategy to the Board of Directors
Group Environmental Promotion Committee	Senior Department Manager of Sustainability Management Department, Environment Director (Business division), Head of Head Office function	Biannually	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	Biannually	Promoting strategy across the Group
Environment Committee (Business division)	Division heads, Environment Director, Environmental Promotion Manager	Biannually	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

The Company evaluates the results of environmental activities at all worksites nationwide and 21 key Group companies with a significant environmental impact. The results are reflected in worksite 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.

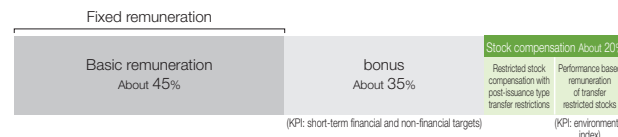
Our worksites devise an environmental improvement plan at the start of each fiscal year. Progress is evaluated using five ranks (S (highest) through D). The evaluations are reflected in the worksites' performance assessments to motivate our employees to engage in environmental activities. Worksites with the best evaluations are commended as the Most Outstanding ECO Worksites. Those with low scores receive follow-up training as needed by the Sustainability Management Department, which helps them to analyze what needs improving and devise and carry out concrete measures.

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](#)

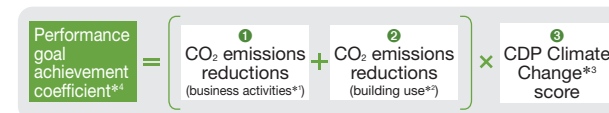
 [Notice Concerning the Adoption of a Service-based Restricted Stock Compensation System and a Performance-linked Restricted Stock Compensation System for Executive Officers Not Serving as Company Directors](#)

■ 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. (scope 1 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 0.6 for FY2023.

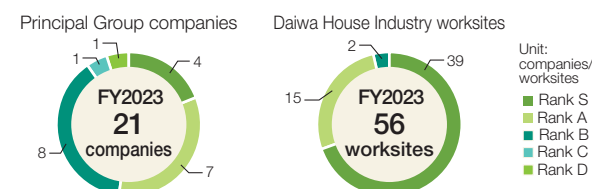
Degree of achievement of ①: 26.3% (result for FY2023) / -50% (target for FY2023) = 0%

Degree of achievement of ②: -52.2% (result for FY2023) / -45% (target for FY2023) = 116%

③ CDP 2023 Climate Change score: A

Performance goal achievement coefficient for FY2023: (0 + 0.5) × 1.2 = 0.6

■ Results of business performance assessment for environmental activities

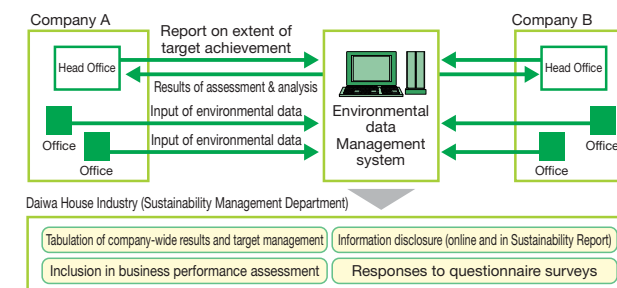


Strengthening the foundation of environmental management with information technology

· 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)



· System to comply with environmental laws and regulations

We introduced environmental regulation management system* to build integrated infrastructure in this area for the whole Group. The system has standardized environmental regulation management across the Group and we share developments such as new laws and amendments with our principal group companies. This helps boost operational efficiency and deepen our understanding of laws and regulations. In addition, risks are centrally managed and mitigated by using the system to visualize compliance with laws and regulations at individual companies.

* A website service that makes it possible to clarify environmental laws and regulations to comply with and check and report compliance degree.

Strengthening the foundation of environmental management | Environmental management

Acquisition of ISO 14001 and implementation of environmental audits

The Company (Production Department), 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 Group companies, the Company's Environmental Risk Management Division and Sustainability Management Department conduct environmental audits to verify their compliance with environmental laws and regulations, 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.

 P121 Environmental Data ISO 14001 certification

Penalties for breach of environment laws and regulations in fiscal 2023

In fiscal 2023 there were no penalties or damages incurred for breach of contract regarding the environmental laws and regulations and no serious accidents or complaints.

 P105 Sanction measures due to a violation of law and litigation (including ESG-related issues)

P121 Environmental Data Environmental fines and penalties

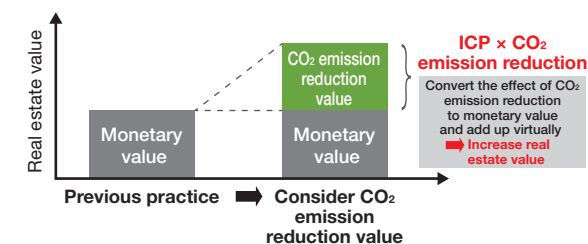
Introduce ICP to real estate investment decision criteria

The Group employs criteria using internal carbon pricing (hereinafter, "ICP") primarily for investment in its energy-efficient facilities. In April 2023, we introduced ICP to 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, by raising it to 10% from 8.5%, 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 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 keep green.”

Aiming to build a portfolio with low environmental impact, we will install solar panels on the rooftop of them, utilize renewable energy, and take other initiatives.

 P124 [Environmental Data Real estate portfolio](#)

Environmental measures in large-scale complex development of real estate

The Group is engaged in large complex development projects in Japan and overseas, and takes measures fit for environments and characteristics of each site location. Leveraging our expertise on structures development and buildings management and operation, we are developing complex facilities that meet various needs of tenants.

 P078 [Socially inclusive community development](#)

Logistics center fully equipped with a nursery, cafeteria, and more

In April 2023, DPL Nagareyama Project was completed in Nagareyama City, Chiba Prefecture. The property consists of four multitenant logistics centers.

In the project, we equipped each of the centers with facilities exclusive for employees of tenant companies, such as nurseries, rest stops for drivers, and cafeterias, to support their work style reform. 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* (electricity output of approximately 10 MW) with consideration for the environment.

* DPL Nagareyama II was completed in July 2024.



[Completion of DPL Nagareyama Project \(Japanese text only\)](#)



From the left, DPL Nagareyama I, DPL Nagareyama II, DPL Nagareyama III, and DPL Nagareyama IV



Nagareyama sora Nursery In DPL Nagareyama IV

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, thereby fostering environmental activities.



➔ Daiwa House Group Principles of Corporate Ethics and Code of Conduct

Environmental education

We provide general and specialized environmental education under annual plans drafted at the start of each fiscal year. General education for all employees covers social trends and Group policies regarding the environment and introduces outstanding case studies. Specialized education focuses on defensive aspects such as waste and soil contamination and proactive aspects such as environmentally friendly design and environmental burden mitigation in business operations via training (including e-learning) at the division level to promote environmentally friendly buildings.



P122 Environmental Data Environmental education provided (FY2023)

Training seminar for executives

The Company holds sessions for top management themed on various agendas of great social importance. In fiscal 2023, an outside expert was invited as a lecturer to conduct an environmental management seminar on carbon neutrality in the fields of housing and buildings. Attendees learnt in particular a calculation method and emission reduction measures of upfront carbon (greenhouse gas emitted in the production phase of buildings materials and the construction phase), as it must be tackled in the near future.

The seminar was attended by 69 persons, comprising Directors, Executive Officers and Auditors. We will continue providing an annual seminar on environmental issues targeted at top management.



P105 Conducting study sessions by management



Environmental management seminar

Eco Test certification

Eco Test certification is a good way to acquire basic knowledge regarding varied and complex environmental issues. We encourage our employees to take the test to raise their environmental literacy. In fiscal 2023, as a result of updating test preparation courses as an enhanced assistance, we had 28,134 certification holders as of end-March, 2024 (increased by 3,054 from the end-March, 2023).

By announcing internally the number of the holders by department biannually and encouraging them further to take the test, we aim to have 38,000 Eco Test certification holders across the Group by the end of fiscal 2026.



P122 Environmental Data Number of those who acquired the Eco Test certification

Contest for outstanding environmental activities

Our Challenge! We Build ECO Contest to recognize exemplary environmental activities at worksites attracted 271 entries in fiscal 2023. The contest comprises two categories of seven Challenge ZERO category in line with the Environmental Action Plan, Endless Green Program 2026, and eco-communication category. 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 ask 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 load 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 gas (GHG) emissions in accordance with the Paris Agreement, and work toward achieving carbon neutrality throughout entire 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 Setuwa Club supplies our facility equipment; and the Confederation of Partner Companies comprises manufacturing and partner subcontractors.

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

Supplier management systems

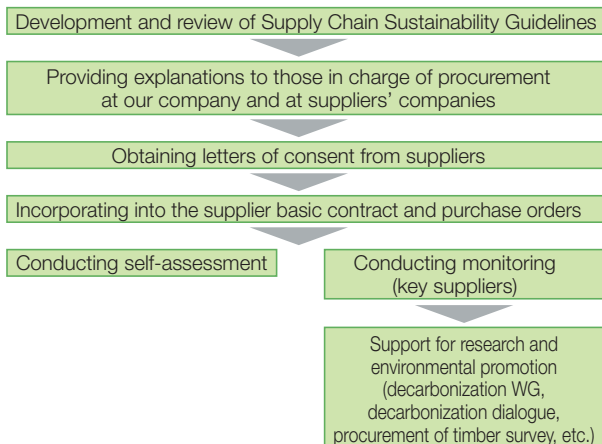
We have a secretariat for each of our supplier organizations which supports their operations. Each supplier coordinates with the secretariat to select priority action areas and projects each fiscal year and works to enhance its environmental stewardship.

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 cover the aspects of carbon neutrality, circular economy and other developments in the social situation. Following the revision, we again briefed the suppliers to instill our policy. We asked them for their consent to our guidelines and received letters of consent after confirming their understanding of our policy through the briefings.

In fiscal 2023, new self-assessment items were introduced for suppliers to assess their policies and initiatives. The results of the self-assessment will be analyzed and used as a tool for narrowing down important suppliers and for enhancing engagement with suppliers.



 P090 Supply chain management (Society)
Encouraging business partners in CSR procurement

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.

 P015 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 2023, we had dialogues with a total of 18 suppliers to encourage their improvement in initiatives.

 P027 Enhance dialogue through decarbonization working groups and decarbonization dialogues

(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.

(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 ask suppliers to improve non-compliant items.

 P055 Implementation of the Chemical Substance Management Guidelines

(5) Protecting biodiversity (Timber procurement)

Our Group conducts an annual procurement of timber 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 ask suppliers that handle timber with low scores to submit an improvement plan to make systematic improvements.

 P035 Conducting procurement of timber surveys 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.

 P046 Closed-loop resource sourcing and conservation of aquatic environments

Strengthening the foundation of environmental management | Supply chain management (Environment)

Supplier training and support

The Trillion Club comprising our material suppliers has hosted training and education activities for member companies since fiscal 2017. The club supports engagement in the environment through lectures and sharing energy-saving initiatives via study tours of members' offices and production factories.

The Setsuwa Club made up of facility equipment suppliers co-hosts product technology exhibitions featuring members' new environmental technologies and seminars to publicize ecofriendly technologies.

The Confederation of Partner Companies comprising manufacturing and partner subcontractors promotes horizontal development of improvement activities leading to environmental impact reduction, such as the 3Rs in construction sites, and low-CO₂ construction through contests and member journals.

Daiwa House Industry chosen for CDP's Supplier Engagement Leaderboard for fifth year running

Daiwa House Industry has been certification for the fifth consecutive year for inclusion in the Supplier Engagement Leaderboard operated by the CDP (formerly the Carbon Disclosure Project), thanks to its high Supplier Engagement Rating. This is based on a company's ratings with respect to actions to mitigate climate change in four areas— governance, targets, value chain emissions (scope 3), and supplier engagement strategies. The companies in the Supplier Engagement Leaderboard are those judged to have taken particularly effective measures in the field of supply chain engagement, selected from the companies that responded they are addressing climate change jointly with their suppliers from among over 24,000 corporations and organizations from around the globe. The Leaderboard for fiscal 2023 included 458 companies (109 from Japan).

 P111 Double recognition on CDP Climate Change A List and on CDP Water Security A List. Received CDP's highest Supplier Engagement Rating for the fifth consecutive year

 ➤ Recognized as the highest rated supplier in CDP's Supplier Engagement Assessment for five consecutive years (Japanese text only)



Strengthening the foundation of environmental management | Eco 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 receive many questions and feedback from institutional investors and ESG rating agencies on our environmental approach and initiatives. In fiscal 2023, 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 online with institutional investors in December; and individually met 12 institutional investors with a keen interest in the environment to deepen mutual understanding of the broader ESG picture. We also exchanged opinions with multiple ESG rating agencies on assessment methods and assessment items. Further, when developing new policies or targets for our initiatives, we talk with outside experts and NGOs 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.

 **P029** Response to the Task Force on Climate-related Financial Disclosures (TCFD)

P109 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 our websites, sustainability reports, exhibitions, children's environmental education programs, and so on. Among other things, we consider Group websites to be an important means of communicating with various stakeholders, and we constantly endeavor to enrich their contents.

Our environmental website titled Efforts for the Environment posts Tackling the Challenge of Decarbonization: Our Strategy for Carbon Neutrality, videos outlining our long-term environmental vision, and Environmentally Symbiotic Houses of the World, showing houses around the globe adapted to local characteristics.

In fiscal 2023, we revamped two of our websites to enhance our environmental communication. One of such sites, Daiwa House Group's ZEB, introduces ZEB cases built by the Company, with owners' voices, technologies required for ZEB, and how we contribute to SDGs with ZEB. The Eco-friendly Products and Examples site presents ZEH(-M) and ZEB, our environmental energy business, and examples of community development projects with consideration to biodiversity preservation. In January 2024, we received a Gold (the grand prize) in the Sustainability Website Awards 2024 in recognition of the abundant ESG-related disclosure on our website.



➤ Environmental Efforts

➤ Tackling the Challenge of Decarbonization: Our Strategy for Carbon Neutrality

➤ Daiwa House Group's ZEB (Japanese text only)

➤ Eco-friendly Products and Examples



P112 Received the Sustainability Website Awards 2024 Gold Award

Held a press briefing

In December 2023, the Company held a press briefing themed on climate change-related trends and the Group's efforts toward carbon neutrality. The briefing was in a hybrid format with a physical venue set in Tsukuba Office of Ricoh Company, Ltd., a building constructed by Daiwa House Industry, in Ibaraki Prefecture, which was streamed live online. We delivered

presentations on the current status of the housing and construction industry, our initiatives, and future outlook, and also provided an office tour.

The briefing was attended by 22 journalists (12 participants on site and 10 participants online).



Rooftop solar panels (31.2 kW)



EV charging station installed on a parking lot

Hold environmental educational workshops for future generations

The Company started offering environmental educational programs in 2005 targeting children who will lead the next generation. Our Eco Workshops for Children provided for elementary school students were held 116 times with a total of 7,669 participants as of March 31, 2024.

In fiscal 2023, we held a workshop at a booth of the Housing Bureau of the Ministry of Land, Infrastructure, Transport and Tourism at an event called Kodomo Kasumigaseki Tour Day, in which the cabinet, ministries, and agencies of the government hold exhibitions for children. The workshop was joined by 62 pairs of parents and children, who built house models with a theme of an eco-friendly house that is cool and comfortable in summer and deepened understanding of advantages of an eco-friendly house and carbon neutrality. We also held workshops in the local environmental events held in Fukuoka City, Fukuoka Prefecture and Itami City, Hyogo Prefecture.

We continue the activities to provide opportunities for children to think about the environment under the theme of housing and living.



➤ Environmental education (Hagu Eco) (Japanese text only)



Workshop on Kodomo Kasumigaseki Tour Day

Strengthening the foundation of environmental management | Eco communication

Daiwa House Realty Management acquired the Eco Mark Certification at Shonan Mall Fill and 44 Daiwa Roynet Hotels

Daiwa House Realty Management, a Group company, acquired the Eco Mark Certification* established by Eco Mark Secretariat of Japan Environment Association at Shonan Mall Fill, a commercial facility it operates in Kanagawa Prefecture, and 44 hotels under the Daiwa Roynet chain as of March 2024.

Shonan Mall Fill was commended for its two unique features. The first is its establishment as a disaster relief hub in the community. Based on an agreement signed with Fujisawa City, the mall is to support the lives of citizens by providing evacuation shelters and supplies in times of disaster. The second is the SDGs workshops held at site every two months with consideration to the environment, such as hand-crafting classes using wood residues and events for families to learn about the importance of local resources produced in the Shonan area.

At Daiwa Roynet Hotels, energy conservation efforts are underway, including replacement of lighting equipment to LED and introduction of water saving devices. The hotels also adopt amenities packed in biomass materials and conduct questionnaire surveys with guests on the environmental activities undertaken at the facilities.

To raise environmental awareness among employees and customers, Daiwa House Realty Management aims to acquire the Eco Mark Certification at all Daiwa Roynet Hotels operating in Japan by the end of March 2025.

* Shonan Mall Fill was certified as Eco Mark Product Category No. 509 "Commercial Facility Version 1," and Daiwa Roynet Hotels as Eco Mark Product Category No. 503 "Hotels and Inns Version 2.2."



Shonan Mall Fill (Kanagawa Prefecture)



Eco Mark

Food drive activity by Daiwa Life Next to use condominiums as food collection points

Daiwa Life Next, a Group company, collaborated with Kobe City, Hyogo Prefecture and started the Kobe & DLN food drive activity with condominiums it manages in the city as food collection sites.

A food drive is a form of charity to collect surplus food from households for donation to organizations supporting people in need of food. Currently, food loss in Japan per year amounts to approximately 5.23 million tons, with approximately 47%* of which is attributable to households. Food collection points are therefore set within the condominiums so that residents can cooperate without having to go outside. The activity helps to reduce food loss and ultimately slash GHG emissions to be generated in disposing of waste food.

This is the first initiative undertaken jointly by Kobe City and a condominium management company. A city official commented that they expect to see further reduction in food loss.

Daiwa Life Next will propose this activity to other condominiums it manages on consignment in the city, while also sharing with other local governments the effectiveness of food drive.

* An estimate in fiscal 2021 by the Ministry of Agriculture, Forestry and Fisheries and the Ministry of the Environment



[Signed a memorandum of understating for food donation business with Kobe City and started the Kobe & DLN food drive activity using condominiums as food collection points \(Japanese text only\)](#)



Food collection boxes and a banner provided by Kobe City

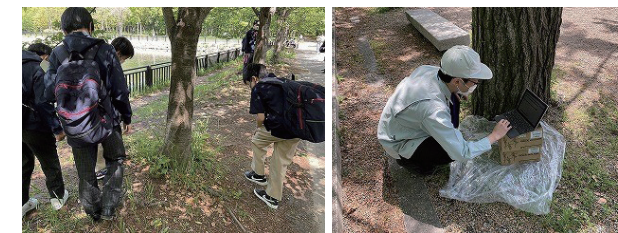
Daiwa Lease researched on the designated invasive alien species at Osaka Castle Park in collaboration with a school and a government agency

Daiwa Lease, our Group company, collaborated with a schools and a public research organization and researched on trees at Osaka Castle Park to protect them from the designated invasive alien species.

While the trees in Osaka Castle Park are playing important roles in preserving landscape and providing resting places for migratory birds, they are threatened by the designated invasive alien species. One of such species, red-necked longhorns, are parasitic in rosaceous trees, including cherry trees and plum trees, and their larvae eat inside of these trees and wizen them. At Osaka Castle Park, about 3,000 cherry trees, 2,700 plum trees, and 160 Hana peach trees have been planted. Damages caused by the red-necked longhorns are also reported in other places within the Prefecture.

To confirm the situation, a research on this insect was conducted as part of a junior high school extracurricular study, in cooperation with Biodiversity Center of Research Institute of Environment, Agriculture and Fisheries, Osaka Prefecture. The study was participated by 123 second year students.

The research detected no red-necked longhorn parasitizing on the rosaceous trees in the park. Nonetheless, it served as a good opportunity for the students to learn about the designated invasive alien species on site.



The students observed cherry trees' stems and found frass. The staff of the Biodiversity Center in charge of the research checked the pictures of the frass taken by the students and confirmed that it was not attributable to the insects in question.

Mitigating and adapting to climate change

Contributions to SDGs

7.2
7.3

11b

13.1
13.3

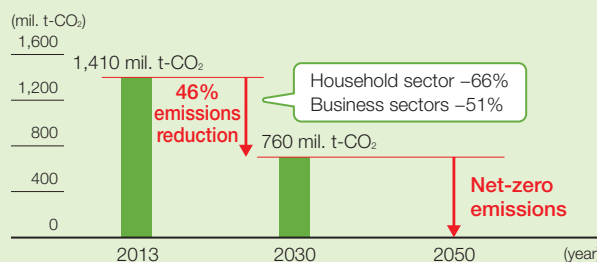
Policy and Concept

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 gas (GHG) emissions to net zero. In 2020, Japan has pledged to achieve carbon neutrality by 2050. At COP 26 in 2021, countries agreed to keep the goal of 1.5 degrees Celsius alive. This would require the participating nations to step up measures against climate change. Turning to the situation in Japan, the household and business sectors together account for roughly 30% of the country's GHG emissions. Meeting the national target of reducing GHG emissions by 46% from 2013 by the year 2030 would require significant reductions from the two sectors.

Along with mitigation measures to reduce greenhouse gas emissions, the fight against climate change also requires adaptation measures. These are designed to avoid or reduce climate change damage that is already occurring or is likely to occur. The Climate Change Adaptation Act, which took effect in 2018, established a legal framework in Japan for the promotion of adaptation measures through collaboration between the national and local governments, businesses, and citizens. Accordingly, the Daiwa House Group will promote initiatives that focus on both mitigation and adaptation.

Japan's GHG reduction targets



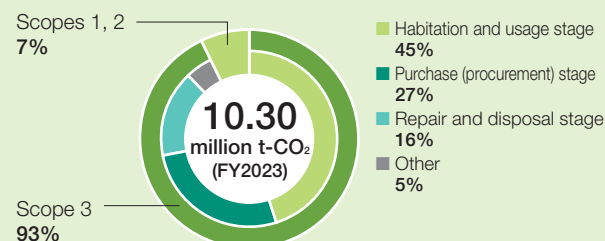
The Daiwa House Group's impact on society and the environment

The Daiwa House Group has been working to visualize greenhouse gas emissions* throughout our value chain in order to achieve zero environmental impact over the life cycle. GHG emissions from the Group's business activities are low at 7% for Scopes 1 and 2 and our Scope 3 emissions (indirect emissions not from our company) account for the vast majority at 93%.

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 45%. 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, nitrogen monoxide 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



P138 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 partially revising the Building Energy Efficiency Act and offering incentives for advanced energy-efficient structures such as ZEHs and ZEBs*. We maintain and strengthen energy-efficiency measures at Group facilities to reduce the cost of responding to regulations. We are also using our expertise to enhance proposals to our customers in zero-energy housing, buildings, and community development to drive order growth and boost prices. We operate a renewable power generation business on our idle land and aim for further growth using the idle land of companies and local governments. 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.

* 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.

P029 Response to the Task Force on Climate-related Financial Disclosures (TCFD)

Mitigating and adapting to climate change

Road Map for the Long-Term Environmental Vision

	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
2055	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
2030	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 "EP100")	Achievement of GHG reduction targets by principal suppliers
2026	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%

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

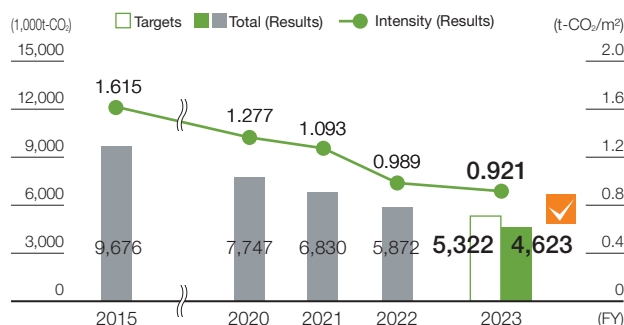
😊 : Target for fiscal 2023 achieved 🟡 : Target for fiscal 2023 not achieved (achieved 90% or more) 🟠 : Target for fiscal 2023 not achieved (achieved less than 90%)

Achieved our target with promotion of ZEHs and ZEBs

In fiscal 2023 we developed tools to support marketing and design staff and provided training sessions, lifting the ZEH rate of the Group to 97% and the ZEB rate to 68.5%, both significantly up from fiscal 2022. As a result, we achieved our target for GHG emissions derived from use of products, with a reduction of 52.2% compared with the fiscal 2015 level.

By promoting ZEH-M sales for rental housing, expanding sales of ZEB and encouraging installation of 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.

GHG emissions from use of products* 😊

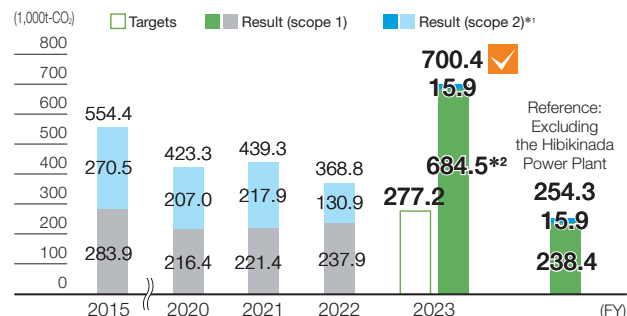


* Refers to Group GHG emissions in the Scope 3/Category 11 (use of products sold).

Although Scope 2 emissions were significantly reduced by adopting renewable electricity, overall Group emissions increased

In fiscal 2023, we were able to significantly reduce energy-related GHG emissions by adopting renewable electricity for more than 95% of purchased electricity. However, due to coal combustion at a thermal power plant that became a Group company in January 2023, the Group's overall GHG emissions increased significantly, and we were unable to achieve our target. Going forward, we aim to reduce our emissions by converting the power plant from mixed combustion of biomass and coal to entirely biomass combustion.

GHG emissions due to business operations 🟠



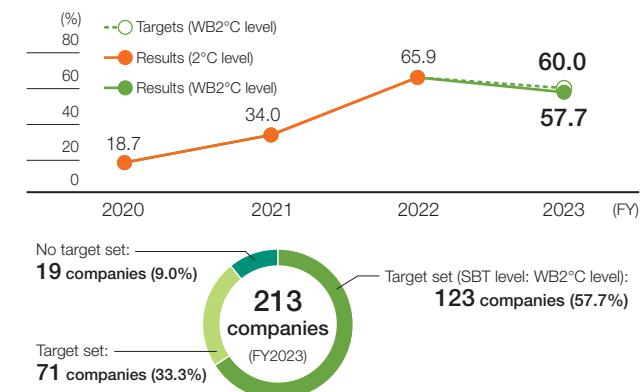
*1 The calculation method of Scope 2 emissions was changed from location-based method to market-based approach in fiscal 2022.

*2 Our Scope 1 emissions for fiscal 2023 increased due to the Hibikinada Thermal Power Plant becoming a Group company in January 2023. The power plant shut down in March 2024 to facilitate conversion from a plant that burns both coal and biomass fuel (wood pellets) to an entirely biomass-fired facility.

57.7% of principal suppliers set SBT-level GHG reduction targets (WB 2°C level)

In fiscal 2023, we raised the GHG reduction target for our suppliers to the WB 2°C level* and conducted decarbonization dialogue activities with them. However, only 57.7% of suppliers have adopted the WB 2°C target level, and we were unable to achieve our target. We will continue dialogues with suppliers to encourage them to set more ambitious reduction targets and intensify support for them to achieve the targets.

Setting rate of principal suppliers' SBT-level GHG emissions reduction targets (%) 🟡



* We used the 2°C level (annual reduction in GHG emissions of 1.23% or more) for our target through fiscal 2022. However, we raised the target to the WB 2°C level (reduction of 2.5% or more) starting in fiscal 2023. (WB 2°C, or well-below 2°C, is a GHG reduction target to keep global temperature increase to well-below 2°C compared to pre-industrial temperatures.)

■ 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 conscious ZEHs (net Zero Energy Houses) and ZEBs (net Zero Energy Buildings). ZEH refers to single-family housing, rental housing, and condominiums, and ZEB to commercial and office buildings.

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 environmentally conscious initiatives inclusive of energy efficiency.

Management

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

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

To achieve their targets, business divisions provide sales and design staff with education and e-learning courses on environmentally conscious buildings such as ZEH and ZEB, and improve their knowledge and marketing capabilities. We developed tools to convey to customers the advantages of environmentally conscious 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.

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 2023, we promoted our main ZEH-compatible products, namely, xevo Σ (sigma) technology for the steel-framed construction and xevo GranWood for wood-framed construction. We also launched a new wood-construction technology, xevo BeWood, to further expand our ZEH-compatible products. We also took advantage of government subsidy programs such as the ZEH Support Project and the Children's Eco Home Support Project to promote the benefits of ZEH homes to clients while striving to make housing more affordable. As a result of these efforts, our ZEH rate improved significantly in fiscal 2023, reaching 97%* (an increase of 11 percentage points from the previous year).

Going forward, we will further enhance our efforts to help achieve the Japanese government's target of net zero energy (ZEH) performance for all newly constructed houses by 2030.

* Excluding Hokkaido prefecture.



Steel-frame product xevo Σ (sigma)



Wood-frame product xevo BeWood

Rental housing and condominiums: Promoting ZEH-M

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

In the area of rental housing, we launched TORISIA, a ZEH-M compliant rental housing product in October 2022. The whole building is highly insulated with our proprietary external heat insulating and ventilation exterior walls and other means, and exceeds the ZEH-M Oriented level with energy-efficient equipment installed. We are also proactively installing solar power equipment to significantly reduce the CO₂ emissions associated with the use of buildings. This not only lowers daily utility costs for tenants, but it also reduces the environmental footprint of building owners. In fiscal 2023, we accelerated sales of mainly this product and provided a large number of ZEH-M compliant products. As a result, we significantly exceeded our target ZEH-M rate for rental housing in fiscal 2023, reaching 48.7%, an increase of 34.5 percentage points from the previous year.

Moreover, the fiscal 2023 ZEH-M rate was 100% for our new PREMIST condominiums, bringing the Group's overall rate to 90.5%, an increase of 23 percentage points from the previous fiscal year. Starting in fiscal 2024, construction of all new PREMIST condominiums will be based on ZEH-M specifications.

We will continue to accelerate our ZEH-M efforts for rental housing and condominiums to ensure wider adoption of the standard.



TORISIA, a ZEH-M compliant rental housing product

■ Mitigating and adapting to climate change

1—Challenge ZERO for CO₂ in community development

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

To increase the number of ZEBs, we hold ZEB seminars and consultations on a continual basis. In fiscal 2023, three group seminars were held for 165 participants, and seven online seminars for 991 persons.

Construction of the head office building for Hospital Service Co., Ltd. in Kyoto Prefecture was completed in February 2024. We used high-performance insulation materials and window glass to reduce heat penetration, while installing high-efficiency air conditioning equipment, high-efficiency ventilation fans, and heat recovery ventilators to improve energy-saving performance. The building is also equipped with solar power equipment to meet ZEB requirements.

As part of efforts to improve our technical capabilities, we hold monthly design study sessions, and videos of the sessions are shared within the Company. In fiscal 2023, energy-saving design was discussed during six study sessions. To enhance our ability to make ZEB construction proposals to clients, we have developed and begun using our D-ZEB Program and BIM-linked ZEB design tool. These support methods enable us to prepare optimal proposals in a short period of time. Moreover, we have been creating and updating design methodology materials that summarize case studies according to use, and we are accumulating expertise in this way.

As a result of these initiatives, in fiscal 2023 we started construction of 389 ZEB specification buildings (ZEB, Nearly ZEB, ZEB Ready, and ZEB Oriented), which brought the ZEB rate to 68.5%.

 P126 Environmental Data Number of ZEB units



New head office of Hospital Service Co., Ltd. (Kyoto Prefecture): Office building and warehouse that meet the ZEB standard

Community development: Changes in environmental awareness and behavior of residents living in Japan's first 100% renewables-powered town

Funabashi Grand Oasis in Funabashi City, Chiba Prefecture completed on 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 project uses 100% renewable electricity from the construction through the habitation stage. To ascertain changes in the attitudes and behaviors of the residents in this town, we surveyed the 94 units in the residential block in November 2021. Below are the trends indicated by the questionnaire survey.

First, some 60% of the respondents said that they started an eco-friendly life since moving into the town. This indicates that the concept and scheme of the town have generated their interest in environmental issues and raised their awareness. The survey also revealed that those who started to consider the environment after moving into the town uses about 5% less electricity than those who had already considered the environment before moving into the town.

We confirmed through the survey that the 100% renewable-powered town promoted a sustainability-conscious lifestyle among residents. Sharing widely the insight gained through this case, we will advance the development of communities using 100% renewable energy.



➤ Community Development with 100% Renewable Energy



Funabashi Grand Oasis, in Funabashi City (Chiba Prefecture)

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.

In fiscal 2023, 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. 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 3,789, far 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.

Promoting acquisition of Green Building Certifications

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

In fiscal 2023, the acquisition of BELS and CASBEE* certification primarily for logistics centers and other D Project buildings, which account for a large percentage of the buildings we develop, lifted the weighting of Green Building certification to 66.4%.

* BELS: Building-Housing Energy-efficiency Labeling System
CASBEE: Comprehensive Assessment System for Built Environment Efficiency System



P124 Environmental Data Rate of Green Building Certification obtained

■ Mitigating and adapting to climate change

2—Challenge ZERO for CO₂ in business activities

Basic Policy



Business activities

Making our newly constructed facilities into 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 our newly-constructed 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 self-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 (per unit of sales) 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 self-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 stations

*2 Obtain non-fossil fuel energy certificates, separately from electricity

Introduce vehicles fueled by clean energy

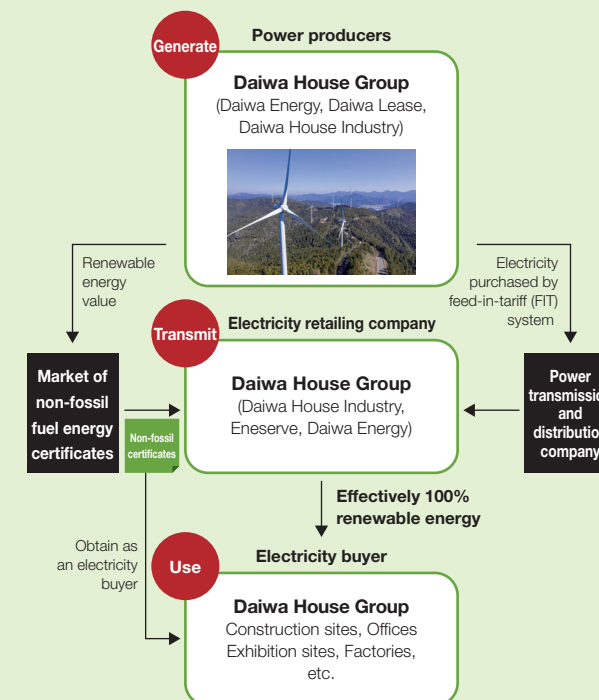
To further reduce greenhouse gas emissions from our business activities, we are promoting the adoption of clean energy vehicles*, both for company vehicles and for personal cars used by employees for business purposes.

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 not powered by gasoline (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.

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 inhouse 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 number 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 ZEB adoption when constructing new facilities

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

Completed in October 2023, the Daiwa House Funabashi Ekimae Building (East Kanto Branch, Chiba Prefecture) is a 12-story medium-sized office building. It has achieved ZEB Ready status through energy conservation measures such as planning to suppress solar heat, various lighting control systems, and the adoption of highly efficient air conditioning equipment.

A solar power system (23.76 kW) has also been installed on the roof, and it incorporates lithium-ion power storage batteries. This has increased the resilience of the building, by enabling power to be supplied to the control room during power outages.



P136 Environmental Data ZEB conversion projects at the company and Group facilities (new construction)



Daiwa House Funabashi Ekimae Building in Chiba Prefecture (East Kanto Branch)



Achieved ZEB Ready in BELS certification

Energy efficiency activities for existing facilities to attain EP100

The Daiwa House Group runs Group Energy Efficiency and Energy Generating working sessions for 9 main Group companies operating hotels and other commercial facilities that use large amounts of energy. The sessions share cases of energy efficiency and energy-generating 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 scope for improvement as we continue our energy conservation efforts.

As a result, energy efficiency in fiscal 2023 was 1.81 times higher than in fiscal 2015, achieving our target.

Fully switching to renewable energy-derived electricity and started purchasing non-fossil fuel energy certificates as an electricity buyer to attain 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 is to aim at attaining 100% renewable energy for all the electricity used by the Group by fiscal 2025, and we are working on initiatives to fulfill this aim. In fiscal 2023, 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 81.8% of its electrical needs in fiscal 2023.

■ Mitigating and adapting to climate change

2—Challenge ZERO for CO₂ in business activities

Aggressive renewable energy development has seen electricity output exceed usage

In order to accelerate the adoption of renewable energy across the Daiwa House Group, we launched the DREAM*¹ Project. Under the concept of Wind, Sun and Water, we are developing wind, solar, and hydroelectric power generation systems.

In fiscal 2023, 71 systems with a total capacity of 101 MW went into operation, including DREAM Solar Aichi Yatomi (Aichi Prefecture: 3.1 MW) and DREAM Solar Nagano Chikuma (Nagano Prefecture: 2.3 MW), for a total of 551 renewable energy systems*² in operation. As of end-fiscal 2023, the Group's renewable energy power generation facilities where we are the generator had a total capacity of 713 MW*² and an annual output of 910 GWh, which is 1.6 times as large as the Group's power consumption (557 GWh).

*1 D: Daiwa House Group, R: Renewable, E: Energy, A: Asset, M: Management

*2 Includes in-house consumption

 P135 Environmental Data Renewable energy-based power generation and renewable energy rate



DREAM Solar Nagano Chikuma* (Nagano Prefecture)

* Installed on the roof of logistics facility, DPL Nagano Chikuma

Acquired Hibikinada Thermal Power Station to convert it 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. Against the backdrop of the global decarbonization trend, however, the Company, which long had a business relationship with Hibikinada Thermal Power Station, made it into a subsidiary. The station was shut down in March 2024. We plan to convert it to a biomass-fired power station that uses entirely biomass fuel.



➤ 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)

Introduce clean energy cars as company vehicles and establish 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 22 business worksites, including the Osaka Head Office and Head Branch as of the end of fiscal 2023, of which 20 business worksites have charging stations installed.

Daiwa Living, a Group company, plans to switch its company vehicles entirely to EVs by fiscal 2026 and is working toward that goal. Daiwa Lease has completed the changeover to EVs at two of its business worksites.

Despite these efforts, only 6.3% of the Group's vehicles now run on clean energy, falling short of the target of 7%.



➤ Fully switch company vehicles to EVs and install EV charging stations at business sites (Daiwa Living) (Japanese text only)

➤ Introduce EVs as company vehicles (Daiwa Lease) (Japanese text only)



Charging station installed at Kobe branch of Daiwa House Industry

Encourage 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 ¥35,000 for plug-in hybrid vehicles.

In fiscal 2023, 2.0% of employees had purchased clean energy vehicles for their private cars, meeting the Group's target.

* Those with Type 1 permission for using their privately owned vehicles (excluding seconded employees)



➤ 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



P010 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 20% 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 213 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 launched decarbonization working groups and decarbonization dialogues to help them set and raise GHG emissions reduction targets to reduce emissions at the procurement stage.



P015 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

Enhance dialogue through decarbonization working groups and decarbonization dialogues

We survey the Group's 213 principal suppliers for greater detail on GHG emissions reduction targets and results in order to understand their efforts. The questionnaire survey conducted in fiscal 2023 shows that only 57.7% of suppliers have set SBT-level GHG emissions reduction targets, falling short of the target of 60%.

In fiscal 2023, we promoted decarbonization dialogue activities with 18 suppliers to accelerate the achievement of carbon neutrality in our supply chain. We asked 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.

■ Setting rate of suppliers' GHG emissions reduction targets (FY2023)

	Number of principal suppliers	Setting rate of GHG emissions reduction targets	
		Targets	Results
Daiwa House Industry	168 companies	SBT-level targets* 60%	SBT-level targets* 57.7%
Daiwa Lease	20 companies		
Fujita	25 companies		

(as of end- March, 2024)

* 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.)



P016 Increasing suppliers' awareness of our environmental policy

P122 Environmental Data Status of dialogue with suppliers (FY2023)

P138 Environmental Data GHG emissions in our value chain

Propose 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 2023, we proposed solar power generation or renewable energy options, and won six contracts. These aim to contribute to reduction of GHG emissions at suppliers' business sites.



P137 Environmental Data The number of contracts for renewable energy and energy-efficiency solutions (The number of cases of support) (cumulative)

■ Mitigating and adapting to climate change

Adapting to climate change

Basic Policy

Promote 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

Based on the Environmental Action Plan (Endless Green Program 2026), the Group companies plan and implement their own adaptation measures each year according to their specific business needs. They also evaluate progress made on key implementation items.

Under our Long-Term Environmental Vision, we set certain milestones to be achieved by 2030. One is the completion of water risk assessments across the supply chains of our housing and general construction businesses, and the other is the implementation of response measures at all Group and supplier sites deemed high risk. In addition, Daiwa House Industry has set an annual goal of zero severe cases of heat stroke requiring four or more days off work. Going forward, the Group will continue to strengthen its efforts in preparation for worsening climate change.

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 the Ministry of the Environment.

 P138 Environmental Data Examples of climate change measures at Group companies

Main approach

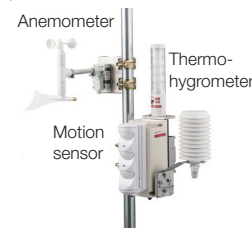
How to prevent heatstroke on construction sites

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, supply drinking water at all times, and provide educational programs.

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 act promptly to prevent heatstroke or prepare for damages from strong winds. In fiscal 2023, we installed a peak of 635 units in July.

In addition to these efforts, in fiscal 2023 we offered grants to business partners to purchase products to prevent heatstroke, such as cooling workwear and drinking water. We also provided resting areas at construction sites with shade screens as measures to mitigate heat exposure.

 P093 Enforce safety/security at construction sites



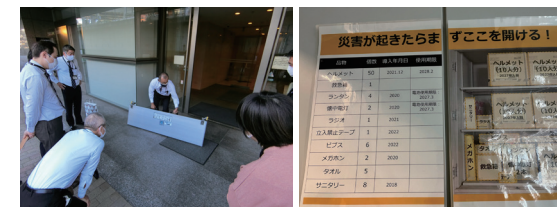
WEATHERY Environmental Sensor



A resting area with shade screens

Ensuring flood prevention measures at offices

A specialist institution conducts surveys of Company offices located in flood zones shown on hazard maps. Based on this, we are implementing measures to mitigate flooding risks. At the Tokyo headquarters, we have prepared a manual for sites to install flood barriers and are conducting relevant training to prevent flooding risks. Moreover, we maintain a stockpile of disaster preparedness supplies and thoroughly implement business continuity plan (BCP) measures.



Training for flood barrier installation Disaster preparedness supplies

Confirming flood risk in real estate development

In the case of large-scale real estate development projects that need to be reviewed by the Business Investments Committee, if a project is located in an area where potential flood levels exceed a certain threshold, we obtain an evaluation from a specialized firm before making an investment decision.

In the case of projects that mainly involve the development and operation of large-scale rental logistics facilities, we check flood risk information (hazard maps and flooding models, etc.) for the site as well as its convenience and suitability for logistics activities. Moreover, we implement flood prevention measures for the relevant buildings and actively conclude cooperative agreements for disaster prevention with local governments.

Thanks to these efforts, we have been certified as a fiscal 2024 Official Supporter of River Basin Flood Control* by the Ministry of Land, Infrastructure, Transport and Tourism.

* A program established by Japan's Ministry of Land, Infrastructure, Transport and Tourism to raise awareness of river basin flood control in order to protect the lives and livelihoods of those living in river basins from flooding. Such floods are becoming more frequent and severe due to climate change.



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



Mitigating and adapting to climate change

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



Supporting the TCFD Recommendations and enhancing disclosure

The impact of climate change is becoming more severe every year, and the frequent occurrence of extreme weather, meteorological disasters, and other events, for which climate change is thought to be a cause, threatens the safety and security of homes and living, which form the foundation for the value that the Daiwa House Group offers. Meanwhile, since the adoption of the Paris Agreement, nations and governments around the world have taken a sharp turn toward “decarbonization,” and expectations of the role that the private sector should play are changing significantly.

Nevertheless, because the changes in the external environment accompanying climate change are highly uncertain, it is important to hypothesize multiple scenarios and respond to the risks appropriately while recognizing the business opportunities at the same time.

Therefore, in addition to utilizing the “Governance,” “Strategy,” “Risk Management,” and “Metrics and Targets” framework recommended for disclosures by TCFD as a tool for verifying the rationality of our initiatives on climate change, the Daiwa House Group intends to actively disclose information in line with the TCFD recommendations, leading to constructive dialogue with investors and others.

In keeping with this idea, the Daiwa House Group announced its support for the TCFD recommendations in September 2018 and joined the TCFD Consortium which was founded in May 2019.

In fiscal 2023, we held small ESG meetings for institutional investors in December, which we launched in fiscal 2018, and also engaged in individual dialogues with 12 institutional investors. Opinions we received at these interviews are fed back to relevant division and personnel and are taken into account in improving our reports.

P018 Eco communication

Governance

For governance, please refer to the Environmental management section.

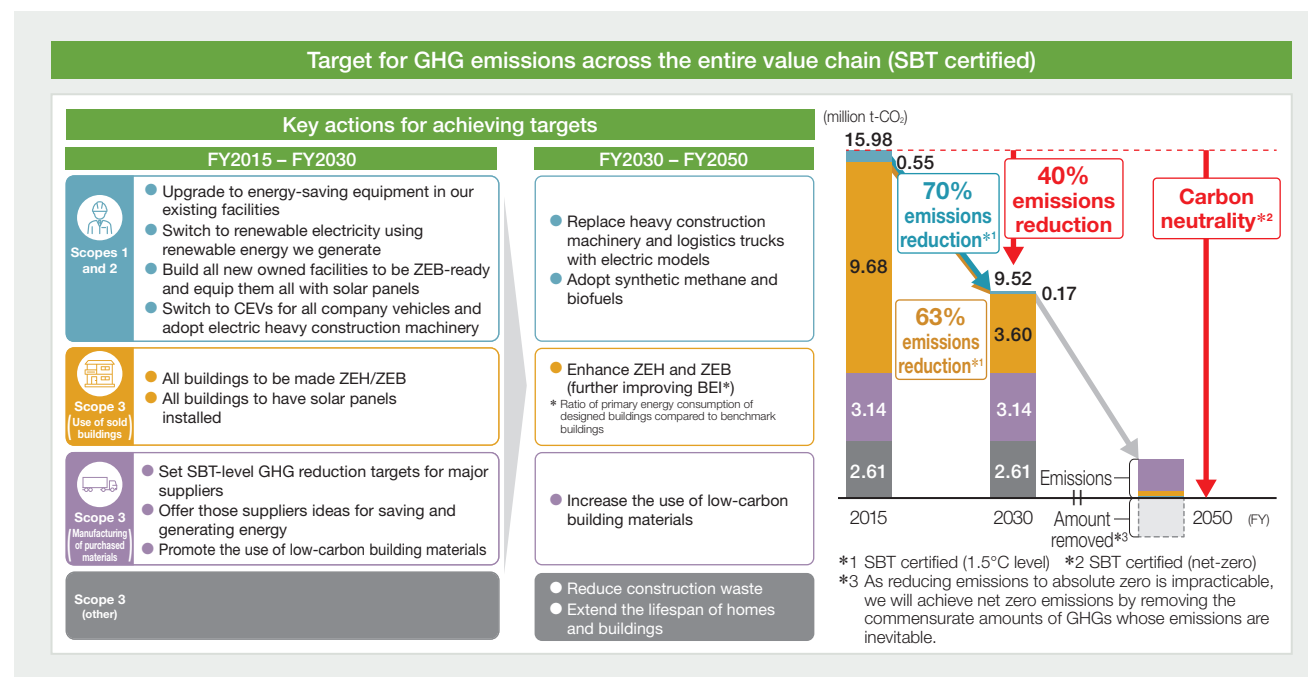
P010 Environmental management

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. Under the theme of “Realize carbon neutrality by making all buildings carbon-free” (hereinafter, “carbon neutral strategy”), one of eight focal themes under the 7th Medium-Term Management Plan launched in fiscal 2022, we set a milestone of a 40% reduction in GHG emissions by 2030 compared to fiscal 2015 throughout our value chain (scopes 1, 2 and 3). Working toward this target, we are accelerating our initiatives across all aspects of our business.

In particular, GHG emissions from the Group's business activities (scopes 1 and 2), in which the Group is directly involved, are to be reduced by 70% from the fiscal 2015 level by 2030. This will be attained by switching to renewable electricity at the earliest possible time with renewable energy generated in-house. Among the three scopes, the largest portion of GHG emissions is attributable to the use of housing sold (scope 3, category 11). Aiming to reduce emissions from this area by 63% compared to FY2015 by 2030, we decided to make all new buildings ZEH and ZEB in all businesses as a rule, and to install solar power generation systems on all buildings.

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



Mitigating and adapting to climate change

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



Strategy

The risks and opportunities associated with climate change can be considered as those caused by “transitions,” such as the strengthening of regulations, advances in technology, and changes in the market that will occur with the move toward a decarbonized economy, and those caused by “physical change,” such as acute extreme weather and chronic temperature increases that will result from global warming. In addition, the impact could manifest not only in the short term, but also over the medium-to-long term.

Therefore, the Group have classified the factors involved in the various changes in the external environment associated with climate change into “transitions” and “physical changes,” estimated the period that will be impacted, and assessed the financial impact at three levels—large, medium, and small—to identify the significant risks and opportunities.

Steps for strategy development

STEP 1 Assess the priorities of climate change risks

- List risk items
- Describe the impacts on business
- Assess the priority of risks

STEP 2 Identify scenarios

STEP 3 Evaluate the impacts on business

- Identify financial items that may be affected by risks and opportunities
- Consider calculation formulas and estimate financial impact

STEP 4 Consider countermeasures and reflect them in policy and strategy

- Grasp our response to risks and opportunities
- Consider measures to respond to risks and to seize opportunities
- Reflect them in policy and strategy

STEP 5 Disclose information

Main Risks and Opportunities Related to Climate Change

Affected period: Short: less than 1 year; Medium: over 1 year but less than 5 years; Long: over 5 years

Degree of financial impact: Small: less than ¥10 billion; Medium: over ¥10 billion but less than ¥100 billion; Large: over ¥100 billion

Type	Details	Period of impact	Level of financial impact
Risks	Transitions Policy, laws and regulations • Cost price increase due to change in specifications owing to tougher regulations of the Building Energy Efficiency Act Reducing GHG emissions in the household and business sectors is an urgent issue in Japan. The Building Energy Efficiency Act was enacted in 2016, requiring compliance with energy conservation standards from 2017 for non-residential buildings with a floor area of 2,000 m² or more. This was expanded to buildings with a floor area of 300 m² or more from 2021. In 2025, it will become mandatory for all newly constructed houses and buildings to comply with energy conservation standards. If the energy conservation standards are also raised higher, they may lead to higher cost prices for the houses and buildings we provide. • Higher operational costs due to the introduction of carbon pricing As countries worldwide accelerate their efforts to decarbonize under the Paris Agreement, Japan has also announced a policy aiming to achieve carbon neutrality by 2050. The Basic Policy for the Realization of GX, approved by Japan's Cabinet in 2023, sets out a Pro-Growth Carbon Pricing Concept. This includes an emissions trading scheme that is expected to be fully operational in fiscal 2026 and a GX-Surcharge scheme to be adopted in fiscal 2028. If carbon pricing under these schemes remains high, operational costs could increase for companies.	Short term	Medium
	Chronic As countries worldwide accelerate their efforts to decarbonize under the Paris Agreement, Japan has also announced a policy aiming to achieve carbon neutrality by 2050. The Basic Policy for the Realization of GX, approved by Japan's Cabinet in 2023, sets out a Pro-Growth Carbon Pricing Concept. This includes an emissions trading scheme that is expected to be fully operational in fiscal 2026 and a GX-Surcharge scheme to be adopted in fiscal 2028. If carbon pricing under these schemes remains high, operational costs could increase for companies.	Medium term	Small
	Physical changes Acute • Increase in risk of heat stroke at construction sites due to rise in summer maximum temperatures In Japan, it has been pointed out that the number of heat stroke patients increases significantly when the wet bulb globe temperature (WBGT) is over 28°C (extreme caution), and it is possible that the risk of heat stroke for workers at the construction sites of the Group, which focuses on the Japan market, will increase further in the future. Therefore, if summer maximum temperatures rise, the risk of heat stroke will increase for workers at construction sites where outdoor work is unavoidable, which could lead to longer construction periods and lower productivity for onsite work. • Damage to our facilities due to meteorological disasters and increase in insurance premiums When meteorological disasters like storms and floods occur as climate change becomes increasingly severe, there is a possibility that various company facilities, including offices, factories, and commercial buildings owned by the Group, will be damaged. Much of this damage can be covered by non-life insurance. However, going forward, if damage continues to occur over a long period, it could lead to a decrease in sales due to the closure of commercial facilities, etc. Furthermore, if non-life insurance premiums rise significantly due to the increasing frequency of meteorological disasters, indirect costs could increase. • Impact of material procurement difficulty and construction delay in supply chain due to meteorological disasters Should the manufacturing sites of suppliers be damaged by meteorological disasters such as localized heavy rain, heavy snow, and typhoons due to extreme weather, and their operations suspended and transportation routes impacted by events such as road closures, it could result in hindrances in material procurement and construction periods.	Short term	Small
	Transitions Products and services • Increase in demand for houses and building with low GHG emissions The core businesses of the Group are contracting and subdivision of houses and buildings in Japan, which comprise the majority of its consolidated net sales. The Japanese government has indicated a policy targeting net-zero energy specifications for new houses (ZEHs) and buildings (ZEBs) by 2030, and if incentives to support achievement of this target continue and expand, demand for ZEHs and ZEBs, which have high unit prices per building, could increase. • Expansion of environment and energy business due to rising demand for renewable energy Japan's Sixth Strategic Energy Plan, announced in October 2021 is aimed at achieving the targets under the Paris Agreement. The plan indicates that the rate of renewable energy will be raised to 36 – 38% of power sources in the target energy mix for 2030, and various policy packages are being implemented to expand the renewable energy market. Over the past few years, the number of organizations participating in RE100 has increased both in and outside Japan, aiming to achieve 100% renewable energy utilization rate, and it is possible that demand for renewable energy will rise and the environment and energy business involved in the development and supply of these will expand going forward.	Short term	Medium
Opportunities	Physical changes Products and services • Rising demand for houses and buildings equipped for meteorological disasters The IPCC's Sixth Assessment Report pointed out the possibility of an increase in the intensity of tropical cyclones, such as typhoons, as global warming progresses. Storms and heavy rain also cause significant damage in Japan, and it takes a long time for life to return to normal afterwards. Therefore, it is possible that demand will rise for comfortable housing free of power outage and other interruptions to daily life by implementing life continuity plans and business continuity plans even in case of a meteorological disaster, for buildings with energy self-sufficiency that ensures business continuity, and for communities that are resilient.	Medium term	Medium

Mitigating and adapting to climate change

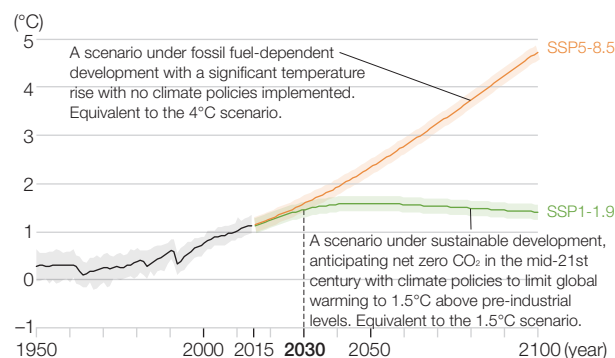
Response to the Task Force on Climate-related Financial Disclosures (TCFD)



Result of scenario analysis

In order to formulate a business strategy that can adapt flexibly to future changes in the external environment based on identified risks and opportunities, the Daiwa House Group evaluates the impact on business using several scenarios. In conducting the scenario analysis, we referred to the 1.5°C scenario as the scenario for “transitions,” and to the 4°C scenario as the scenario for extreme “physical change” to verify the rationality of our business strategies. As a result, demand for the net-zero energy houses and buildings provided by the Group as well as its environment and energy business are expected to expand under any scenario as of 2030, and we confirmed that the revenue growth is likely to exceed any negative financial impact, reaffirming the rationality of our response to risk and the importance of recognizing business opportunities more proactively. The scope of the simple analysis was limited to the significant risks and opportunities for the single-family housing, rental housing business and condominium businesses, and the environment and energy business, which are the Group’s core businesses. Going forward, we will strive to further expand the businesses included in the scope of analysis as well as to increase the comprehensiveness of the risks and opportunities and refine the scenario analysis.

Changes in global average temperature



1.5°C scenario

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

Reason for selection	The scenario is aligned with Net Zero by 2050 (1.5°C goal) declared by Japan, in which the Group mainly operate, and involves relatively high transition risks.
Result of analysis	An increase in operational costs due to strengthening of regulations is expected, which can be covered by revenue growth due to increased sales of ZEHs, ZEH-Ms, ZEBs, and the environment and energy business.
Reflection in policies and strategies	With “Realize carbon neutrality by making all buildings carbon-free” positioned as one the focal themes under the 7th Medium-Term Management Plan, we have decided on policies of making all new buildings into ZEH and ZEB as a rule, and installing solar power generations systems on all buildings. We monitor progress using the rates of ZEH, ZEH-M and ZEB as key management metrics and reflect the results in our business strategies. 📖 P008 <u>Environmental Action Plan (Endless Green Program 2026)</u> P119 <u>Results and self-assessment of the Environmental Action Plan (Endless Green Program 2026)</u>

Main approach

We provide sales and design staff with education and seminars on ZEH and ZEB to improve their knowledge and marketing capabilities. To customers, we developed tools to convey the advantages and costs of environmentally conscious buildings in an easy-to-understand way, as well as energy calculation tools, thereby expanding our initiatives in the area. The targets set at the beginning of each year are reviewed quarterly to confirm progress. The achievement level of targets is reflected in the performance evaluation.

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P022 Single-family housing: Further increasing the number of ZEHs / Rental housing and condominiums: Promoting ZEH-M

P023 Commercial and Office buildings: Hold ZEB seminars, put ZEB into practice and improve technological capabilities

4°C scenario

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

Reason for selection	The scenario with the biggest physical impact was selected to hypothesize the most extreme situation.
Result of analysis	Additional costs could arise due to supply chain disruptions and asset impairment due to damage to our facilities caused by heavy rain and heavy snow, and construction delay damages as extremely hot days will increase, which can be covered by sales growth of products to mitigate and adapt to climate change.
Reflection in policies and strategies	We have decided on policies of thoroughgoing measures against heatstroke at construction sites and development and popularization of products with low GHG emissions and products adapted to physical changes. We monitor progress using the number of heatstroke cases and installation rates of solar power generation systems and storage batteries at buildings we provide, etc. as key management metrics and reflect the results in our business strategies. 📖 P020 <u>Mitigating and adapting to climate change</u> P119 <u>Results and self-assessment of the Environmental Action Plan (Endless Green Program 2026)</u>

Main approach

We deployed environmental sensors at our construction sites in an effort to act promptly to prevent heatstroke or prepare for strong winds. We also formulated a business continuity plan for our supply chain, based on which we promoted measures, such as procuring materials from multiple suppliers and manufacturing sites. In the single-family housing business, we released the “Anti-Disaster House” equipped with the All-Weather Three Battery Linking System which can secure power, heating, and hot-water for some ten days in case of power outages even when it is raining. We have sold a total of 600 or more such houses by the end of fiscal 2023. Construction projects in areas prone to significant flooding are assessed by a specialized firm. In the case of project development, flood prevention measures are implemented as necessary, such as increasing the site’s elevation and installing water barrier devices.

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P028 How to prevent heatstroke on construction sites

P102 Risk management

Mitigating and adapting to climate change

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



Risk Management

We recognize that climate change risk is one of the risks with a significant impact in the medium- and long-term, and we have integrated this risk into the Group-wide risk management process. We identify and assess risks and opportunities in order to conduct a careful analysis roughly every three- five years in conjunction with the formulation of a Medium-Term Management Plan and Environmental Action Plan. We review them every year and apply what we learn to the identification of priority issues for the Plan, with these issues reflected in the major policies and targets of the Plan.

More specifically, the Sustainability Department identifies “changes in the external environment” accompanying the transition to a decarbonized economy and “physical changes” associated with global warming. We assess important risks and opportunities based on their likelihood and potential financial impact. Each department considers concrete measures to address the important risks and opportunities thus identified, and we establish key management metrics and targets for the Group, each department, and each worksite in the Environmental Action Plan and take necessary action. We also manage progress through the biannual Group Environmental Promotion Committee at the Group-wide level, the biannual departmental environmental committee for each department and a biannual ECO diagnosis/training session for each worksite.

□ P010 Environmental management

P102 Risk management

Metrics and Targets

Aiming to minimize the risks and maximize the opportunities associated with climate change, we have established short-, medium-, and long-term targets for the promotion of initiatives. We have established these targets as a set of metrics for the Medium-Term Management Plan. We have also established more detailed management metrics and targets in our Endless Green Program, the Environmental Action Plan formulated to align with the period covered by the Plan, in order to accelerate our initiatives with the aim of striking a balance between earnings and environmental sustainability.

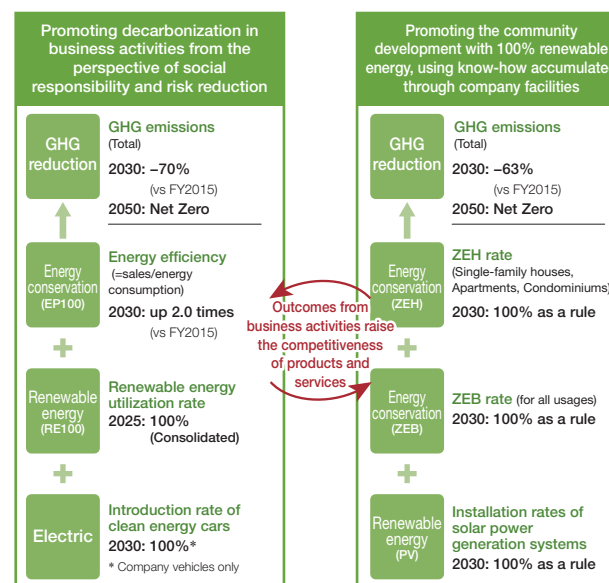
□ P125 Environmental Data GHG emissions derived from use of products

P126 Environmental Data ZEH rate, ZEH-M rate, ZEB rate

P132 Environmental Data Energy consumption / Energy efficiency (EP100)

P133 Environmental Data Electricity consumption

P138 Environmental Data GHG emissions in our value chain



Major issues for the Group and its responses

Below are the issues and our responses as we work toward achieving carbon neutrality throughout our value chain by 2050.

Reduction in the GHG emissions directly attributable to the Group (scopes 1 and 2) necessitates electrification of heavy machinery at construction sites and trucks used in logistics, so as to encourage the use of renewables-derived electricity. As part of this effort, we are currently promoting the use of hybrid heavy machinery at some construction sites.

To decrease the GHG emissions in the supply chain (scope 3, category 1), we promote the adoption of materials with low GHG emissions in the design phase with the use of the LCCO₂ Calculation Tool connected to Building Information Modeling (BIM)* and other measures. In particular, when selecting building materials that generate high emission levels, such as steel, cement, and aluminum, we consider adopting low-carbon options manufactured using recycled raw materials and renewable energy.

When calculating our downstream GHG emissions from product use (scope 3, category 11) we have only included emissions within Japan. Going forward, however, we will include businesses outside Japan in our carbon-neutral strategy. We are now calculating greenhouse gas emissions from homes and buildings in the United States and China.

In this report, although we have outlined our measures to disclose information as recommended by the Taskforce on Nature-related Financial Disclosures (TNFD), we have not been able to disclose information on the trade-offs we face when trying to address both climate change and biodiversity preservation. In March 2024, the Sustainability Standards Board of Japan (SSBJ) issued several exposure drafts of the standards it has developed, which are based on those issued by the International Sustainability Standards Board (ISSB). Going forward, we will stay in dialogue with institutional investors and experts to further enhance the information we disclose.

* Digital three-dimensional models that incorporate building information. Enables consistent use of information throughout the life cycle of a building, from design to construction, and maintenance.

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, adopted the 2030 mission to take urgent action, with the involvement of all of society, to put biodiversity on a path to restoration by 2030 (called nature-positive action). Among the 23 global targets adopted by the meeting, target 15 calls for companies and financial institutions to assess and disclose their dependencies, impacts, and risks on biodiversity. Companies are expected to take action on the Taskforce on Nature-related Financial Disclosures (TNFD) and other measures in order to help with the transformation to sustainable human societies that do not diminish biodiversity.

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), not including the increase due to new afforestation. This means that we must use timber in sustainable ways while working to eliminate new deforestation.

Biodiversity and ecosystem services in Japan have been in long-term decline and have deteriorated for the past half-century*2. In response, the National Biodiversity Strategy and Action Plan 2023 – 2030 adopted the realization of a nature-positive economy as its basic strategy, and companies are expected to position biodiversity conservation as a priority issue (materiality) in their value creation process, to minimize the impact on biodiversity in their value chain, and to maximize their contribution to the natural environment through their products and services.

Furthermore, marine pollution caused by at least several million tons*3 of discarded plastic waste worldwide every year has become an issue, and there is an urgent need to reduce single-use plastic items.

*1 Source: Forests and Forestry White Paper 2022 (published in 2023)

*2 Source: "Comprehensive Assessment of Biodiversity and Ecosystem Services 2021" (JBO 3), Ministry of the Environment

*3 Source: *Kaiyo Plastic Gomi ni Kansuru Jokyo* ("The Ocean Plastic Refuse Situation"), Ministry of the Environment, February 2019 (in Japanese)

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 200,000 m³ of timber from several countries of origin around the world. To help minimize deforestation, we encourage use of legally and sustainably harvested timber throughout our supply chain.

Moreover, to reduce the impact on the environment and local ecosystem of the Group's many development projects nationwide, we seek to understand project sites' environmental potential before commencing work. Only then do we move ahead with a project, taking care to minimize any harm to the ecosystems of the site. Further, in construction contracting, the Group is committed to creating ever-higher quality green spaces in partnership with clients by pitching ideas for greening for their projects with consideration to the ecosystems at each site.

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.

Contributions to SDGs



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 demand for legally and sustainably harvested timber increases, concerns will 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.

For our development business, in the event that a development project leads to the loss of a local ecosystem, we face the risk of the cost of restoring the ecosystem or a loss of business opportunities. In response, we implement our Biodiversity Guideline [Development & Community Creation]. One of the management indexes we have established for developments above a certain scale is "compliance with voluntary (development) standards" to confirm compliance with the guidelines. Further, we are committed to improving the quality and quantity of green spaces by pitching ideas for the planting of native species taking into consideration the local ecosystem networks when making proposals for individual properties.

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 business sites, introducing a charge for plastic shopping bags at our commercial facilities and home centers, and switching to alternative materials for the amenities used in our hotels.

Meanwhile, we also see scope for growth in environmental greening businesses and other similar greening projects for the value they add to houses and buildings. The Group proactively promotes housing, facilities, and community development in harmony with the natural environment and takes into consideration the protection of biodiversity; at the same time, we are working to create a mechanism to maintain and preserve greenery. Through these efforts, we aim to improve the appeal of the community, enhance asset values, and contribute to the formation of a positive community.

■ 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 business activities or community development
2030	Work with suppliers to eliminate from procurement at our housing and construction businesses all timber that cannot be traced to legal harvest	Eco-friendly surface area of green spaces (cumulative) + 2,000,000m² Complete biodiversity assessments of all owned or managed sites and undertake ongoing conservation work at all ecologically significant ones Eliminate use of plastic that could end up in the sea
2026	Rate of C-ranked timber in procurement 0% Setting rate of zero deforestation policy (primary suppliers) 90%	Eco-friendly surface area of green spaces (cumulative) + 1,000,000m² Rate of formulation and implementation of protection and management plans of significant sites within premises of the company's facilities 100% Rate of replacement of plastic goods for distribution (offices, etc.) 100%

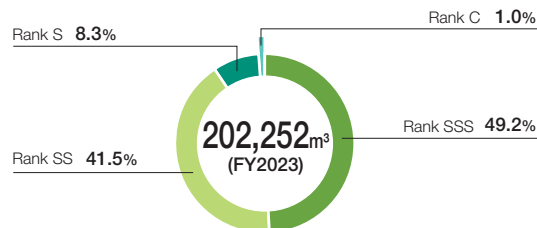
Self-assessment of the Main Targets and Results of Endless Green Program 2026

😊 : Target for fiscal 2023 achieved 🟡 : Target for fiscal 2023 not achieved (achieved 90% or more) 🟠 : Target for fiscal 2023 not achieved (achieved less than 90%)

Now using less than 1.0% C-ranked timber with deforestation risk

In fiscal 2023, 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 2023, we required suppliers (a total of 62 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 2023 was 1.0% (down 2.1 percentage points from the previous fiscal year) achieving our target. Going forward, we will increase suppliers' awareness of our procurement policy and promote efforts to eliminate the use of C-ranked timber.

■ Rate of C-ranked timber in procurement

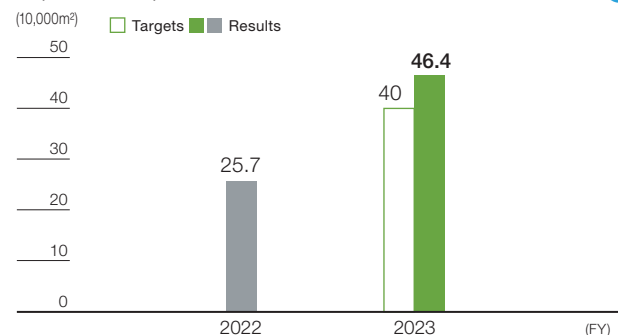


Promote greening with indigenous species under the slogan "Let's keep green" to achieve nature positive

To enhance the quality of green space, we have taken initiatives to offer our clients greening with indigenous species since fiscal 2022 under the slogan "Let's keep green," which is the Group's shared concept. In fiscal 2023, we worked on the greening mainly in our housing, rental housing, commercial buildings, office buildings, and condominiums, and cumulatively we created an eco-friendly surface area* of green spaces of 464,000 m².

* Eco-friendly surface area of green spaces refers to an area of properties covered by green, of which 50% or more is accounted for by indigenous species, in consideration of the natural ecosystem of the local environment. Properties subject to counting are set for each business division (see page 142).

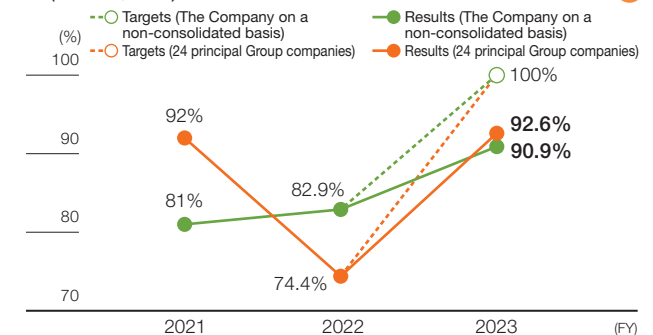
■ Eco-friendly surface area of green spaces (cumulative)



Replacing single-use plastics with plastic-free materials

In fiscal 2023, the rate of replacement of 15 single-use plastic products being used in our four sectors of offices, stores, cafeterias, and hotels was 90.9% for the Daiwa House Industry on a non-consolidated basis and 92.6% for all key Group companies excluding the Company, thus falling short of our target. The result was due to the use of some single-use plastic products remaining in inventory, despite the switch to paper products for new purchases. Going forward, we will continue to disseminate the guidelines thoroughly for the proper use of plastic products.

■ Rate of replacement of plastic goods for distribution (offices, etc.)



■ 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 throughout 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.

P140 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 plywood concrete form panels; 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

Cross-segment CSR Procurement Subcommittee

The formulation of our Biodiversity Guideline [Timber Procurement] provided the impetus for establishing a CSR Procurement Subcommittee in 2010. Its activities span all Group segments involved in purchasing, development, construction, sustainability, and the environment to ensure consistent implementation of CSR procurement. We networked purchasing and construction personnel at all business locations so they could work together to ensure CSR procurement congruent with the guidelines, as well as applying the PDCA cycle to drive improvements.

P090 Operating the Supply Chain Sustainability Guidelines

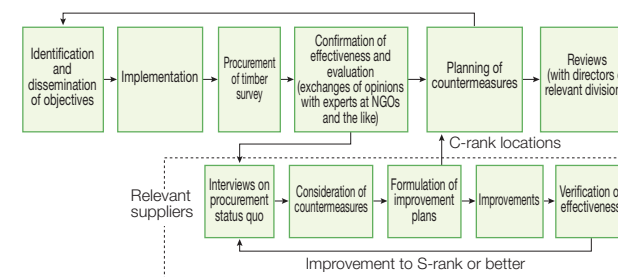
Conducting procurement of timber surveys at our suppliers

To implement our Biodiversity Guideline [Timber Procurement], we conduct an annual procurement of timber 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 this 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, such as 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). For assessing source-country risk for compliance, biodiversity, human rights, and the like, we also use Sourcing Hub, a Preferred by Nature risk assessment tool, to get full, accurate picture 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.

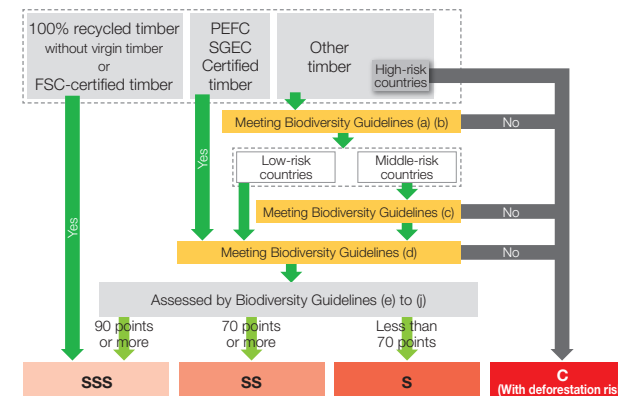
* Timber covered by the survey includes construction materials, framing crosspieces, timber used below grade, plywood, flooring, and plywood concrete panels.

P140 Environmental Data Biodiversity Guideline [Timber Procurement]

■ Procurement of timber survey flow



■ Survey results evaluation flow



■ Harmony with the natural environment (Preservation of biodiversity)

4—Challenge ZERO Deforestation

Aiming to achieve zero deforestation throughout our supply chain

To halt deforestation progressing across the globe, we aim to achieve zero deforestation not only on our own but throughout our supply chain. We require our 114 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. Our CSR Procurement Subcommittee, a cross-functional organization, studies and implements measures to help them formulate the policy, 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 2023 survey covered the timber used for the major components (construction materials, framing crosspieces, timber used below-grade and finishing materials) in housing and rental housing products (obtained through centralized purchasing) and buildings (obtained through decentralized purchasing) of the Group.

In fiscal 2023, we required suppliers of C-ranked timber in fiscal 2022 (a total of 62 companies) to submit plans for improvement aimed at sustainably harvested timber, thoroughly checked the timber's public documents and switched sources to low risk areas. As a result, in fiscal 2023, the rate of C-ranked timber was 1.0% (a decrease of 2.1 percentage points from the previous fiscal year), achieving the target.

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.

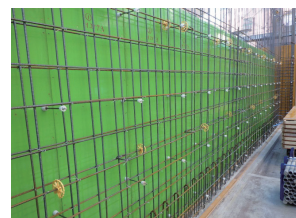
Promoting the adoption of concrete form panels made from sustainable plywood

Moving toward zero deforestation, we have included plywood concrete form panels, which had previously been excluded from the survey, in the scope of the survey to make efforts for improvements. In fiscal 2022, we established a Plywood Working Group, consisting of CSR Subcommittee members, and initiated an effort to adopt concrete form panels made from sustainable plywood, 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. Going forward, we will aim to expand the use of these panels, particularly Japanese domestic coniferous plywood panels.

Trial of concrete formwork at site using Japanese domestic coniferous plywood panels



Base material is plywood made of particleboards recycled from construction scrap and 100% Japanese domestic timber.



Japanese domestic larch excellent in strength is used as part of base material.

“Challenge ZERO Deforestation” Membership System

To share our stance on zero deforestation, we explained it to our supplier organizations, the Trillion Club, the Setсуwa Club, and the Gosen Club. 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 throughout the entire supply 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. Forty-seven primary suppliers signed the letter of consent. With this, 45.6% of our major timber suppliers are committed to a zero deforestation policy, including five timber suppliers that have already formulated their own zero deforestation policies.

Going forward, we will continue sharing our zero deforestation policy with secondary suppliers and beyond and ask them to sign the letter of consent. The names of the timber suppliers that have signed the letter of consent will be published on our website to publicize our efforts to achieve zero deforestation throughout the entire supply chain.



[Challenge ZERO Deforestation \(Japanese text only\)](#)

■ Harmony with the natural environment (Preservation of biodiversity)

5—Challenge ZERO Harm to Biodiversity

Basic Policy



Products and services

Preserving and planting greenery through community development projects to achieve nature positive

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 are involved in, we seek to contribute to healthy ecosystems and enriched lives for people based on our concept of One Health*1. The planting and greening of exteriors that the Group proposes to clients has a direct impact on the natural environment. To continue creating positive value for nature, we strive to offer Nature-based Solutions (NbS)*2 to clients, and build partnerships with them. In all of these ways, we create green urban environments, and we propose the greening of areas using indigenous species. In this way, we are leveraging our business operations to promote communities filled with greenery that thrive in harmony with nature.

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.

□ P140 Environmental Data Biodiversity Guideline

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

*2 An abbreviation of Nature-based Solutions, which are actions to protect, sustainably manage, and restore natural and modified ecosystems that address societal challenges effectively and adaptively, simultaneously benefiting human well-being and biodiversity.

Biodiversity Guideline [Development & Community Creation]

1. Ascertain the potential of the natural Environment
2. Preserve and plant greenery
3. Be careful to preserve a sufficient natural environment as a habitat for small animals
4. Take care to create a connected network of habitable environments for the ecosystem
5. Take steps to minimize the environmental impact of construction work
6. Pay adequate consideration to ecological maintenance and management

Management

Voluntary standards checklist for development projects

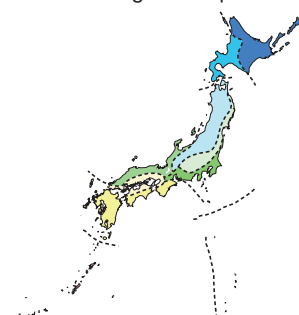
In large development projects, the Daiwa House Group utilizes its own checklist to quantitatively assess impact in accordance with its Biodiversity Guideline [Development & Community Creation] and also checks its biodiversity conservation activities with reference to ABINC certification.* Based on the voluntary standards, we are promoting efforts above certain thresholds, 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.

Planting greenery of indigenous species to achieve nature positive

When the Group proposes exterior greening and planting plans to clients, we recommend that at least half of trees (tall trees and shrubs) be indigenous species suitable to the natural environment of each region, under the slogan “Let’s keep green.” We select indigenous species that are naturally distributed in the region according to the National Land Classification Map for Biodiversity Conservation (Ministry of the Environment). By selecting trees for proposals from among those on the list while taking into consideration the ecological network connections with nearby ecosystems, we are working to improve the quantity and quality of greenery, aiming to achieve nature positivity.

■ Regional classification map of the indigenous species list



Source: National Land Classification Map for Biodiversity Conservation (Ministry of the Environment)

Main approach

Expanding eco-friendly surface area of green spaces

Since fiscal 2022, we have been working to expand the ecofriendly surface area of green spaces. The Group defines the eco-friendly surface area as an area covered by green, of which 50% or more is accounted for by indigenous species, in consideration of the natural ecosystem of the local environment. In fiscal 2023, the area added totaled 207,000 m², and the cumulative total area added to date is 464,000 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 onto the next generation rich ecosystems and sustainable communities.

Promotion of the environmental greening business (Daiwa Lease)

Daiwa Lease, a Group company, is engaged in the greening of facilities, such as rooftops and walls, with “Green changes everything in cities” as its theme. Daiwa Lease’s roof- and wall-greening installations became 29,900 m² in fiscal 2023. The Company intends to continue contributing to the greening of urban environment by offering comprehensive greening ideas.

Ongoing monitoring surveys

We believe 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.

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)

■ Harmony with the natural environment (Preservation of biodiversity)

5—Challenge ZERO Harm to Biodiversity

T o p i c s

Initiatives to Protect Biodiversity in the Group's Development Projects

Acquisition of ABINC certification for condominiums (Daiwa House Industry)

The Tennoji-ku, Matsugahana-cho Project (tentative name) (Osaka Prefecture) condominiums are in an area with a lot of greenery such as parks and shrine and temple forests, despite being in the city center. Many plants and animals unique to the area have been seen in the surroundings. In order to contribute to these ecosystem networks, based on tree species from the ring-cupped oak – oriental holly biological community, which are potential natural vegetation*, we selected tree species that are part of the existing vegetation in the surrounding area and that blend in with the local landscape (such as ring-cupped oak, Japanese hackberry, and oriental holly), with indigenous species making up more than 70% of the main green spaces. As a result of this initiative, the project acquired ABINC certification. The project also considered the local landscape by reusing garden stones used in the former residence on the site.

One property in the Group's condominium business acquired ABINC certification in fiscal 2023, and a total of 12 sites have been certified since fiscal 2016.

* The vegetation that would theoretically occur naturally in a natural environment, assuming no human influence.



Perspective of the Tennoji-ku, Matsugahana-cho Project (tentative name)



Certification by the Association for Business Innovation in harmony with Nature and Community (ABINC)®

Registration of Natural Symbiosis Site in commercial facility (Daiwa Lease)

The Company and Daiwa Lease, a Group company, participate in the 30 by 30 Alliance for Biodiversity launched to achieve the global target for 30 by 30*1 adopted at the fifteenth meeting of the Conference of the Parties (COP-15) to the Convention on Biological Diversity. We also promote the registration of certified areas as Natural Symbiosis Sites under Japan's certification system, which will also be registered in the OECM*2 international database.

On a slope on the east side of the site of BRANCH Kobe Gakuentoshi, which is operated by Daiwa Lease, grasslands consisting of indigenous wild grasses such as cogon grass and Japanese pampas grass are being regenerated, and grassland insects such as grasshoppers and butterflies have been seen. As a result of these efforts, the area has been registered as a Natural Symbiosis Site. To recreate the *satoyama* landscape, we have so far worked with citizen groups and academics to eradicate invasive plants, collect plant seeds from nearby areas, and raise and transplant seedlings. We will continue working with the local community to create a commercial space that contributes to biodiversity through activities such as planting indigenous species and removing invasive plants, while taking into consideration the ecological network connection with the nearby *satoyama* ecosystem.

*1 An international target to effectively preserve at least 30% of land and sea areas as healthy ecosystems by 2030 toward the goal of halting biodiversity loss and restoring biodiversity by 2030 (nature-positive action).

*2 OECM (Other Effective area-based Conservation Measures): Areas that contribute to biodiversity outside of protected areas



30 by 30 Alliance



Spotted meadow katydid seen in the cogon grass area

Restoration of habitat for rare firefly in community development (Fujita)

Fujita, a Group company, carried out a voluntary preliminary survey of rare plants and animals in a land rezoning project in Osaka Prefecture. The survey identified the habitat of the *hotaria parvula* firefly, which has been designated as a near threatened species in Osaka Prefecture. Fujita worked to restore the habitat environment of the green space. The company developed a firefly monitoring system using a networked camera to efficiently identify the incidence of fireflies glowing at night and used a method for evaluating suitable habitat for firefly larvae based on environmental survey data. Development of green space was carried out to create the topography and soil environment suitable for the firefly larvae. In addition, the area of green space was increased by approximately 1.6 times from the area prior to the survey, and a measure to prevent light pollution with tree planting and other measures was also implemented. The year after construction (May 2023), it was confirmed that the peak incidence of adult fireflies had increased compared to before construction, achieving a nature-positive habitat.

The green space has been designated as a *hotaria parvula* firefly conservation area by the local government and environmental conservation groups, and the local government plans to apply for OECM registration in fiscal 2024.



The *hotaria parvula* firefly conservation area

■ Harmony with the natural environment (Preservation of biodiversity)

5—Challenge ZERO Harm to Biodiversity

Basic Policy



Business activities

Promoting eco-friendly 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 (regulating reservoirs, other sites), and activities to protect rare species at construction sites.

Identifying, managing and preserving significant sites at Group facilities

The Group initiated surveys concerning biodiversity at all of its facilities to identify the impact of these facilities to biodiversity. At the sites of the Group's factories and golf courses, extensive land for development, and proprietries with green areas, we strive to minimize the risk of biodiversity loss (negative impact) so that we can ensure our operations are sustainable. Particularly for the sites that are deemed significant in terms of biodiversity, such as sites adjacent to protected areas, we implement measures to manage and preserve them in consideration of the natural environment.

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 as its goal of bringing to zero the impact associated with marine plastic waste problems 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.



P143 Environmental Data Plastics Usage Guidelines

Management

Stance on significant sites at Group facilities

We conducted the first screening of all the sites owned by the Group to identify those with a certain percentage of green spaces or management rights that should be assessed for biodiversity impact. We created the Group's own standards with reference to the national standards (certification criteria of nature symbiosis sites in 30 by 30) and identified significant sites for biodiversity. We determine the following types of sites to be significant: areas officially recognized as important for biodiversity conservation, mainly international nature conservation areas; sites with various certifications acquired, including JHEP; and areas where an agreement on ecosystem conservation has been concluded. We will work to upgrade the level of management by utilizing our own checklist, which references ABINC certification, to carry out scoring.

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 were switched to those made of our proprietary Forest Certified Paper** from the conventional plastic ones, based on newly created specifications. Moreover, we revised our guidelines in January 2024 to strengthen our efforts to address single-use plastics.

* 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.

Main approach

Status of the Group's facilities

The number of areas where the Group conducts business activities (sites) was 1,588. The first screening narrowed down the need to conduct biodiversity impact assessment to 69 of these sites covering 4,239 hectares. In fiscal 2023, 35 sites, or 2,994 hectares, were identified as significant for biodiversity, and management plans taking biodiversity into consideration had been completed at four of these sites covering 135 hectares. Going forward, we will continue to monitor significant sites based on protection and management plans and work to minimize loss of biodiversity in our business activities.

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 conservation activities promoted by the prefecture, and activities are underway. In addition, we hold an "Ikimono Kansatsu-Kai" (aquatic animal observation meeting) in cooperation with Mie Prefecture and an NPO, where community residents including elementary schoolers can come together to have contact with living creatures and learn. Cumulatively, some 633 people have participated as of March 31, 2024. We include the results of these biological surveys in pamphlets and our website and are committed to supporting the conservation of local ecosystems.



"Ikimono Kansatsu-Kai"

■ Harmony with the natural environment (Preservation of biodiversity)

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



Governance

Strategy

Risk and impact
management

Metrics and targets

Enhancement of disclosure with reference to the final TNFD Recommendations

The final TNFD*¹ Recommendations were published in September 2023. The TNFD is an international initiative to develop a framework for disclosure of nature-related information by companies. The background to its establishment is the growing concern in the business community about responding to the negative impact on economic activities caused by the deterioration of the natural environment, including biodiversity, following on from climate-related issues. Accordingly, the Company has identified impact and dependencies on nature in its business activities and evaluated risks and opportunities with reference to the LEAP approach, developed by the TNFD as an integrated approach for assessing and managing nature-related issues, and the Final TNFD Recommendations v1.0. In this report, an icon is displayed at the top right of pages disclosing information with reference to the final TNFD Recommendations and applicable to each phase of the LEAP approach.

Furthermore, in June 2024, we joined the TNFD Forum*² and registered as a TNFD Adopter*³. We will actively disclose information, work to reduce business risks and create opportunities, and aim to resolve issues related to conservation of biodiversity.

*1 TNFD (Taskforce on Nature-related Financial Disclosures): An international organization that aims to establish a framework for private companies and financial institutions to appropriately assess and disclose risks and opportunities related to natural capital and biodiversity.

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

*3 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.

Governance

Nature-related risks and opportunities are integrated into management related to “environment,” “human rights,” and “supply chain” with a unified governance system. Please see the following pages for details.



P010 [Environmental management](#)

P035 [Conducting procurement of timber surveys at our suppliers](#)

P037 [Preserving and planting greenery through community development projects to achieve nature positive](#)

P059 [Human rights management](#)

P092 [Response to rights of indigenous people](#)

Strategy

Recommended disclosures under Strategy	Daiwa House Group's disclosures	Page
Discussion of impacts and dependencies on nature	Daiwa House Group's impacts and dependencies on nature (heat map)	P041
Discussion of nature-related risks and opportunities and their impact on business, etc.	List of risks (details of risks and action policy)	P042
	List of opportunities (details of opportunities and action policy)	P043
Discussion of priority areas	Consideration of priority areas for biodiversity impact assessments, timber procurement surveys, and water risk assessments.	P044

Risk Identification Process

We ascertained the Group's impacts and dependencies on nature throughout the supply chain and identified risks through the process described below.

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 (UNEP-WCMC) 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 our 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. After examining the risks of these items, we grouped similar items (7 items) together based on the type and content of the risks.



STEP 5

We classified these risks into those arising from “transition” and those arising from “physical changes,” and examined action policies after analyzing the duration and extent of impact for each of them. We confirmed that the action policies are consistent with our environmental action plan Endless Green Program 2026.

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

Roadmaps to Nature Positive

■ Built environment system



➤ [The Roadmap to Nature Positive: Foundations for the built environment system](#)

■ Energy systems



➤ [Roadmap to Nature Positive: Foundations for the energy system](#)

■ Forest products sector



➤ [Forest Sector Nature-Positive Roadmap](#)

Global Industry Classification Standard (GICS)



➤ [GICS® | S&P Dow Jones Index \(spglobal.com\)](#)

■ Harmony with the natural environment (Preservation of biodiversity)

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



Governance

Strategy

Risk and impact
management

Metrics and targets

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Daiwa House Group's 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. We organized the impacts and dependencies at each stage of business operations and the value chain in the form of a heatmap.

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

■ Impacts

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

- Impacts on terrestrial ecosystem use are particularly high in the construction, real estate, and environment and energy businesses.
- Impacts on water use are particularly high in the environment and energy business.

■ Dependencies

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

- Dependencies on ground water and surface water are particularly high in the procurement stage of construction and real estate.
- Dependencies on surface water and climate regulation are particularly high in the environment and energy business.

																			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 buildings	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 Business	—	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 "VH" and "H" entries for impacts and dependencies in ENCORE. There are also some omissions related to the types of impacts and dependencies.

■ Harmony with the natural environment (Preservation of biodiversity)

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



Governance

Strategy

Risk and impact
management

Metrics and targets

L

E

A

P

List of Risks

Based on the Group's impacts and dependencies on nature, we considered the anticipated risks after referring to information on the external environment such as related social trends. We also took into consideration the significance of risks for the Group's business, and the risks we identified are as follows.

■ List of Risks

Period: Short: less than 1 year; Medium: over 1 year but less than 5 years; Long: over 5 years Degree: Small: less than ¥10 billion; Medium: over ¥10 billion but less than ¥100 billion; Large: over ¥100 billion

Type	Details	Period	Degree	Response	Pages for details
Transitions	Increase in cost of countermeasures due to stronger regulations under Japan's Soil Contamination Countermeasures Act Most of the development and contracting projects undertaken by the Group involve excavation, so we constantly face the risk of soil contamination. If laws and regulations concerning soil contamination are strengthened, the cost of countermeasures will increase. This could lead to a decline in feasibility in the development business and lower profit margins in the contracting business.	Short term	Small	When purchasing land for sale, the Company conducts a land history investigation of all properties before purchase as a rule. If a risk of contamination is determined, we have a system for implementing contamination countermeasures after conducting a soil survey and the costs are borne by the party responsible for the contamination or the seller as a rule. In addition, we conduct risk assessment in contracted work and work to prevent the spread of soil contamination by verifying the place of origin and conducting quality inspections of soil brought onto the site and implementing thorough soil surveys and appropriate disposal of soil taken off the site.	P057
	Increase in cost of countermeasures due to stronger development regulations and greening regulations 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. This could lead to a decline in feasibility in the development business and lower profit margins in the contracting business.	Long term	Medium	The Company has established the Biodiversity Guideline [Development & Community Creation] and promotes consideration for biodiversity in development projects on sites with an area of 3,000m ² or more using the guideline and its own checklist referencing ABINC certification. Moreover, in both development and contracting projects, we strive to ensure greening that exceeds legal standards in areas with green space regulations, and we also set quantitative targets for the use of indigenous species that take into consideration the local ecosystem.	P037
	Decline in business opportunities due to stronger development regulations related to solar power In the development and construction of solar power projects, many of which Group is also involved in, there are growing concerns among residents and others about the alteration of the natural environment and changes to the landscape. If areas not permitting solar power facilities are expanded or environmental assessment and other obligations are imposed, it could lead to a loss of business opportunities and a decline in business feasibility.	Short term	Small	The Group not only complies with ordinances regulating the installation of solar power plants currently enforced by over 200 local governments, but also takes voluntary measures in developments outside of the regulated areas based on the concerns of the local governments and residents that are identified by addressing the regulations. In addition, we work to collect information on the establishment of ordinances at an early stage through our nationwide sales offices and respond before such ordinances are established and enforced, thereby gaining business opportunities and improving the precision of our business plans.	—
Reputation	Damage to reputation due to growing concerns about deforestation There is extensive use of timber in the structural materials and interior materials for the buildings supplied by the Group. Moreover, wood pellets are used at some of the power plants operated by the Group. There are growing concerns about deforestation and human rights abuses in the places where timber originates. Therefore, unless the Group engages in sustainable procurement of timber, its reputation could be damaged, which could lead to boycotts and a decrease in sales.	Medium term	Small	The Group conducts an annual survey on timber procurement and pursues a decrease in timber produced in high-risk areas and timber for which legal compliance and sustainability cannot be confirmed. We are also implementing our zero deforestation policy in the supply chain with the establishment of numerical targets. In addition, at biomass power plants operated by the Group, we will utilize various certification systems based on our Biodiversity Guideline [Timber Procurement], while verifying the legal compliance and sustainability of the wood pellets we procure. Based on this, will also strive to ascertain the reputational risk related to wood pellets by engaging in dialogue with other companies in the industry and NGOs.	P035, 036
Physical changes	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.	Long term	Small	The Group has established the Biodiversity Guideline [Timber Procurement], conducts an annual survey of suppliers addressing timber procurement to identify the origin of the timber procured, and implements water risk assessments. Based on this, we avoid high risk areas for human rights and legal compliance in conducting procurement and promote the utilization of lower risk Japanese domestic timber for some components such as the main structural materials for wooden housing.	P035, 036
	Decrease in production capacity at production sites and decline in quality of services at operated facilities due to water shortages, etc. Some of the processes involved in the manufacture of materials essential for the buildings the Group supplies use large amounts of water. In addition, some of the facilities operated by the Group provide services that involve the use of water. If withdrawal of water is restricted due to water shortages or a drop in the water table, production capacity at the plants of the Group and its suppliers may decrease and 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.	Long term	Small	The Group's factories have established targets for reducing water use and have been taking ongoing reduction measures. We conduct annual surveys of water withdrawal and wastewater volumes at our major suppliers. For suppliers with particularly high water use, we are checking whether they have established water use reduction targets and we will request that they establish such targets in the future. The Group's facilities are working to reduce water use by installing water-saving equipment when new facilities are built. In addition, in 19 sectors where water use exceeds 10,000m ³ a year, management plans have been formulated in accordance with water stress at each facility to monitor water withdrawal, wastewater, and reuse volumes, while also setting reduction targets and implementing measures.	P051, 052
	Delays in production due to inundation of production sites caused by flooding or storms, etc. The Group and its suppliers have production plants in and outside Japan. If the impact of flooding and storms increases due to changes in the natural environment and inundation of these plants increases, it could lead to delays in the procurement of materials or the period of construction.	Short term	Small	At the Group's factories, risk surveys by specialist agencies have been conducted to identify water risk. In addition to taking both hard and soft countermeasures, we are working to establish monitoring systems using sensors. For our major suppliers, we conduct an annual survey of water risk to check on the implementation of flood control measures. We have established a business continuity plan (BCP) for our manufacturing companies in preparation for responding to an emergency.	P051, 052

■ Harmony with the natural environment (Preservation of biodiversity)

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



Governance	Strategy	Risk and impact management	Metrics and targets
L	E	A	P

List of Opportunities

Based on the Group's impacts and dependencies on nature, we considered the anticipated opportunities after referring to information on the external environment such as related social trends. We also took into consideration the significance of opportunities for the Group's business, and the opportunities we identified are as follows.

■ List of Opportunities

Period: Short: less than 1 year; Medium: over 1 year but less than 5 years; Long: over 5 years Degree: Small: less than ¥10 billion; Medium: over ¥10 billion but less than ¥100 billion; Large: over ¥100 billion

Type	Details	Period	Degree	Response	Pages for details
Business opportunities	Products and services Increase in unit prices per building for exterior work 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, it could lead to an increase in sales because of an expansion in the area of green spaces and an increase in related work. Demand for specialized greening such as rooftop and wall greening is also expected to increase, which could lead to the expansion of our environmental greening business, which handles such projects.	Medium term	Medium	When the Group proposes exterior greening and planting plans to clients, we recommend 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 keep green." Each business division sets targets for the percentage of properties where indigenous species account for 50% of plantings, monitors performance quarterly, and promotes initiatives. In addition, Daiwa Lease, a Group company, has established an environmental greening business to promote ongoing technological development related to rooftop and wall greening and offer proposals, mainly to companies in Japan, with "Green changes everything in cities" as its theme.	P037
	Increase in demand for buildings using sustainable timber There is extensive use of timber in the structural materials and interior materials for the buildings supplied by the Group. If the need to use timber supplied from sustainable forests increases because of stronger regulations due to worsening deforestation and growing interest in the traceability of timber, it could lead to an expansion in demand for buildings where such measures are implemented.	Medium term	Small	The Group conducts an annual survey of suppliers addressing timber procurement to confirm legal compliance and sustainability and pursues a decrease in 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 and we are expanding this commitment to our suppliers. We aim to share our policy with more than 90% of our suppliers by fiscal 2026.	P035, 036
	Increase in unit price per building due to installation of higher performance water-saving equipment The buildings supplied by the Group include a variety of water-related equipment, such as toilets, bathrooms, and faucets. If clients have a growing need for water saving because of stronger regulations due to water shortages, etc., and greater awareness of the natural environment, it could lead to an increase in client satisfaction and unit price per building as we offer proposals for the installation of higher value-added water-saving equipment.	Long term	Small	The Group has a policy to "install water-saving equipment in all buildings and locations," not only in residential buildings themselves, but also in buildings that are for residential uses, including hotels and nursing care homes. Each business division sets targets for the percentage of installation, monitors performance quarterly, and promotes initiatives. We are also working to deploy more efficient water-saving equipment in-house by co-sponsoring in-company exhibitions and study sessions by manufacturers.	P051, 052
	Markets Creation of market for non-residential wood buildings In Japan, the prevalence of non-residential wood buildings is limited, due in part to structural and fire resistance regulations. In these circumstances, there is growing anticipation about the promotion of non-residential wood construction, with a view to revitalizing the domestic forestry industry and contributing to decarbonization and preservation of biodiversity. This could lead to new business opportunities for the Group, which has mainly handled steel-framed construction.	Medium term	Medium	In 2023, the Company established the wood structure and interiors construction business as a new area of focus and launched the Future with Wood Project as a new company-wide business. We are looking into strengthening our proposals for wood structure and interiors for relatively small-scale buildings with a total floor area of less than 3,000m ² , with a focus on offices, stores, and nursing care homes.	—
Nature conservation opportunities	Sustainable use of natural resources Reduction in use of natural resources due to extended service life and reuse of buildings Generally, in the buildings supplied by the Group, a large amount of resources are used when they are newly constructed, and a great deal of waste is disposed of when they are demolished after a long period of use. Therefore, working to extend the service life of buildings and reusing buildings themselves before considering the recycling of parts and materials after demolition could lead to a reduction in the use of virgin resources and the sustainable use of natural resources.	Short term	—	The Group develops housing that can be lived in over the long term. We have set targets on the number of buildings for which we will extend service life in the residential and rental housing businesses and offer proposals for warranty extension work while monitoring performance quarterly and promoting initiatives to extend the service life of buildings. In addition, in May 2024 we launched BIZ Livness, a new brand, to expand the real estate stock business in the non-residential sector, including business and commercial facilities. The new brand will promote the regeneration and utilization of existing buildings, such as purchase and resale or renovation of existing facilities, including properties built by other companies.	P048
	Expansion of green spaces due to greening proposals that consider indigenous species and ecosystems Most of the development and contracting projects undertaken by the Group are in urban areas, and loss of biodiversity is a common issue in such urban areas. In these circumstances, the Group can contribute to the creation of local ecosystem networks in its development and contracting projects by ensuring the amount of greenery complies with laws and regulations and actively adopting indigenous species.	Medium term	—	The 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 keep green." We have set a target to increase the area covered by ecosystem-friendly green spaces by 2 million m ² by 2030 across all our projects. 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.	P037
	Protection of ecosystems Conservation of biodiversity on Company-owned land and at Company facilities Some of the sites owned by the Group 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.	Medium term	—	The Group conducts surveys concerning biodiversity at all of its facilities. After identifying sites with a certain percentage of green spaces or management rights, we designate significant sites for biodiversity with reference to national standards (certification standards for Natural Symbiosis Sites). At some of these significant sites, we score the status of management and conservation utilizing a checklist with reference to ABINC certification. We are also formulating and implementing protection and management plans and aim to formulate and implement such plans for all significant sites by fiscal 2026.	P037

■ Harmony with the natural environment (Preservation of biodiversity)

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



Governance	Strategy	Risk and impact management	Metrics and targets
		L	E
		A	P

Risk and impact management

The Group has established a Long-Term Environmental Vision and the Endless Green Program (EGP) environmental action plan, adopting “Harmony with the natural environment (Preservation of biodiversity)” as one of its four environmental themes, and is implementing initiatives accordingly. As the EGP is an important matter related to environmental management, it is subject to reporting to the Board of Directors. Once a year, the Group Environmental Promotion Committee reports on progress to the Board of Directors and strategies, targets, and plans are reviewed as appropriate.

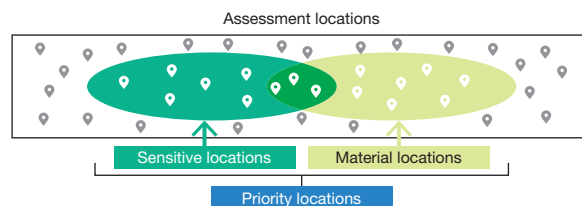
Moreover, the Business Investments Committee evaluates and deliberates on the feasibility and environment-related risks of important real estate development projects and other business investments at the Company.

P010 Environmental management

P103 Deliberation by Business Investments Committee

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: Areas 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: Areas where the organization has identified important nature-related dependencies, impacts, risks, and opportunities

Management Process for Main Risks

(1) Group facilities | Biodiversity impact assessment

We conduct primary screening at sites (assessment locations) within premises owned by the Group to understand which sites should be assessed for biodiversity impact, and we identify

significant sites (sensitive locations).

At present, four of the significant sites have formulated a biodiversity protection and management plan. Going forward, we will continue to formulate management plans that balance business operations and biodiversity conservation at all significant sites, and conduct monitoring based on the management plans.

■ Assessment locations: 69 ■ Priority locations: 35

P039 Status of the Group's facilities

(2) Group facilities | Water risk assessment

We assess the level of water stress in areas where Group facilities are located using WRI Aqueduct.

For Group facilities 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 the regional characteristics and risk responses of each facility.

■ Assessment locations:

All aggregation locations for water usage in the EGP

■ Priority locations:

Facilities that use a lot of water, have the potential to use hazardous chemicals, and discharge into areas of public water — Factories, golf courses, and Hibikinada Thermal Power Station*1
Facilities that use a lot of water in water-stressed areas — 2 sites (Thai production factory and hotel in Mexico)*2

*1 Results of assessment confirmed that factories and golf courses in Japan are low risk. Hibikinada Thermal Power Station is still being assessed.

*2 They are classed as water-stressed areas from the fiscal 2023 survey. We will strive to use water more efficiently and examine the setting of targets in the future.

P150 Environmental Data Results of Comprehensive Water Risk Assessment at Group Facilities

(3) 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, in addition to thoroughly checking the timber's public documents and switching sources to low risk areas.

■ Assessment locations:

24 source-countries for timber procurement

■ Priority locations:

High risk areas — Sarawak in Malaysia, Tasmania in Australia, Russia*

Areas with large volume of procurement — China, Southeast Asia

* Russian hardwood

P035 Conducting procurement of timber surveys at our suppliers

(4) 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.

P150 Environmental Data Water risk assessment results in timber-producing countries

Management Process for Main Opportunities

(1) Products | Expansion of the area of ecosystem-friendly green spaces

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 keep green.” We have set a target to increase the area covered by ecosystem-friendly green spaces by 2 million m² by 2030 across all our projects. 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.

P037 Planting greenery of indigenous species to achieve nature positive

(2) Products | Use of voluntary standards checklist for development projects

In the Group's large-scale development projects, we use a voluntary checklist to quantitatively evaluate biodiversity activities with reference to six considerations based on our Biodiversity Guideline [Development & Community Creation] and ABINC certification. We carry out at least a certain level of initiatives based on the voluntary standards from development planning through to completion.

P037 Voluntary standards checklist for development projects

■ Harmony with the natural environment (Preservation of biodiversity)

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



Governance	Strategy	Risk and impact management	Metrics and targets
L	E	A	P

Metrics and Targets

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

Stage	Management indicator	FY2023 results	FY2026 targets	FY2030 targets	Related pages
Procurement	Rate of C-ranked timber in procurement	1.0%	0%	0%	P141
	Setting rate of zero deforestation policy (primary suppliers/secondary suppliers and beyond)	45.6% 2.6%	90% 50%	100% 100%	P141
	Implementation rate of water risk surveys by principal suppliers	93.9%	100%	Completing response to water risks	P150
Business activities	Rate of formulation and implementation of protection and management plans of significant sites within premises of the company's facilities	11.4%	100%	100%	P143
	Water consumption reduction rate (per unit of sales) vs FY2012	-42.3%	-45%	-45%	P148
	Rate of replacement of plastic goods for distribution (offices, etc.)	Daiwa House Industry: 90.9% All Group: 92.6%	100%	100%	P143
	Recycling rate of waste plastics material (Manufacturing)	21.6%	30%	—*	P144
	Reduction rate of amenities that are plastic-containing products specified in law (hotels) vs FY2021	-8.2%	-50%	—*	P145
	Recycling rate of amenities that are plastic-containing products specified in law (hotels)	0.03%	50%	100%	P145
	Eco-friendly surface area of green spaces (cumulative) vs FY2021	+ 464,000m ²	+ 1,000,000m ²	+ 2,000,000m ²	P142
Products and services	Water-saving device adoption rate (housing and hotels)	98.3%	99%	100%	P148
	Number of assets subject to effective use	3,289	3,100	—*	P144
	Number of buildings subject to durability extension	8,929	7,150	—*	P144

* To be formulated in fiscal 2026

Challenges for the Future

In the procurement of timber, there is a need to extend the scope of assessment to concrete formwork, fittings, and wallpaper. In addition, we will work to roll out our zero deforestation policy throughout the supply chain. Verification of traceability for procurement of materials such as gravel is also a challenge for the future.

With regard to water risk, due to concerns about an increase in the number of sites in water-stressed areas with the expansion of our overseas sites, we will strengthen our flood prevention measures in areas with high water risk and decentralize our sites of operation. In addition, at present we establish our own targets, but we will consider establishing targets based on the SBTs for Nature v1 guidance going forward.

In terms of expanding the area of ecosystem-friendly green spaces, we aim to take nature-positive action and we are promoting greening using indigenous species. However, verification of outcomes is an issue. In addition, we believe that the identification of significant sites within premises of the Group's facilities will necessitate surveys at our overseas sites, the number of which is expected to increase in the future.

An issue for disclosure is the further refinement of the Group's risks and opportunities. We need to closely examine the main risks and opportunities for the Group while looking at the synergies and trade-offs with TCFD. Moreover, as a method of calculation has not been established for calculating the level of impact of risks and opportunities, we will move forward with considerations that take account of the business characteristics and other features of the Group.

Expert opinion

First, I commend Daiwa House Industry for meeting the challenge of TNFD disclosure at an early stage. I note it was only possible to provide the disclosure content because the Company had already established a zero deforestation policy under its Endless Green Program, which has several initiatives, of which timber procurement is the most advanced. The content of the report can be described as a response to nature-related risks and opportunities that is exactly in line with the mitigation hierarchy that the TNFD focuses on.

On the other hand, the essence of TNFD disclosure is to move toward nature-positive business operations. After identifying nature-related risks and dependencies in general using ENCORE and other tools, the Daiwa House Group must focus more on understanding its points of contact with nature in light of its own business characteristics. Ensuring traceability not only in direct operations but also by looking at the overall value chain and adopting the LEAP approach is an effective way to analyze impacts and materiality in detail, which is the first step to becoming a nature-positive business.

I look forward to continued improvement in the quality of both your environmental initiatives and TNFD disclosures, as well as your creation of case studies to serve as references for other companies.



Yusuke Koike
Finance Group, Nature
Conservation Office
WWF Japan

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

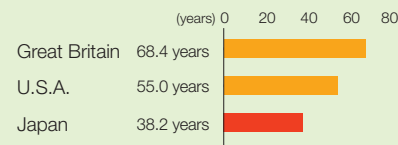
Policy and Concept

Social issues

In conjunction with rising world population and other issues, consumption of the world's natural resources has surged over the years. Consequently, environmental damage resulting from resource depletion and increasing waste generation has grown serious. The 2030 Agenda for Sustainable Development adopted at the United Nations Summit in 2015 underpinned the intention to dramatically reduce waste generation by 2030. The circular (closed-loop) economy concept, which calls for the continual repurposing and reuse of things of value such as products and components, is also gaining increasing attention, particularly in Europe. In Japan, as various recycling laws continue to progress and expand, a foundation is being established to encourage the emergence of a society committed to reducing, reusing, and recycling. The service life of a Japanese house averages about 38 years—extremely short compared to that typical of houses in Europe and North America. This is also considered an issue from the viewpoint of effective use of resources.

With regard to water resources, the United Nations warns that the world's available water will decrease by 40% by 2030. Japan, meanwhile, enacted the Basic Act on the Water Cycle in 2014 as it continues to promote the appropriate and efficient use of water. Furthermore, climate change in recent years is heightening the importance of addressing water-related issues.

■ Average service life of housing, by country



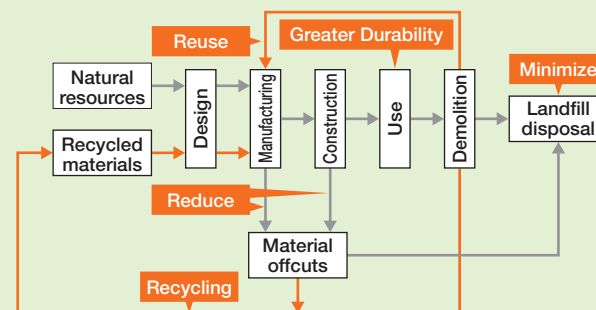
Source:
Ministry of Land, Infrastructure, Transport and Tourism
"Comparison of average age of a home before demolition"
taken from Data on Housing and Economy 2023

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

When one looks at the life cycle of a house or building from the perspective of resource conservation, it is evident that a new building uses many resources, some of which are discarded as scrap during the construction process. Moreover, after being used for many years, the structure must be demolished after it has served its purpose, with all components finally discarded as waste. Clearly, a policy of conservation of these natural resources would lead to waste reduction, use of recycled materials, recycling, and resource conservation in addition to extending the service lives of houses and buildings. Extending the durability of these structures would have significant benefits. The Daiwa House Group constructs a number of buildings for various applications. By leading the shift away from the Scrap & Build approach toward a Stock-type Society that aims to use high-quality houses for a long time, we are making significant contributions to minimizing our use of resources. We reuse and recycle waste generated during the construction and dismantling processes such as waste glass and plastic waste and thus help control the use of new resources not only within our company but also in various industries.

As the Group operates facilities where water usage is high, including power plants, resorts, sports facilities, hotels and nursing facilities, we must also improve water-use efficiency.

■ Flow of resource cycling in housing and building construction



Contributions to SDGs



Risks and opportunities for the Daiwa House Group and its responses

Improper handling of waste remains a risk if there is a lack of mechanisms for properly managing and recycling the construction waste discharged created from new construction sites all throughout Japan. Concerns have also arisen about the potential for future increases in management costs due to stringent regulations on waste and water resources as well as increased processing costs due to the shortage of industrial waste disposal sites. In response, we at Daiwa House Industry have strengthened our management system by assigning waste management specialists to each district and conducting evaluations on all of the waste disposal companies. We have also established a system for collecting construction by-products generated at housing construction sites and recycling them within our own factories. We have thus reduced the risk of improper handling and improved the recycling rate at the same time. Meanwhile, we recognize a business opportunity in markets for houses and buildings with a long service life. We are developing houses that can continually be inhabited over the long term, and together with this, have developed a long-term warranty system. We provide proposals for repair and maintenance through inspection opportunities, which is leading to increased orders for home renovation. Moreover, Daiwa House Group companies have established a system for properly evaluating and marketing the Company's existing houses, and we are focused also on bolstering our brokerage business and purchase and resale business when people make plans to move.

Climate change is causing the increased risk associated with water, such as heavy rain, flood and drought. In the procurement stage, the Group surveys water risks faced by principal suppliers at their factories. In the stage of business activities, we are reducing water consumption with water-saving devices and taking measures against heavy rain and flood at our facilities. 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 phase of their building use. Initiatives in this stage are deemed as opportunities as they contribute to reducing water rate during the use of buildings or the operation of facilities owned by customers, and to increasing customer satisfaction. Offering products with high added values also leads to higher sales.

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

● Road Map for the Long-Term Environmental Vision

2055 2030 2026	6—Challenge ZERO Waste and Reuse					7—Challenge ZERO Water-Associated Risks				
	Minimize the volume of resources used and waste emissions by extending the durability of buildings; zero waste emissions throughout supply chains across the Group					Use water sustainably throughout supply chains across the Group				
	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 at 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 waster risk countermeasure at all owned locations and high-risk supplier locations	
	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%

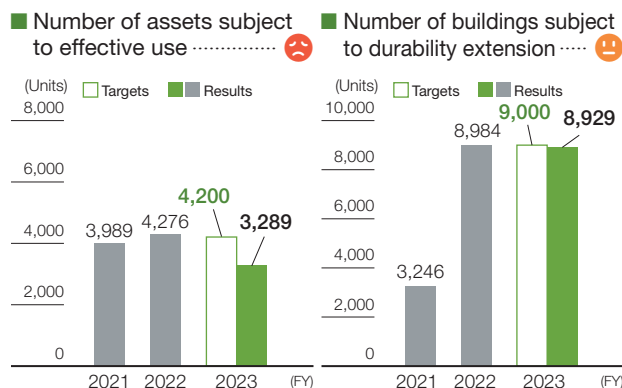
Self-assessment of the Main Targets and Results of Endless Green Program 2026

😊 : Target for fiscal 2023 achieved 🙄 : Target for fiscal 2023 not achieved (achieved 90% or more) 😞 : Target for fiscal 2023 not achieved (achieved less than 90%)

Promote trade of existing buildings and achieve their greater durability

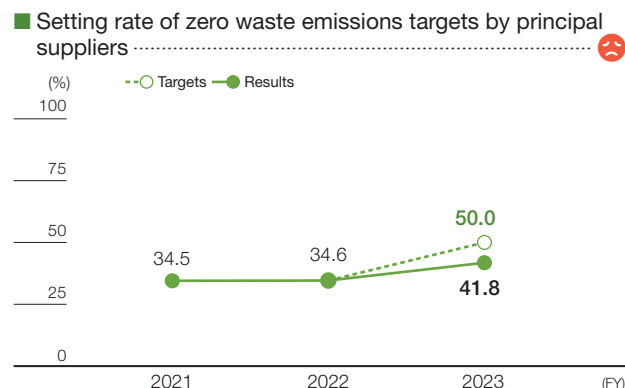
To make effective use of housing stock, we vitalize trade of existing homes and rental housing through purchasing and reselling such houses and mediating the purchase and sales. Despite such efforts, the number of assets subject to effective use, which is a sum of the number of existing buildings that we bought for resale and the number of those we mediated purchase and sales (based on the number of residential units) in fiscal 2023, was 3,289, falling short of the target.

Targeting houses the Company sold in the past and are out of the initial guarantee period, we conducted inspection and diagnosis, and promoted maintenance work for extended warranty. In rental housing as well, we cooperated with management companies and actively proposed warranty extension work to the owners. However, the number of buildings subject to durability extension in fiscal 2023 was 8,929, coming short of the target.



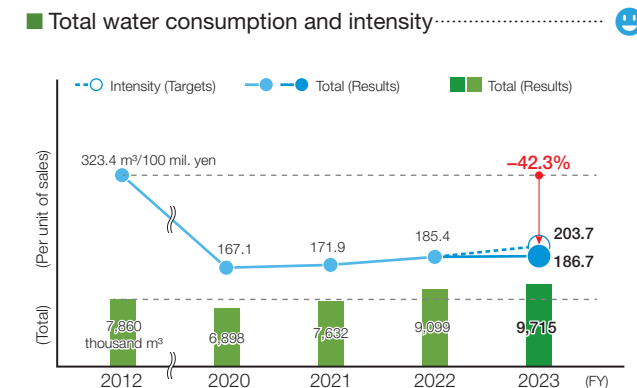
Try to create zero emissions throughout supply chains

Through dialogue with principal suppliers engaged in construction, the Group is encouraging them to set zero emissions targets regarding the waste discharged from their factories. In fiscal 2023, however, we were unable to achieve the target with the setting rate being 41.8%, although up 7.2 percentage points year on year. Aiming for a society committed to recycling, we continue encouraging our suppliers to set the targets.



Target achieved for water consumption per unit of sales

Fiscal 2023 saw some factors for higher water consumption, such as the addition to the Group of a thermal power station which consumes a lot of water, as well as a recovery in guest numbers at sports facilities and hotels. Nonetheless, water consumption decreased due to the sale of resort facilities, and replacements with water-saving devices made at hotels, sports facilities and nursing facilities. As a result, water consumption per unit of sales in fiscal 2023 was on par with that in fiscal 2022, a decrease of 42.3% 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. Retaining the value of buildings for a long time and reducing the frequency of rebuilding through extending their service lives will help reduce the consumption of new resources and contribute to resource conservation. We accumulate a stock of houses with longer service lives that can be continually inhabited over the long term and vitalize trade of existing homes with good quality, in an effort to reduce the impact on the environment.

We will also strengthen and expand the stock business in office and commercial buildings.

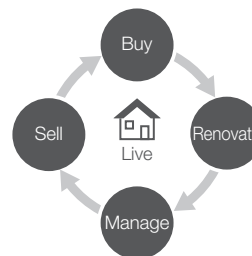
Management

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

To improve the value of the quality existing housing stock, the Group manages such housing across the Group under the Livness brand, which was jointly launched by eight Daiwa House Group companies*. 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 go nowhere else.

The Provision of Quality Housing Stock Association, a general incorporated association established in collaboration with other industry players, is encouraging formation of a market able to appropriately assess the value of quality housing stock.

* Eight companies are Daiwa House Industry Co., Ltd., Daiwa House Reform Co., Ltd., Daiwa House Chintai Reform Co., Ltd., Daiwa House Wood Reform Co., Ltd., Daiwa House Real Estate Co., Ltd., Daiwa LifeNext Co., Ltd., Daiwa Living Co., Ltd., DesignArc Co., Ltd.



Main approach

Effective use of building assets

The Daiwa House Group have set the target for the number of buildings we buy for resale and the number of those we mediate purchase and sales in the area of single-family houses, apartment and condominiums. As a general rule, installation of energy-saving devices (14 items from six categories defined internally) is mandatory on the single-family houses bought by the Company for resale, so as to increase added value of these houses.

Extending the service lives of existing homes

The houses and rental housing the Company offers come with the industry-leading initial guarantee periods. For those buildings sold by the Company, we actively pitch proposals for extending their guarantee periods with maintenance work associated with structural strength, prevention of rainwater permeation and anti-termite treatment, thereby contribute 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.



P080 [Long-term quality assurance](#)



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

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, which is calling for a review of this quick treatment. 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 was enacted in Japan in April 2022 for the purpose of promoting domestic resource circulation for plastics. The act defines five one-way amenity items provided by lodging service operators as the specified plastic-containing products, and requires those providers to make rational use of such products.

The Group decided to reduce the usage of the specified plastic-containing products per number of guests, 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.

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

6—Challenge ZERO Waste and Reuse

Management

Material recycling of waste plastics

We have set a target for the recycling rate of waste plastics material 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 the reuse of them as resources (material recycling). We confirm the amount of amenities they actually use 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 Setsuwa Club, as well as 213 companies among the suppliers to the Group's Daiwa Lease and Fujita, as principal suppliers, and ask them to set zero emission targets. Greater detail on their targets and results are surveyed 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.

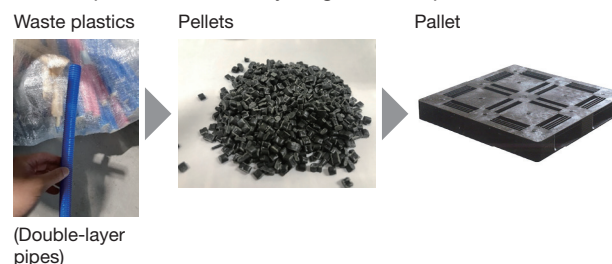
Main approach

Strengthen cooperation with waste disposal 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.

Mie Chuo Kaihatsu has filed with the Ministry of the Environment a business plan on the recycling of our waste plastics into materials, and received a certification as stipulated in Article 48, Paragraph 1, Item 2 of the Act on Promotion of Resource Circulation for Plastics.

■ Example of material recycling of waste plastics



Reduce one-way plastic amenities and promote material recycling

The Group ceases gradually the placement of amenities in guest rooms at its hotels and introduces instead self-service counters so as to reduce the usage of unnecessary amenities. Some of its hotels adopted toothbrush made of bamboo and other products using substitute materials. Material recycling was also started, whereby used amenities are collected to be reused as raw materials.

In fiscal 2023, the use of plastics was reduced by 8.2% from fiscal 2021.

We will continue such efforts, aiming for reduction in the use of plastic amenities and for total recycling of plastics resources.



An amenities counter at La'gent Hotel Kyoto Nijo (Kyoto Prefecture)



Toothbrush made of bamboo Nishiwaki Royal Hotel (Hyogo Prefecture)

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

The survey conducted with principal suppliers in fiscal 2023 shows that 41.8% of suppliers have set their zero emission targets, up 7.2 percentage points year on year. We hold Zero Emission Dialogue with suppliers without such targets, and in fiscal 2023 had dialogues with nine suppliers and asked them to set the targets, while also confirming how they are disposing of waste.

We continue dialogues with suppliers and aim to raise the setting rate of their zero emission targets.

■ 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)

The Daiwa House Group produces main housing and system construction products at its own factories in keeping with the corporate mission, Industrialization of Construction. In order to minimize waste, 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, dismantling and renovation.

Management

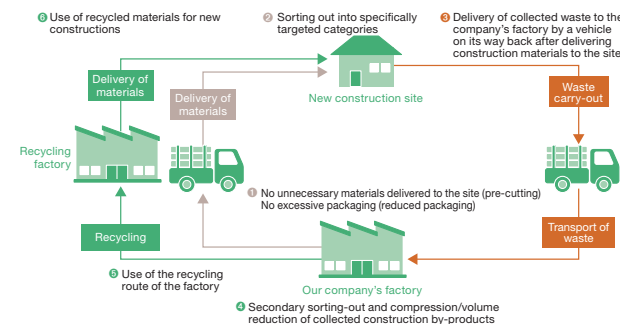
Adopting product development, design, and construction processes conducive to resource conservation and recycling

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 according to 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 to collect, transport and dispose of waste, and confirm that they perform proper management.

Improving the recycling rate with our Factory Depo

Daiwa House Industry have 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 emission of waste.

■ 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 floor to a one that is about 75% lighter than the conventional one. Construction signboards, which have been unrecyclable due to the usage of combined materials of expanded polystyrene and aluminum, will be changed to ones composed mainly of recycled waste-paper. In cooperation with paper manufacturers, we will establish a system for total recycling. Carpet tiles we purchased for use at temporary offices erected at construction sites have been

replaced with leased ones. These tiles are collected, cleaned and stored by our Group company DesignArc to be reused in other offices at new construction sites.

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, facilities for the elderly, warehouses, and medium sized factories. In addition to conserving resources through comprehensive rationalization of steel-frame buildings, these system construction products can be factory-manufactured and processed to the specified design dimensions for principal members; moreover, they help minimize the generation of waste at the construction site.

We embarked on the production of precast bedding with spandrel walls in fiscal 2021, aiming to reduce scrap of plywood concrete form and material loss at construction sites. In fiscal 2023, we adopted system construction products in 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, have them wear protectors 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.



P146 Environmental Data Specially controlled industrial waste emissions (Daiwa House Industry)

■ 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

Identifying and minimizing risks to water resources, and reducing water consumption in our corporate facilities as well as houses and buildings

Water supplies are forecast to tighten drastically due to climate change, and the importance of conserving aquatic environments is nearly universally recognized. 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, golf courses, and resort facilities) 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 map for sites with high flood risk (offices, factories, commercial facilities and others that attract large crowds) to take countermeasures.

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 12 companies in 19 sectors (divisions) with water consumption of over 10,000 m³ among its principal 21 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 and promote the adoption of water-saving devices to reduce water consumption.

Efforts in managing water risks throughout the supply chain

Since our Group procures materials produced in Japan and overseas via our suppliers, we believe 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 assessment of water risk and encouraging improvement through periodical surveys implemented with principal suppliers to three Daiwa Group companies (the Company, Daiwa Lease, and Fujita) on their progress they 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.



P150 Environmental Data Water risk assessment results in timber-producing countries

Participation in Water Project organized by the Ministry of the Environment

The Ministry of the Environment organizes Water Project to protect water resources. The Group has endorsed its purpose and joined the project in 2018.

We are promoting activities to reduce water consumption and adoption of water-saving equipment at single-family houses and apartments.



Water Project

Main approach

Promotion of employment of water-saving equipment for houses, condominiums, hotels, and nursing facilities

To reduce water consumption once people have moved into their houses, 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 2023 was 98.3%. Aiming for installation of devices with greater water-saving performance, we have set a target of 80% installation rate of water-saving shower systems with both shut-off valves and low flow shower heads by fiscal 2026 at single-family houses to be built by the Company. The adoption rate in fiscal 2023 was 64.2%, up 29.7 percentage points year on year. Installing a water-saving shower system achieves a 32% reduction in water consumption.



P148 Environmental Data Water-saving device adoption rate, Water-saving device adoption rate by department (FY2023)



Water-saving shower system

Assessing water stress levels at Group facilities

In setting targets for 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 our facilities are located. The water stress levels were evaluated using WRI Aqueduct*, 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 decided to set targets within a range that is deemed reasonable to each facility. Meanwhile, the assessment in fiscal 2023 identified some overseas facilities with water consumption of over 10,000 m³ that are located in areas deemed as faced by water stress. Given this result, we strive for efficient use of water and consider setting relevant targets. 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.

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



P150 Environmental Data Water Usage in Water Stress Areas (Water Intake)

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

7—Challenge ZERO Water-Associated Risks

Water conservation across the Group

We ascertain the volume of water intake, wastewater discharge and recycled water across the Group, formulate a water management plan for the 12 companies (in 19 sectors) with water consumption of over 10,000 m³ among its principal 21 Group companies, and reduce water consumption according to the status of water stress faced by each facility. 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 replacements with water-saving equipment and installation of water-saving devices, and share case studies amongst Daiwa House Group companies and develop them horizontally. 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.

□ P148 Environmental Data Water consumption

P149 Environmental Data Water conservation measures at each facility (FY2023)

Water recycling at our Head Office building and power plants

At Head Office building (Osaka Prefecture) of Daiwa House Industry, we reuse waste water from air conditioners, etc. and rainwater for washing toilets after treating them for recycling. We also put to total recycling of the cooling water generated at Hibikinada Power Station that joined the Group in January 2023.

□ P150 Environmental Data Water recycling in each facility (FY2023)

Water risk assessment at Group facilities

Some of the facilities, such as factories and golf courses operated by our Group companies are with high water consumption, presumably using toxic 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 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 map 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 with such risk, on-site investigations are being made in order to identify the risks in more detail and implement countermeasures.

*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)

□ P150 Environmental Data Results of Comprehensive Water Risk Assessment at Group Facilities

Water risk evaluation at suppliers' factories

In fiscal 2022 and fiscal 2023, we surveyed 213 principal suppliers to three Daiwa Group companies (the Company, Daiwa Lease, and Fujita) to ask them about water intake, wastewater discharge, restrictions on water intake, potential impact from flooding, capital investment, compliance, water-related targets, hazard map of their factories and flood proofing measures. Overseas factories were 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. The survey was responded by a total of 93.9% of the principal suppliers. The survey revealed that some factories are located in areas at risk of inundation on hazard map. As part of business continuity plans (BCP), we implement supplier diversification and management of supplier locations.

At a time of emergency for 45 companies (69 components) that the Company positions as critical in the first phase, we assess the extent of damages incurred not only at their tier-1 production sites, but also their tier-2 and tier 3 sites. Also, simulations are conducted according to four categories from equipment failures to disasters in the manufacturing site areas, and business continuity plans (BCP) have been prepared in light of the actions to be taken by each manufacturer. We plan on checking the same on 152 companies that are sources of centralized purchasing (676 components) deemed critical in the second stage, with a view to the completion during the period of the Seventh Medium-Term Management Plan.

□ P150 Environmental Data Implementation rate of water risk surveys by principal suppliers

Topics

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

When building new facilities for the company's Sports Club NAS, we are 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 reductions in 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 limiting water consumption and good service quality may cause an unavoidable trade-off. To maintain the quality of our service, we carefully select the latest water-saving devices and achieve water-saving steadily with stable maintenance and management of devices.

At present, our Sports Club NAS has installed 87 waterless urinals at 22 clubs and 1,872 water-saving showers at 41 clubs. The installation has reduced water consumption by 16,362m³ per month, allowing a 3.6% reduction in the total volume of water consumed by Sports Club NAS.



Waterless urinals



Water-saving showers

Prevention of chemical pollution

Contributions to SDGs

3.9
3.d

11.6



12.4

Policy and Concept

Social issues

At the World Summit on Sustainable Development (Johannesburg Earth Summit 2002), the commitment was signed to aim by 2020 to use and produce chemicals in ways that do not harm 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 regulatory framework*2, and the RoHS Directive*3. Domestically as well, restrictions have been tightened such as 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 lowered some of the Indoor Threshold Limit Values of Chemical Substances in 2018. In this situation, further multidisciplinary approaches by the construction and medical industries 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 (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 prohibit the use of these substances

*4 The Pollutant Release and Transfer Register (PRTR) and SDS system have underpinned the law aimed at promoting voluntary improvement of chemical substance usage by business operators and are preventing obstacles to environmental protection.

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 local waterways. 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 partners and suppliers. Other steps the Group takes to minimize their impact include reducing use of harmful substances and deploying alternatives. This is also effective from a prophylactic perspective. Further, regarding the use of our housing and buildings after delivery, while there are growing concerns about the health effects of volatile organic compounds (VOCs) emitted from building materials, we are seeking to reduce risks by collaborating with suppliers to develop and popularize low-VOC building materials and by providing appropriate information.

Moreover, almost all of our new construction sites—over ten thousand annually—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 (including governments, intergovernmental organizations, civil society, the private sector, and academia)

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 implement improvements at certain number or more of properties after measuring and assessing the measured values. Meanwhile, by responding to requirements related to health considerations for houses and buildings, it can be expected that we 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 pitch proposals of health-conscious specifications with more emphasis on the indoor air environment.

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 (land not in use due to contamination) after doing appropriate surveys and managing the contamination properly.

Prevention of chemical pollution

Road Map for the Long-Term Environmental Vision

2055 2030 2026	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				
	Reduction rate of Release and transfer of PRTR-listed substances (per unit of sales) vs FY2023 (to be confirmed)	Reduction rate of VOC emissions (per unit of sales) vs FY2013	-40%	Compliance with voluntary standards for indoor air quality	100%
	Reduction rate of Release and transfer of PRTR-listed substances*1 (per unit of sales) vs FY2023	Reduction rate of VOC emissions (per unit of sales) vs FY2013	-0.3%	-35%	Compliance with voluntary standards for indoor air quality 100%

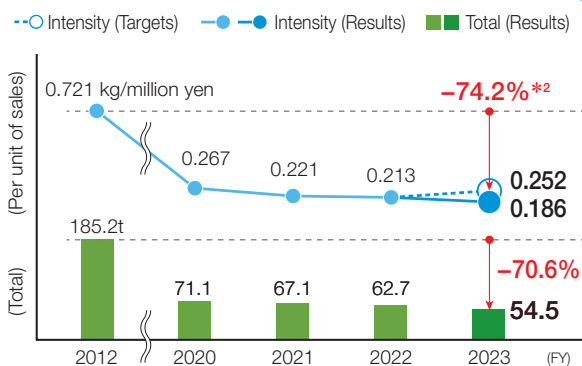
*1 PRTR-listed substances for FY2023 were revised following the amendments to the PRTR Law. Assessment by FY2023 is made on the same substances as those in FY2012, and on new substances listed in the amended Law starting from FY2024, using FY2023 as the base year.

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

Release and transfer of PRTR-listed chemicals achieved targets by reducing solvent concentration in paints and changing how welding is done

In fiscal 2023, release and transfer of PRTR-listed chemicals per unit of sales declined*2 by 74.2% from fiscal 2012, meeting our target, by reducing the amount of welding with the use of improved design systems at our company's housing factories, using milder solvents for paints and thinners, and changing how welding is done at building sites. The Group's DesignArc and Daiwa Lease reduced solvent concentration in paints and used aqueous paints.

Release and transfer of PRTR-listed chemicals

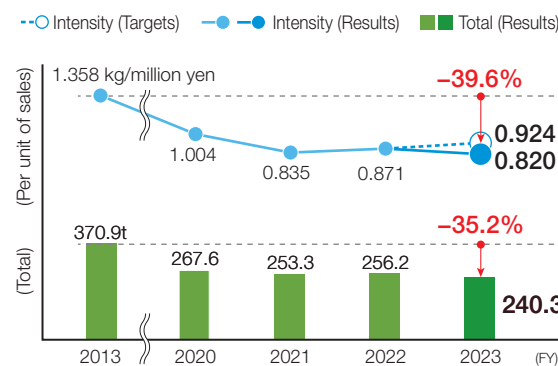


*2 PRTR-listed substances were revised in FY2023 following the amendments to the PRTR Law. Reduction rate in FY2023 is calculated relative to the benchmark for the base year FY2012 as to the same substances.

VOC emissions achieved targets by reducing the amount of waste paints, using aqueous paints and modifying how paint is applied

In fiscal 2023, VOC emissions per unit of sales declined by 39.6% from fiscal 2013, meeting our target, due to reduction of waste paints through improved production control at our company's housing factories, as well as the use of aqueous paints at the Group's Daiwa Lease and promotion of electrostatic paint application at DesignArc.

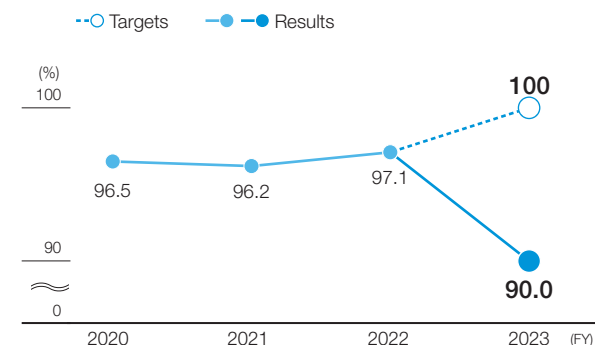
VOC emissions



Compliance rate with voluntary standards for indoor air quality missed target with 90.0%

In fiscal 2023, the compliance rate with voluntary standards for indoor air quality was 90.0%, thus falling short of our target level. The result was due to 1 apartment that exceeded the voluntary standards. We will continue promoting the adoption of alternative low formaldehyde emitting materials. We will also step up our efforts in this area, for instance by ensuring enough ventilation when work is being done.

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 benign 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: prohibited, subject to control or restricted, and subject to 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
Level 1 <Use prohibited> Substances and substance groups that are prohibited to be used in all products.	All procured products
Level 2 <Control required / Use restricted> Substances and substance groups for which the status of use in major construction materials should be identified. (Some materials have restrictions on their use.)	
Level 3 <Monitoring required> Substances and substance groups for which the status of use in major construction materials should be identified.	Housing products (single-family, low-rise rental housing)



P015 Supply chain management (Environment)



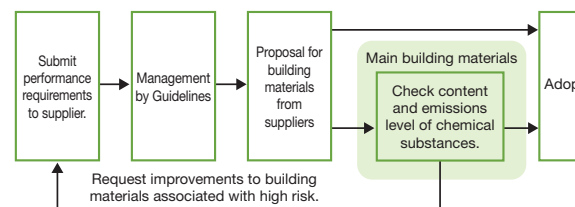
➤ Supply Chain Sustainability Guidelines

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 stricter voluntary standards (targets) for the five Substances designated for mandatory measurement*1 under the Housing Quality Assurance Act*2 than the guideline values specified by the national government*1. In fiscal 2018, we established the Indoor Air Quality Measurement Guidelines, after the Ministry of Health, Labour and Welfare changed the

guideline values. We follow the Guidelines to measure indoor air quality to achieve better indoor air environments.

*1 Substances designated for mandatory measurement and national guideline values: Formaldehyde (100 µg/m³), toluene (260 µg/m³), xylene (200 µg/m³), ethylbenzene (3,800 µg/m³), and styrene (220 µg/m³)

*2 Act regarding the promotion of quality assurance of houses

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 Japanese formaldehyde emission class F four star*. In our single-family houses 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 it on completion of construction 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 health-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 to health-oriented specifications that focus on the indoor air environment 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 mutagenesis. 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, Development Department selects for low-harm materials when new materials specifying new ones, 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 asking manufacturers to develop alternative paints. In this way, we are working across the company to reduce pollution risk from harmful chemical substances.

Preventing air pollution and water pollution

In addition to having taken preventive steps by taking measurements and performing inspections as per the Air Pollution Control Law and Water Pollution Control Law at all our factories, we at Daiwa House Industry have strengthened our management system and 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

Reduction in toxic chemicals in our procurement and business activities

facility for the electrodeposition coating equipment, which is the main source of discharge to public waterways. In addition, our factories in Kyushu, Nara, and Ryugasaki deploy D's FEMS* and are monitoring for abnormalities in wastewater facilities. In fiscal 2023, no values were detected in excess of water quality, smoke-emission, or other benchmarks set forth by environmental laws and regulations.

As part of our community-based initiatives to maintain water quality, our Tohoku, Niigata and Okayama Factory have concluded an agreement which stipulates stricter wastewater discharge requirements than the national ones with each city and local irrigation associations, etc. These plants communicate with local communities through regular reports of their water quality monitoring results and other activities.

* Our unique plant energy management system

Main approach

Reduce PRTR-listed chemicals by reducing the amount of paint used and adopting non-organic solvent inks

Our factories are engaged in activities to reduce PRTR-listed chemicals. In Nara Factory, we switched inks to be printed on steel frames to those not listed in the PRTR Law and reduced the amount of chemicals. At Mie Factory, spray nozzles were replaced with ones that eject low paint volume, which reduced the amount of paint used.

The Group's DesignArc switched some of its undercoats on indoor stairs to paints with low solvent concentration not containing PRTR-listed substances (Ethylbenzene, Xylene and Toluene). This will reduce the release and transfer of PRTR-listed chemicals by 5.3% per year.

Our Group company Daiwa Lease continues reducing solvent concentration in anticorrosive paints for steel frames, while also working to reduce solvent concentration in topcoat for steel frames. We are now making a shift to the new topcoat that has reduced PRTR-listed chemicals by approximately 11.5% compared to the paints used in fiscal 2019.

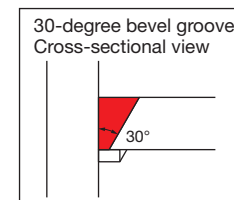
Reduce the amount of welding through adopting the 30-degree bevel groove

As a result of the revision of the "Structural Steelwork Specification for Building Construction JASS6" by the Architectural Institute of Japan in January 2018, a 30-degree groove angle was newly added to the single bevel groove* with 35-degree groove angle. While general adoption had not progressed, our factories were one of the first to adopt this standard for H-beam steel flange welds in offices, factories, logistics centers and other buildings, including our company's training facilities, and achieved reducing the amount of welding.

As a result, the projects which adopted the standard successfully reduced release and transfer of PRTR-listed chemicals (manganese and its compounds) because of reduction in the amount of welding.

We will continue working to reduce PRTR-listed substances by increasing the adoption of the 30-degree bevel groove.

* A groove to allow the two parts to be joined together



Reducing the amount of welding (the area in red) by changing the degree of the bevel groove

Reduce welding materials with the use of improved design systems

For some of our single-family housing products, we systemized the designing process of roof structural sections in October 2022. Optimizing the portions to be welded, we successfully reduced welding materials.

For the large roof beams of our rental housing, we identified joints on the beams of every building and reduced the number of welding plates to the minimum required by linking the branches' CAD design systems with the factories' equipment management system. This method was first applied to new products with production start in December 2022. Compared to the operation before the introduction of the system, we reduced the number of welding plates by approximately 9,000, which is estimated to reduce the welding length by about 1,700 m annually.

As a result of these initiatives, we achieved reduction of PRTR-listed chemicals (manganese and its compounds) contained in welding wire.

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 if not eliminate risk due to soil contamination with rigorous management spanning the procedures from soil surveys to contamination countermeasures throughout property-acquisition to construction process as well as for land we own.

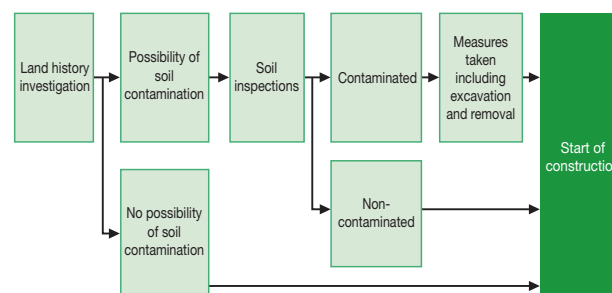
Management

Preventing the spread of soil contamination accompanying land transactions and construction

In principle, prior to purchasing any land, we investigate into 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 a quality inspection on the soil and in areas where a contamination risk arises from the soil that is carried in or out. 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



P103 Deliberation by Business Investments Committee

Main approach

Brownfield Redevelopment

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

Examples of brownfield sites developed (results in FY2023)

Location	How site was used	Estimated area	Intended use
Tokyo	Factories	4,800m ²	Commercial buildings
Tokyo	Factories	18,200m ²	Condominiums
Chiba Prefecture	Factories	33,200m ²	Logistics center
Tokyo	Offices	5,700m ²	Apartment buildings
Ishikawa Prefecture	Factories	18,000m ²	Logistics center



P014 Environmental Education and Awareness-Raising

P122 Environmental Data Environmental education provided (FY2023)

Implementation Report

Society

CHAPTER

02

Main results in fiscal 2023

▶ Ratio of females in management

Non-consolidated

5.8%

Consolidated

6.2%

▶ Ratio of childcare leave taken
by male employees

Non-consolidated

66.5%

Consolidated

57.6%

▶ Average female salary as
percentage of male

Non-consolidated

57.9%

Consolidated

49.1%

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Employee compliance

Securing and developing human resources linked to business strategies

Nurturing a psychologically sound organizational culture

Generating new value, DE&I (Diversity, Equity & Inclusion)

076 **Social capital**

Socially inclusive community development

Improvement of customer relations

Dialogue and coexistence with local communities

084 **Manufacturing capital**

Developing and providing high quality, safe, and secure products

Supply chain management (Society)

Enforce safety/security at construction sites

■ Human rights management

Basic policy on respect for human rights

In January 2018, after gaining an understanding of the corporate responsibility to respect human rights set forth in the United Nations Guiding Principles on Business and Human Rights, and after receiving advice from outside experts, we established the Daiwa House Group Human Rights Policy following a Board of Directors resolution in December 2017.

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

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



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

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



P062 [Response to employee harassment issues](#)

• The Supply Chain Sustainability Guidelines

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



➤ [Supply Chain Sustainability Guidelines](#)

• Timber Procurement Policy to Achieve Zero Deforestation

In 2021, we adopted a timber procurement policy aimed at achieving zero deforestation. In accordance with this policy, we aim to purchase timber only from suppliers that handle products harvested or manufactured with due consideration for the safety and rights of workers and indigenous peoples in the country of origin.

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

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



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

Management

Structure relating to human rights issues

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

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

The information is also reported with other risks to the

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

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

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

System for human rights awareness-raising

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

• Creating a human rights risk map

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



P063 [Identifying and assessing negative impacts on people in human rights due diligence](#)

■ Human rights management

・ Engagement Survey

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

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

For our business partners, we have established the Supply Chain Sustainability Guidelines as a comprehensive code of conduct concerning human rights, labor practices, anticorruption (including bribery), quality, safety, environment, and compliance. We require our tier-one business partners in Japan to submit a letter of consent to the Guidelines. We call on our business partners to operate their businesses in a way that is free of harassment, child labor, and forced labor in accordance with the Supply Chain Sustainability Guidelines. In addition, business partners are asked to answer regular self-checks based on the Guidelines. We collect the results to confirm and monitor the degree of implementation.

 [Supply Chain Sustainability Guidelines](#)

・ Questionnaire survey with business partners

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

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

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

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

・ Questionnaire survey on human rights of foreign workers

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

 [P063 Identifying and assessing negative impact on people in human rights due diligence](#)

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

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

 [P035 Challenge ZERO Deforestation](#)

・ Conducting human rights due diligence with sources of centralized purchasing

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

Human rights awareness-raising activities for employees

・ Human rights awareness-raising training

The Daiwa House Group is focused on training to raise awareness of human rights for obtaining proper knowledge. All employees across the Group, including managers, attend training courses on human rights awareness-raising at least once a year. Further, a program of ongoing job grade-specific training for executives, managerial staff, chief staff, and new recruits to ensure that they fulfill their responsibilities with regard to human rights in accordance with their roles.

・ Harassment training

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

■ Human rights management

Various whistleblowing systems

The Daiwa House Group has several whistleblowing hotlines, accessible to all stakeholders, in place to check, detect, and correct infringements of human rights, violations of law, and acts of dishonesty at an early stage. When solving reported problems, in accordance with the Whistleblowing Protection Act and the company regulations, the intention of the consulters is respected and the facts are confirmed through interviews with people involved and other means and then efforts are made to take appropriate actions and prevent recurrences.

A Risk Management Subcommittee has been established comprising the departments in charge of the consultation hotlines. This subcommittee regularly monitors the status of responses to the inquiries made through the hotlines and reports critical cases to the appropriate internal organization such as the Board of Directors and Disciplinary Committee.

・ Protection of whistleblowers

Seeking to enhance the rationality and uniformity of these whistleblowing systems, the Daiwa House Group Whistleblowing Regulations were formulated to apply to all such systems with the exception of the Auditors' Whistleblowing System*. In order to protect whistleblowers, these regulations clearly state that any information that may identify whistleblowers, the content of their reports, evidence, and so forth is strictly confidential, that identifying whistleblowers without good reason is prohibited, and that discriminatory treatment of whistleblowers or those who took part in ascertaining the truth of such cases is prohibited. All whistleblowing hotlines accept anonymous reporting to protect whistleblowers.

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



P155 Social Data 1-1

The results of the whistleblowing system operation

■ Scope and operation of whistleblowing systems

Whistleblowing system	Division	Purpose	Scope	Main means of reporting
Human Rights Hotline	Human Rights Promotion Department	Detect harassment and other human rights infringements early and work to resolve them. Field complaints and work to rectify issues when blatant unfairness is suspected in performance evaluations.	All employees of Daiwa House Group*	Telephone, Email
Risk Information Hotline	Legal Department	Collection of information on and addressing risks, non-compliance, and irregularities across the entire group in line with our Risk Management Regulations.	All employees of Daiwa House Group*	Telephone, Intranet reporting form
Partners Hotline	Engagement Promotion Department	Early detection and resolution of problems that may lead to violations of law or other inappropriate behavior by Group employees in their relationships with business partners (including labor problems, human rights, and preventing corruption).	All business partners that deal with Daiwa House Group	Telephone, Website (external from fiscal 2024)
Lawyer Hotline	Legal Department	Establish external consultation hotline to improve psychological safety and expand channels for gathering risk information.	All employees of Daiwa House Group*	Telephone (external), Email (external)
Global Whistleblowing System	Legal Department	Provide a whistleblowing system that allows reports from overseas worksites in their local languages. * The languages supported are those of the Group's main overseas worksites.	All employees of Daiwa House Group based in overseas*	Email (external)
Auditors Whistleblowing System	Audit and Supervisory Board Member's Office	In line with Supplementary Principle 2.5.1 of the Corporate Governance Code of Japan, more objective verification and appropriate action can be taken due to the establishment of a means of direct reporting to Auditors, who have a supervisory function independent from operation departments.	All employees of Daiwa House Group*	Intranet reporting form
Reporting using the form available on the Daiwa House Industry Official website	Depends on content	Accept inquiries from community residents or other stakeholders and take appropriate action.	Community residents or other stakeholders	Form on the Daiwa House Industry Official website
Customer Consultation Service	CS Promotion Department	Established a system for sincerely and quickly responding to complaints and opinions received from customers on the basis of company rules that comply with the ISO 10002 international standards for complaint handling aimed at consumer protection.	Customers	Telephone, Email, Form on the Daiwa House Industry Official website

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

■ Human rights management

Management of employees' work hours

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

Response to employee harassment issues

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

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

Main approach

Stakeholder engagement in applying human rights due diligence

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

 P063 [Identifying and assessing negative impact on people in human rights due diligence](#)

P156 [Social Data 1-4
Engagement with key stakeholders concerning human rights issues](#)

Human rights risk assessment of business partners

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

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

 P162 [Social Data 4-1
Supply Chain Sustainability Guidelines Agreement
collection rate/Self-check response rate](#)

 [Supply Chain Sustainability Guidelines](#)

• Human rights violations by armed guards

As we expand our business around the world, we may employ security companies to ensure the safety and security of our employees. In fiscal 2023, no human rights violations by armed guards were reported at any of our business partners.

Implementation status of human rights awareness-raising activities for employees

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

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

Human rights management

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

Process of identifying human rights risks

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

STEP 1

Identifying high-risk business areas

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

STEP 2

Identifying how negative impacts occur

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

STEP 3

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

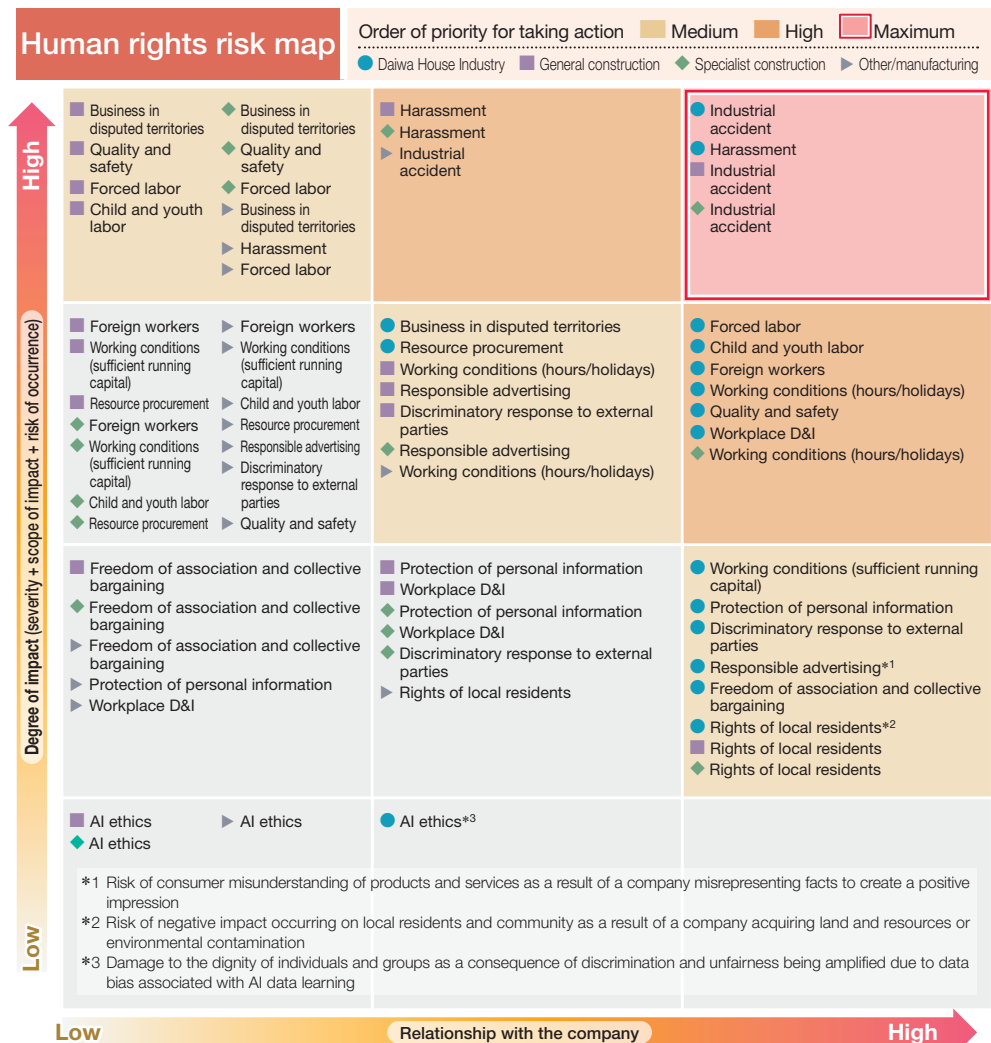
Based on the Ministry of Trade, Economy, and Industry's Guidelines on Respecting Human Rights in Responsible Supply Chains, we scored our relationships with companies that answered our questionnaire, adjusting the relationship score according to the assessment of whether our corporate activities are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

STEP 4

Deciding order of priority (degree of impact)

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

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



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

Human capital

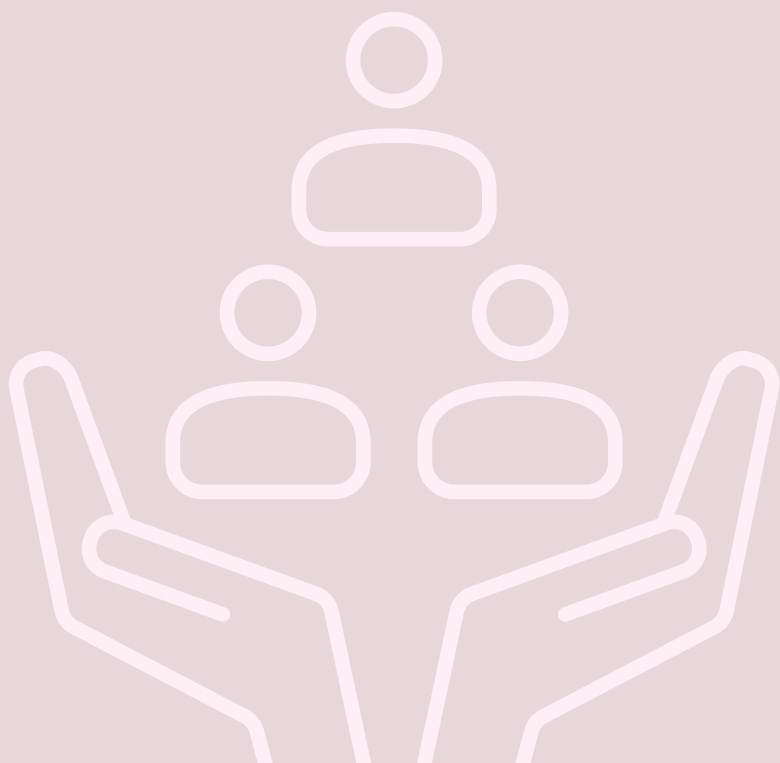
Contributions to SDGs



Human capital

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- 066 | Securing and developing human resources linked to business strategies
- 069 | Nurturing a psychologically sound organizational culture
- 073 | Generating new value, DE&I (Diversity, Equity & Inclusion)



Human capital

Employee compliance

Concept and Policy

In light of rising demands and expectations for corporate ethics and compliance from outside the Company, as well as the increase in Group companies in and outside of Japan, the Group has formulated and regularly revises the Daiwa House Group Principles of Corporate Ethics and Code of Conduct. Consequently, the Board of Directors resolved to formulate English and Chinese versions of this document, which it published in April 2022, based on a global perspective and standards, taking into account the laws, regulations, and guidelines of each country. The scope of its application covers all officers and employees of the Group, and the top management of each Group company ensures that their officers and employees strictly adhere to the Daiwa House Group Principles of Corporate Ethics and Code of Conduct, themselves taking initiative and setting an example while being responsible for ensuring transparency and fairness in business operations.



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



P101 [Internal control](#)

Management

Education for employees on compliance with laws, ordinances, and regulations

In order to promote the acquisition of knowledge of laws, ordinances and regulations and raise the awareness about risk management, we actively implement training programs for corporate compliance. More specifically, we implement training for each class of employee, such as new employees, core employees and managers, in order to cultivate the knowledge and grounding they require, and training for each respective business segment to acquire relevant knowledge of laws, ordinances and regulations and so on. In addition to training programs organized by the Head Office's departments, each branch is encouraged to practice its own compliance-related activities.

Distribution and utilization of “ENGAGEMENT BOOK”

For all employees to put the Principles of Corporate Ethics and Code of Conduct into practice, from fiscal 2004 we have created and distributed the educational booklet “CASEBOOK” to all employees. This booklet introduces concrete case examples so the employees can make decisions in line with the corporate ethics under any circumstances.

Following on from this, in 2024 we published the “ENGAGEMENT BOOK” as a booklet that provides an awareness of improving the work environment and organizational culture. This booklet is structured with an emphasis on “dialogue,” as it also aims to learn about employees’ thoughts and what they value through work. Discovering and improving upon organizational issues through dialogue among supervisors and subordinates, and senior and junior staff, will lead to heightened job satisfaction and other accomplishments.



➤ [Daiwa House Group's Hopes for the Future \(Purpose\)](#)
(Japanese text only)



ENGAGEMENT BOOK cover

Response to compliance violations

The Company's disciplinary regulations set forth specific disciplinary procedures, standards, etc., with regard to violators of compliance who have been identified through each whistleblowing contact point and questionnaire survey. Violators are reported to the Disciplinary Committee, chaired by the President and CEO which investigates the details of the violation and the cause of its occurrence, and based on that holds violators accountable. The causes of violation cases are shared through awareness-raising activities and various training programs at each branch to prevent recurrence.



P061 [Various whistleblowing systems](#)

P059 [System for human rights awareness-raising](#)

■ Human capital

Securing and developing human resources linked to business strategies

Concept and Policy

Ever since its founding, the Company has believed that the heightened value of our human resources is the source of our corporate value, based on “developing people through business” as espoused in our Corporate Creed.

For the Group, with its wide-ranging business portfolio, assuring diverse human resources linked to its business strategies is an issue of utmost importance. In recent years, there appears to be an escalating competition to acquire human resources as well as rising mobility of human resources, and given this, questions arise about how to provide appealing work styles and what opportunities for growth can be offered. In addition, there is a demand to create work environments that enable a mutual understanding of respective values by a wide variety of generations and that can accommodate diverse career perspectives.

In fiscal 2023, we formulated our Human Resources Development Policy based on the concept of “Keep Learning, Growing, and Dreaming” in support of employees’ autonomous career development through the building of three foundations (creation of opportunities, coworkers and workplaces) for the growth of all employees.

■ Human Resources Development Policy



In addition, overseas Group companies are promoting local hiring at each location based on the idea of hiring and training local human resources in each country.

□ P160 **Social Data 2-4**
Investment in human resource development

Management

Strengthening competitiveness in recruitment and securing optimal human resources

・ New graduate recruitment

In the selection process, starting with new graduates hired in fiscal 2024, we are allowing students to choose between the “To Do Course” (recruitment by business unit and job category) and the “To Be Course” (free selection not depending on business unit and job category)*.

Students who have a clear idea of what they want to do and which of the Company’s businesses they want to be involved in will take the “To Do Course.” On the other hand, students who are interested in the Company but have not yet made a firm decision on the business type or work category they prefer should choose the “To Be Course.” Through the selection process and dialogue with employees, we will assess their individual aptitudes before assigning them to the most suitable type of business or position.

In addition, to sustainably recruit students who are hoping to work in technical positions, we have implemented “recruiting activities” where alumni and alumnae from schools that wish to bolster hiring form close relationships with students at their alma mater. A recruitment team with three alumni/alumnae of different generations is formed for each university or college. The purpose of this program is to build relationships with universities and to make the Company more attractive by conducting extensive university visits and student follow-ups.

* The ability to select the “To Do Course” and the “To Be Course” is available only to those in sales positions. Those in technical positions are limited to the “To Do Course.”

・ Mid-career recruitment

The recruitment of human resources who have gained experience at other companies is, we believe, essential to the sustainable growth of the Company from the perspective of ensuring diversity. Given this, we have implemented a referral recruitment program in which we select employees through referrals from our own employees. Referral hiring is a system in which our employees introduce their friends and acquaintances, making it an effective recruitment method from the perspective of high matching rates and retention after employment. In

October 2021, we introduced a system to provide a “referral allowance” to employees when their recommended candidates joined the Company as an incentive to all employees to cooperate in the referral hiring activities. Furthermore, we also hold online seminars related to the construction industry in order to discover potential career changers and endeavor to attract their interest in the Company’s initiatives.

Initiatives to raise interview abilities

Under the leadership of the Human Resource Recruitment and Development Department, all employees at all branches involved in hiring are informed and educated so that they share the same image of the ideal candidate and our hiring criteria. Employees who have undergone interview training by outside instructors serve as interviewers and conduct the selection process to perform recruitment activities not influenced by biases, feelings, or assumptions.

In addition, for new graduate recruitment for fiscal 2025, we have introduced an online interview support system that utilizes AI as an initiative to further raise interview abilities.

Nurturing human resources through workplace practice

We believe that employee growth is achieved through “practice” in the workplace, and therefore consider OJT to be of the utmost importance for not only new employees, but also for supervisors and senior employees in the workplace to provide guidance with actual hands-on work experience.

To ensure that human resource development is deliberately and systematically incorporated into daily OJT training, we have developed an evaluation and development interview system whereby chiefs and those in general positions discuss with supervisors about setting semiannual work achievement goals and growth targets. Subsequently, once a quarter they meet with supervisors to review and to discuss how to overcome the challenges they face in achieving their goals. In addition, we operate a target management system for managers to encourage their further growth as well as the achievement of organizational goals by regularly setting and evaluating goals through interviews with their supervisors.

■ Human capital

Securing and developing human resources linked to business strategies

In addition, from fiscal 2023, we have introduced a program to update management skills for all middle managers who are the line managers that bridge management and general employees. In this context, we also provide training to have OJT and one-on-one meetings function effectively. In the future, we will roll out this training to all middle managers to strengthen human resource development through practical application in the workplace.

Collaborative Training Support System linking business division/Group company

We hold a Human Resources Development Liaison Council meeting every month, aiming for the sustainable enhancement of educational measures. Training representatives from each business unit are invited to share training content and methods, and to discuss how education should be provided to develop the individuality and capabilities of employees. In addition, the Company's Human Resources and Interpersonal Relationships Development Department and the training representatives at each Group company periodically conduct information exchange, thus strengthening human resource development across the Group.

Human resource development system through OJT for new employees

At the Company, we provide training and support for new employees throughout the organization. Managers, such as sales office managers and section managers, are responsible for OJT, and OJT elders are appointed as leaders to conduct OJT. In addition, we appoint OJT Assistants who are close to newcomers in seniority and can provide informal counsel. To facilitate efficient on-the-job training in the workplace, following their appointment they use means such as e-learning to study basic OJT knowledge and skills, methods of instruction and how to engage.

Main job-grade-specific training for human resource development

・ Recruit training

This program is positioned as an important period for recruits to build a “foundation,” not only as a member of society, but also as an employee of the Company, and throughout the year, they learn everything from basic behavior to practical training at construction sites, regardless of their job type. Training is then conducted multiple times to acquire practical knowledge and skills and to confirm the extent of their learning. As for those in sales positions, regardless of the department to which they are assigned, they experience our core business of housing sales within about four months after joining the Company.

・ Training for mid-career recruits

Mid-career recruits study the Company's history, founder's spirit, sustainable activities and other topics, preparing them for their jobs, and giving them an understanding of our approach.

・ Training for newly appointed branch managers

This training is for employees who have been newly appointed as a branch manager, and by learning the role of a branch manager, preparedness, and the concepts for evaluation criteria, they will be able to put these to practical use at worksites.

・ Program to strengthen human resource and organizational management skills

This program, intended for middle managers, seeks to help them learn the skills to generate virtuous cycles of “management that raises business performance,” and “management to help people thrive.” The training will update each person's management skills through repeated learning, practice, and reflection.

・ Training for newly appointed managers

Newly appointed line managers (branch managers, section managers, group leaders, office leaders and others) are given this training to develop preparedness, leadership skills, practical knowledge and thinking skills to use in practice as persons in charge within the organization.

・ Training for team leaders

This training looks at the changes in expectations and roles

that come along with promotion to chief. Participants reflect on their career aspirations and the Company's future, and through dialogue with other participants, they examine what constitutes the epitome of leadership, which offers an opportunity for self-transformation toward that ideal.

・ Training for female manager candidates

This training, conducted from 2011 and intended for female management candidates, seeks to instill the mindset needed to become a member of management.

Daiwa FUTURE100, an in house entrepreneurship system

In June 2024, the Group launched Daiwa Future 100, an in-house entrepreneurship program, as part of its efforts to heighten the value of its human capital. All Group employees, regardless of age or position, are invited to submit business ideas, and business verification will be conducted in collaboration with external partners. The project proposal that is selected through the screening process will be commercialized and its growth promoted, with the originator becoming the project's president. By introducing this system, we hope to foster an organizational culture that leads to the creation of innovation without fear of failure, while discovering and developing management personnel who will lead the Daiwa House Group in the future and create business units that will support the goal of becoming a 10 trillion yen-company on our centennial anniversary.

 [Launch of Daiwa FUTURE100, an in house entrepreneurship system Human capital investment up to 30.0 billion yen \(Japanese text only\)](#)



Poster

■ Human capital

Securing and developing human resources linked to business strategies

“Seminar on Future Community Development Envisioned by Daiwa House”

We regularly hold the “Seminar on Future Community Development Envisioned by Daiwa House” for students who are studying architecture. Participants are not limited to students who are currently seeking employment, as our goal is to have as many students as possible learn from our initiatives. We also expect a secondary effect of students, from among those who have attended, who will become fans of the Company and join the Group in the future.

The second seminar meeting was held in August 2023 under the theme “Urban Planning for Regeneration and Recycling” and was attended by 137 students from across the country. On the day of the seminar, after our young employees introduced the various community development projects we are engaged in, four young employees spoke in a panel discussion format about their areas of responsibility, their discretionary authority, their thoughts on community development and other matters, and at the end of the session they gave earnest answers to the enthusiastic questions posed by the students.

Training program for newly hired high school graduates

In an educational program for recruits who have graduated from industrial high schools, we have instituted a two-year construction college (full time) study exchange scheme. During their first two years of employment, they do no practical work except for practical training at our construction sites during long vacations from vocational school, so that they can concentrate on acquiring specialized knowledge and skills as an engineer, and are fully paid during this period. In addition, They maintain contact with the Company while the education program is running via regular on-site training and face-to-face meetings. Regular consultations with a public health nurse provide lifestyle support. The high school graduates gain expertise and acquire qualifications quickly. The program also aims to equip them to function as adult members of society and help their personal development.

Developing Global Human Resources

・ Global trainee system (overseas training)

In fiscal 2023, the Company introduced a global trainee system to discover and nurture human resources that would succeed in rolling out future overseas business. From each business division we selected four employees in technical positions who are expected to be responsible for future overseas business operations, and dispatched them to the U.S., China, and Malaysia, where our overseas bases are located, for a training program lasting approximately 10 months. At each location, participants learned about the unique local business practices, technologies, and management methods, and gained a mindset to deal with overseas assignments. We will continue this program in the future to systematically train candidates as overseas human resources and overseas executives.



P089 Global Talent Program (short-term training in Japan for national staff)



Global trainee system training (China)

・ Practical training for overseas crisis management

In order to respond to overseas contingency risks that may arise as our overseas business expands, we are preparing a business continuity plan (BCP) and an evacuation plan for our expatriate employees. In fiscal 2023, we conducted practical crisis management training with outside instructors who specialize in crisis management. The participants learned how to react when faced with emergency situations by gaining a grasp of the criminal mentality and the characteristics of firearms, and practicing evacuations. Through these efforts, we are striving to raise employee awareness of safety and to build a crisis management system for both contingency and day-to-day situations overseas.

In-house commendation system

The Daiwa House Award is presented once a year to recognize branches, sales offices, individuals, and Group companies that have achieved outstanding results, with the goal of further raising the overall strength of the Company.

■ Overview of the Daiwa House Award

	Name	Evaluation category	Details
President's Award	Nobuo Ishibashi (the founder) Award	Branch	Branch with the most excellent management in terms of both performance evaluation and management soundness evaluation
	Excellent Group Company Award	Group company	Group company with excellent management, with high overall evaluation including financial and non-financial aspects
	Award for the Best Sales Office Management	Sales office	Sales office with the most excellent evaluation including financial and management soundness evaluation
	Special President's Award for Safety	Branch	Branch that exceeded 5,000 days without any workplace accidents
	Challenge! We Build ECO Contest	Branch/ Employees	An exceptional case from among the environmental activities conducted at each branch and factory
	President's Award for Outstanding Employee	Employees	Employee with outstanding business performance



➤ Establishment of the Daiwa House Award, an in-house award system to maximize employee job satisfaction and pride (Japanese text only)



At the Daiwa House Award ceremony

■ Human capital

Nurturing a psychologically sound organizational culture

Concept and Policy

The Daiwa House Group company philosophy (Corporate Creed) states that “We ensure a good working environment for all employees, conscious that it ties directly into our progress.” And we believe that creating a workplace environment for employees that is conducive to safety and health encourages employees’ development and leads to utilizing their capabilities. Maximizing each employee’s strengths and individuality in an organization that shines brightly with synergies is essential to maintaining our sustainable growth. For this reason, we have designed a flexible personnel system that allows each employee to choose their own way of living and working.

We also place emphasis on building interactive relationships and supporting our employees’ autonomous career development, thereby enhancing their growth and engagement.

In addition, as our health management policy we set forth that “Health is the basis for building homes and developing communities. We support the creation of a lifestyle environment in which employees and their families can be active and thrive.” Furthermore, the Daiwa House Group Principles of Corporate Ethics and Code of Conduct also states “caring for health and safety.” Together with advancing the maintenance and promotion of employees’ health, we seek to create a climate for work that elicits the full potential of each and every employee so that they can work with health and vitality in a psychologically sound workplace environment.



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

➤ [The Daiwa House Group’s Business Philosophy](#)

Management

Flexible work styles

In order to leverage the respective advantages of both telecommuting and face-to-face work, we promote a flexible and more productive work style based office attendance for a majority of the work week. We have also set up satellite offices for employees who have difficulty working from home.

In addition, in fiscal 2015 we launched a staggered work shift system as a way to support employees who deal with circumstances such as looking after children or family members, and in fiscal 2022, we revised our flextime program to eliminate core time for all employees, with some exceptions, thereby enhancing convenience.

Job location filing system

We created this system to enable employees to express their preferences regarding where they would like to work. As a company that holds branches nationwide, we conduct a course-by-course employment management system with two categories: nationwide employees (who are available to work anywhere in Japan) and regional employees (who work only at branches within an area where it is possible to commute from a specific address). The job location filing system, conducted every year, allows nationwide employees to apply to switch their status to a regional employee or, if preferred, to change work location due to personal circumstances.

By limiting work location, the system enables employees to choose a work style suitable to their personal circumstances that require consideration, such as childcare, nursing care, and medical treatment, thereby promoting employee retention and performance improvement. Nationwide employees are provided with a higher salary standard and benefits than regional employees, in consideration of the burden of relocating nationwide.



P075 [Achieving equal pay for equal work and a guaranteed living wage](#)

Operation of the Multi-Experiential Career Support Program

In addition to the existing internal recruitment system*1, the FA program*2, and other systems, in fiscal 2022 we introduced the Multi-Experiential Career Support Program with the goal of supporting self-realized employee growth and career development. This program is designed to allow the knowledge and experience gained from secondary employment to flow back into the Company’s core business. The Company has established a menu of secondary jobs, consisting of (1) Company-arranged (open recruitment-type) secondary employment; (2) individual self-arranged secondary employment (application-type); (3) in-house secondary employment whereby the employee spends some of their working hours on a project or other work at a different department while remaining as a member of their current department; and (4) human resources exchange with other companies in which employees are transferred to other companies for a certain period to experience work outside their own company. This program is designed to create cross-border experiences for employees.

In fiscal 2023, a total of 49 people (not including secondees and those in educational programs) used the Multi-Experiential Career Support Program, with a user commenting, “I’m glad that I was able to utilize my past career, putting that experience to good use. I think it’s important to take on challenges in everything I do.” In addition, a supervisor of the core business said “I was able to make a proposal for improvement at my main work and could see a change in the job.”

This program is designed to develop experienced employees and thereby sustainably enhance corporate value.

*1 This system allows candidates to apply to publicly advertised divisions.

*2 A program that allows employees to voluntarily transfer to a position or department of their choice.

■ Human capital

Nurturing a psychologically sound organizational culture

Self-Discovery System

With the goal of deepening a self-understanding of one's own career development based on an individual's own initiative, the Company established the Self-Discovery System in fiscal 2022. Using the system, individuals are asked specifically about which of their strengths they can apply to their own tasks and what kind of work, and from what position, they would like to do in the future, which will enable them to develop a realistic outlook on their own career. In addition, the individual can share the results with their supervisor and convey their wish for an assignment, thus maximizing their motivation.

Building interactive relationships

In response to concerns that the spread of teleworking may reduce opportunities for communication between supervisors and subordinates, and that interest in colleagues may diminish, we hold one-on-one meetings roughly once every two weeks as an opportunity for communication to support subordinates' growth and to improve performance.

In addition, as internal systems we have the "Suggestion Box for the President" and the "Advance Board" that allow employees to make various suggestions for improvement directly to management and the Head Office departments in charge. We have also arranged for a way to receive responses to such suggestions.

Ensuring compliance with labor issues

In accordance with Japan's Labor Standards Act, we have an Article 36 Agreement with representatives of a majority of employees at each branch in Japan. The agreement concerns overtime and holiday work and covers all employees except for managers and supervisors.

In fiscal 2021, we introduced a new attendance management system with the aim of visualizing and accurately grasping actual working conditions in order to rectify long working hours and to comply with the Article 36 Agreement. The entire company is working to correct the issue of long working hours by accurately monitoring working hours by using computer logs and reviewing the way work is performed.

In fiscal 2023, we set a monthly overtime limit for all employees. If they exceed the limit, they can report or consult with their supervisors and post the reason for the overtime and other problems to the "President 2024 Problem Box," a system specially set up to address the 2024 problem*. The President personally checks the contents of the postings and, if necessary, instructs the relevant department to take action.

Furthermore, all employees (including those in management) whose monthly overtime or holiday work exceeds 80 hours are subject to health checkups by occupational health physicians (OHP), and health guidance is provided with the aim of preventing health problems. We have also introduced an online OHP service as a means of ensuring that these health checks occur in a timely manner.

We conduct a status survey on work hours once every quarter in order to identify the actual work hours and effectively prevent unpaid wages. When undeclared work is discovered, we retroactively pay the overtime put in and reprimand the responsible managers.

* Changes in the working environment are being sought as the overtime work limit restrictions in the Workplace Reform Act come into effect.



P157 Social Data 2-1

Basic Information Average overtime hours worked

Notice to employees regarding changes with significant impact

In the event of a major business change that may have a significant impact on our employees, we aim to notify them six months prior to its implementation.

The Company has not conducted any layoffs for the purpose of workforce adjustment in fiscal 2023.

Building codes that make it easier for business partners to work at our factories

Daiwa House factories have established guidelines for the construction and renovation of Company factories and control buildings. Our basic approach is to use universal design, CASBEE (Comprehensive Assessment System for Built Environment Efficiency) and fire prevention measures, and to promote the installation of break rooms, smoking areas, infirmaries, and other amenities for personnel from factory's business partners*. Moreover, when it comes to building cafeterias, we use surveys and other means to gather opinions from both our business partners' employees and our own workforce so that the resulting facilities are built to a greater level of satisfaction. In addition, since many of the employees of the business partners are female or elderly, we lend them auxiliary devices such as assistive suits for lifting and lowering heavy materials, as well as for standing work, which alleviates workload.

By promoting the creation of a safe and comfortable work environment for factory employees, we hope to improve employee retention rates, which in turn will lead to the transfer of skills.

* Subcontractors performing subcontracting work in our plants.

■ Human capital

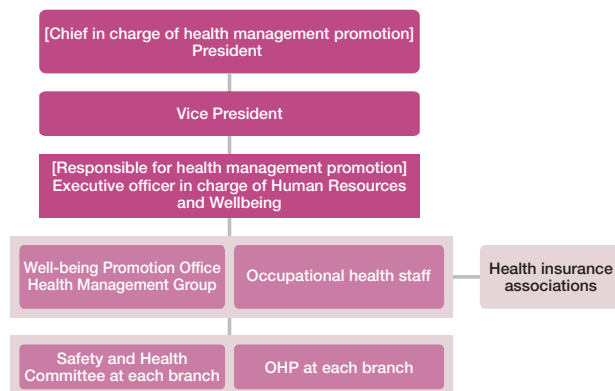
Nurturing a psychologically sound organizational culture

Promotion of health management

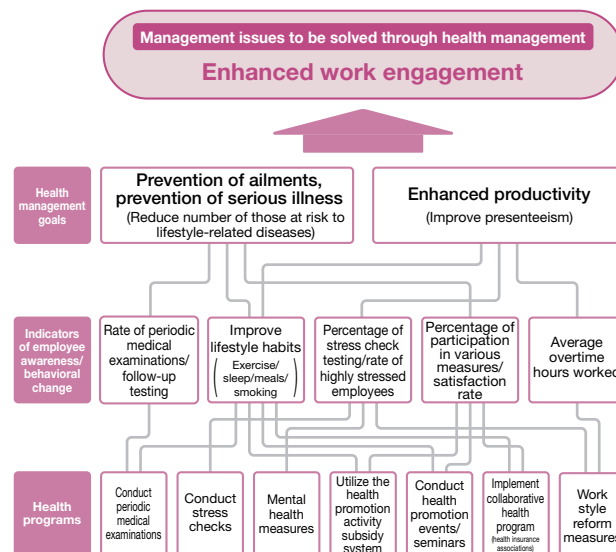
The Company has established a system in which the President is the chief in charge of health management promotion, the officer in charge of human resources and overall well-being management is responsible for promoting health management, and the Health Management Group of the Well-being Promotion Office plays a central role in promoting health management in cooperation with the occupational health staff and health insurance associations. In addition, the General Affairs Department at each branch is tasked with serving as the headquarters for the Safety and Health Committee. To find solutions to issues at each branch, the OHP, employee representatives, and Safety and Health Committee members work together and promote initiatives in line with the health management strategy map.

Having employees feel “healthy and happy” and eliciting their performance to its fullest potential leads to enhanced work engagement.

■ Chart for Health Management Promotion System



■ Health management strategy map



Response to social health issues

As a company that operates overseas bases, we recognize the importance of addressing global health challenges, including the world's three main infectious diseases (tuberculosis, malaria, and HIV/AIDS). For expatriates, in addition to the legally required medical checkups at the time of assignment and upon return, annual medical checkups are mandatory. We have also established a health management system that includes accompanying family members by providing overseas insurance, vaccinations against hepatitis A, rabies, and other diseases, and consultation services for mental health and pediatric care.

Main approach

Risk assessment concerning the health and safety of employees

・ Periodic medical examinations and stress checks

We collaborate with the health insurance association to conduct periodic, comprehensive medical examinations, including for lifestyle-related disease checkups. We achieved a medical examination rate of 100% for eleven consecutive years from 2013, focusing on early detection and treatment of diseases and health risk management. We support employees in maintaining and improving their health by ensuring that employees who require further examination or treatment are thoroughly reexamined. For those selected by the health insurance association, we also provide specific health guidance and “health improvement training” to encourage employees to take the initiative in improving their health.

Moreover, stress checks have been conducted regularly once a year since 2016 for all employees, including those at branches with fewer than 50 employees, for which there is a legal obligation to make efforts, and the mental health status of employees is verified and monitored by a specialized external organization. We also recommend interview meetings for those employees who have been determined to be dealing with high levels of stress.

P159 Social Data 2-3
Health management

・ Implementation of population approach

To foster a safe and healthy work environment, we analyze and monitor the physical and mental health conditions at each branch by using the “health analysis system,” in which the results of periodic health checkups are converted into points and totaled for each branch, and by using group (organizational) analysis of stress checks. In addition, we are implementing a population approach* to reduce overall health risks at branches, such as a system that provides subsidies to branches that proactively implement measures, such as sports tournaments, seminars and other events, to promote health and improve the workplace environment (the health promotion activity subsidy system). In fiscal 2023, more than 60% of our branches participated.

* An effort to work with entire groups to reduce risk as a whole

■ Human capital

Nurturing a psychologically sound organizational culture

・ Mental health measures

The Company has provided mental health line care training (e-learning) for those in management since fiscal 2018. Participants learn about the points of “noticing, listening, and connecting,” which are the basics for early detection of persons with mental health issues, as well as of the importance of responding to persons with mental health issues and improving the work environment. In fiscal 2023, we incorporated learning of management skills as “applied skills” that lead to improved engagement based on the concept of positive mental health, and implemented an e-learning program for all those in management, with approximately 83% of managers taking the course.

In addition, in response to the increasing tendency for employees to internalize their stress, we are promoting self-care by also making Type III (self-care course) eligible for the congratulatory allowance for obtaining a license, which is provided to those who have passed the Certification Test for Mental Health Management (Osaka Chamber of Commerce and Industry).

📖 P162 Social Data 4-3
Health and safety education

Award for health management

The Company and 24 Group companies were selected in March 2024 as 2024 Certified Health & Productivity Management Outstanding Organizations engaging in superior health management in collaboration with insurers (health insurance associations and other main parties in the health insurance business), as certified by the Nippon Kenko Kaigi. Also, for the second consecutive year and from among more than 10,000 certified companies, Daiwa House Asset Management Co., Ltd. was selected as one of the Bright 500, the top 500 companies in the small and medium enterprise category.



➔ 25 Daiwa House Group companies selected as 2024 Certified Health & Productivity Management Outstanding Organizations (Japanese text only)

Support for creating a comfortable work environment

Since fiscal 2022, the Company has been working to create an environment that facilitates availability of support for balancing work and medical treatment for illnesses, due to its presenteeism (reduced work productivity due to health problems), which is measured for all employees, being lower than the Japanese average*.

In fiscal 2023, we conducted e-learning training focused on health support for working women as an initiative to empower female employees. Participants acquired an accurate understanding of the health issues facing women, becoming aware of their assumptions with regard to “women’s health,” and the necessity for health measures. In a post-training survey, 99.4% of participants responded that they had “Understood” the course’s content.

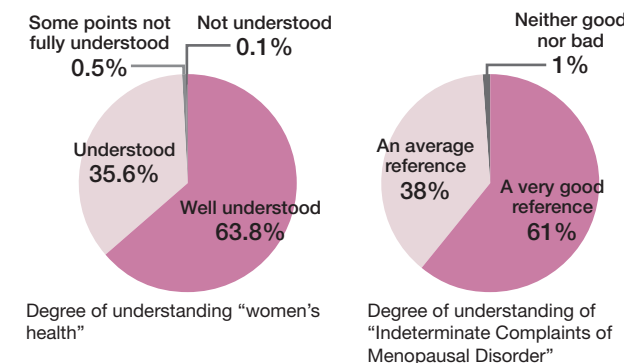
Furthermore, during Women’s Health Week, which includes International Women’s Day on March 8, all employees were encouraged to watch the video seminar “Indeterminate Complaints of Menopausal Disorder,” which was the most popular topic among employees requesting information on menopausal disorders. We also made efforts to promote understanding of health issues specific to women. A post-video survey revealed that 99% of viewers considered it a “A useful reference.”

Through these efforts, we aim to improve the health literacy

of our employees and create a work environment where each and every employee can work in a healthy and vigorous manner and maximize their performance in a psychologically sound work environment.

* The figure was calculated using the Single-Item Presenteeism Question (SPQ) of the University of Tokyo.

■ Survey results



■ Human capital

Generating new value, DE&I (Diversity, Equity & Inclusion)

Concept and Policy

We respect the diverse values of our employees, including with regard to their gender, presence of a disability, gender identity, sexual orientation, gender expression, age, nationality, language, culture, and lifestyle. We will foster a workplace culture in which each employee's perspectives and ideas are mutually recognized, utilized, and celebrated through interactions and dialogues among management and employees.



P156 Social Data 2-1
Basic Information

P158 Social Data 2-2
Diversity indicators

P160 Social Data 2-6
Indicators related to wages and allowances

Management

Promotion system

Keeping with the times, we have constructed a promotion system, starting with the launch of the project to empower women in 2005 as a touchstone for the promotion of diversity for the empowerment of female employees, which is one form of diversity. In 2019, we reorganized as “DE&I promotion” and the Director in charge of Human Resources and Well-being Management has direct jurisdiction over DE&I as well. We promote diversity in order to leverage DE&I in management, to generate new ideas in products, services, and other products and processes, and to enhance decision-making from diverse perspectives.

Support for work-life balance

We believe that it is essential to promote work-life balance in response to diversifying work styles. To this end, we are developing an array of systems where diverse human resources can choose from varied lifestyles and express themselves while playing an active role. We are pushing forward to create a virtuous cycle in which the experiences gained through

childbirth, childcare, and nursing care can be put to good use in the workplace.

・ Support program for returning to work after childcare leave

The supervisor and the returning employee hold discussions with the aim of having a smooth return to work.

This program promotes the creation of a work environment in which employees can balance work and childcare after returning from childcare leave, not only by dispelling the employees' anxiety about taking leave and returning to work, but also by encouraging the supervisors' understanding of work-life balance.

Discussion I **When pregnancy is determined (supervisor, individual employee, person in charge, General Affairs)**

Discussion II **Prior to leave (supervisor, individual employee, person in charge, General Affairs)**

Discussion III **After returning from leave (supervisor, individual employee, person in charge, General Affairs)**

Reporting **During childcare leave, recent developments reported to supervisor every six months (supervisor, individual employee)**

Discussion IV **Within six months of return (supervisor, individual employee, person in charge, General Affairs)**

・ Childbirth and childcare support

To facilitate career building that balances childcare and work, the Company established a childcare support system (a support system for balancing childcare/childrearing with career building) in 2015.

In April 2016, we reviewed our childcare leave system, making the first five days of childcare leave paid to create an environment in which even men can easily take childcare leave. As a result, the ratio of childcare leave taken by male employees has increased year by year.



P158 Social Data 2-2
Diversity indicators Childbirth and childcare support

■ Main systems related to support for work-life balance

System name	Overview
Paid leave reserve system	A system that allows employees to accumulate up to 100 days of annual paid leave that would otherwise legally expire and use the reserve as needed
Paid leave per hour	A system that allows employees to take annual paid leave on a per-hour basis
Home holiday program	A system to take planned annual paid leave for the purpose of spending time with their family, personal refreshment, self-development, etc.
Consecutive holidays (Re Vacation)	A system that encourages employees to take multiple annual paid leave vacations and to take at least five consecutive days off, including regular holidays
Nursing care leave system	A system for balancing work and nursing care, allowing eligible employees to take leave indefinitely until the reason for termination of nursing care leave arises
Subsidy program to support with travel expenses for elderly parents' nursing care (filial support program)	A system that provides a “filial support subsidy” to take care of employees' parents who live far away and need nursing care, paying an amount equivalent to the transportation expenses based on the distance of return trip, up to four times a year per employee
Telework	A system that allows employees to work from home, at satellite offices, etc., without being restricted by location
Flextime program	A program that allows employees to decide their own start and end times and working hours
Telecommuting allowances	Subsidized utilities when telecommuting

■ Major support systems related to childcare (our own support systems that exceed the statutory level)

System name	Overview
Lump-sum payment program for fostering the next generation	A program that employees receive a one-time payment of ¥1 million for each child born
Childcare leave system	A system that allows employees to take leave of absence until their children become three years old; paid for the first five days
Shorter working hour system for childbirth & childcare	A system that allows employees to work shorter hours until their children reach the third grade of elementary school
Family nursing care leave	A system that allows employees to take up to five days of leave per year to care for their children, spouses, parents, or grandparents, as well as spouses' parents or grandparents
Support system for balancing childcare/childrearing with career building	Providing information for early return from childcare leave and staggered working hours to ensure more working hours after return, and assistance in using childcare and school facilities, babysitters, etc.
Reemployment opportunity priority system	A system in which employees who have retired due to life events are given priority in the selection process when filling vacancies based on their wishes

■ Human capital

Generating new value, DE&I (Diversity, Equity & Inclusion)

Empowering female employees

We endeavor to empower active women and aim to become a company where all can work comfortably through the creation of workplace environments in which female employees can further develop their abilities and achieve personal growth.

・ Training and strengthening of management staff

We are working to develop and strengthen female managers in order to diversify the management decision-making process. To build a pipeline that continuously produces managers, we conduct training for management candidates and their supervisors, as well as career workshops for core employees with the aim of autonomous career development in consideration of life events. We also actively dispatch employees to external cross-industrial study groups, networking events, and recurrent programs.

・ Retaining and nurturing female employees in sales and technology divisions

We are actively assigning and cultivating women to sales and engineering where the ratio of females is low.

In the sales division, we hold information exchange meetings and conduct training sessions for networking purposes. Since 2007, we have held the Housing Manufacturers Female Salesperson Meet-up, which originally involved three housing manufacturers, but has now expanded to nine as of April 2024.

In addition, as an effort to improve the working environment for female engineers and technicians working at construction sites, we have developed protective equipment such as lightweight helmets and safety belts. We also promote the introduction of temporary toilets for women. These improvements at the construction site have led to a comfortable work environment for all on-site workers, including men.

Furthermore, many of our female construction staff participate in the National Low-rise Housing Work Safety Council's "Jutaku Komachi" program, and the entire low-rise housing industry is working to create a comfortable working environment for women.

 P158 [Social Data 2-2](#)
[Diversity indicators Women exerting efforts](#)

Office diversity scores

In fiscal 2019, we introduced office diversity scores to aid in assessing office management soundness with the aim of measuring and promoting diversity in each workplace by visualizing status at the individual branch level. We evaluate four categories: ratio of female managers/chiefs, ratio of childcare leave taken by males, ratio of disabled workers, and retention rate of young workers. We are making progress in human resources diversity throughout the Company.

Initiatives for LGBTQ

We are striving to foster a workplace culture where sexual minorities such as LGBTQ people can perform to the best of their abilities with peace of mind. This includes the introduction of a Same-Sex Partnership System. Under the system, same-sex partners are also eligible to receive our benefits as spouses.

We have also established an LGBTQ-specific consultation service staffed by outside counselors with specialized knowledge, so that LGBTQ employees can feel comfortable discussing any concerns they may have about working in the workplace.

 [Introduced the "Same-Sex Partnership System"](#)
(Japanese text only)

Promotion of active roles for the senior generation

The skills and expertise developed by our senior employees are valuable assets to the Company and should be passed on to the next generation. We also believe that creating an environment in which employees can work vigorously throughout their lives will contribute to employee retention in companies and enhanced job satisfaction.

The Company extended its retirement age to 65 in 2013 and introduced a reemployment system after retirement at the age of 65 ("Active Aging System") in 2015. In 2022, we abolished the uniform retirement age of 60, which was previously based solely on age, and created a personnel system that allows employees to pursue their careers up to their retirement age. In addition, from 2023, the upper age limit for post-retirement rehiring was abolished for technical staff, and the previously

uniform treatment system was extended to include multiple job assignments, creating an environment where employees can continue to demonstrate their expertise without being restricted by age.

 P158 [Social Data 2-2](#)
[Diversity indicators Employment and hiring of seniors](#)

・ Life design seminar

We carry out a "life design seminar" each year for employees who turn 60 years old. The seminar is designed to help employees envision their career development over the five years until retirement at age 65, and to help them understand the importance of continuing to acquire new knowledge and skills in order to achieve this goal. In addition, lectures are given on personnel systems, public and corporate pension plans, and health management after age 61 to support each individual's planning for a fulfilling life.

■ Human capital

Generating new value, DE&I (Diversity, Equity & Inclusion)

Career design support

We introduced a “career design support system” in 2008, through which the Company supports its employees who plan to leave the company before their mandatory retirement age, and take up new employment or become self-employed in accordance with their own lifestyle. This system is aimed at highlighting the life of each individual one step closer, and preparing an environment where our employees can nourish autonomy and independence, thereby providing opportunities for creating human resources who will broadly exercise their abilities in society.

Support for those with disabilities

Starting in fiscal 2023, we have established a new external consultation service available to employees with disabilities working at the Company. Employees can consult anonymously about any problems they may have at work.

Main approach

Establishment of Daiwa House Bloom

We are promoting a co-creation initiative involving both agriculture and welfare, in which people with disabilities and the elderly can gain confidence and a sense of fulfillment in life and participate in society through their activities in the agricultural field.

Our Cultivation Business Development Section has developed the “Daiwa Cultivation Method”*, which allows anyone to cultivate moth orchids. Using this cultivation method, the Group’s Daiwa House Bloom was established in 2021 with the aim of creating a workplace where mainly people with intellectual disabilities can work for the rest of their lives. After examining and experimenting with work content, the company became the first special-purpose subsidiary in the region to hire people with disabilities to grow COCOLAN miniature orchids on consignment starting in fiscal 2022. In tandem with this, we are also recruiting elderly residents in the community to be involved in the cultivation work in a work-sharing arrangement. In addition, all mini orchids grown at Daiwa House Bloom are purchased and sold by the Company, allowing Daiwa House Bloom to operate in a stable manner.

As expressed in the “floating scent of happiness,” which is the language of miniature orchid flowers, the workers cultivate them with all their heart so that they will be a bond between people and weave warm relationships.

* Patenting of the Daiwa cultivation method.

“Cultivation equipment and methods” Application No.: 2019-046438
Registration No.: Patent 6993370 (registration date: December 13, 2021)



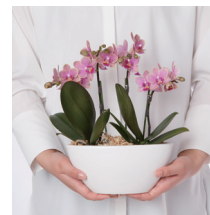
➔ COCOLAN (Japanese text only)



Daiwa House Bloom
employees



COCOLAN logo



COCOLAN

Multi-lingual signage at plants

Since we have non-Japanese workers in our plants, we use multiple languages and illustrations to describe the plant rules and other important information on quality. The specific languages used are in accordance with those working at each plant. In addition, the plant cafeteria provides a safe place for diverse human resources by clearly indicating in respective languages and with pictograms and illustrations whether culturally inappropriate items are on the menu.

Achieving equal pay for equal work and a guaranteed living wage

In our Japanese operations, employees engaged in general work to handle core operations are divided into national and regional employees. These employees are paid based on their capabilities, performance and contribution, with no gender gap in the payment of basic salary for each position.

The Daiwa House Group, moreover, abides by each country’s minimum wage laws and regulations, paying fair wages to all employees, taking into account local cost of living.

Percentage of all employees covered by collective bargaining agreements and agreement details

At the Company, while there is no organized labor union, we support international standards such as the International Labour Organization’s (ILO) Core Labour Standards, which consist of “the effective recognition of the right to freedom of association and collective bargaining,” “the prohibition of all forms of forced and compulsory labor,” “the effective abolition of child labor,” and “the elimination of discrimination in employment and occupation,” and we respect and recognize basic labor rights such as “the right to collective bargaining” and “freedom of association” for all employees.

Social capital

Contributions to SDGs



Social capital

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- 077 | Socially inclusive community development
- 080 | Improvement of customer relations
- 082 | Dialogue and coexistence with local communities

■ Social capital

Socially inclusive community development

Concept and Policy

The Daiwa House Group, as a Group that co-creates value for individuals, communities, and lifestyles, aims for sustainable development of business through interactions with customers and local community consisting of local people, local business partners, local governments, local companies, and universities. In order to resolve the social issues surrounding communities, we are looking into building arrangements to effectively enhance social inclusion with due regard for local concerns in our community development.

For new urban development projects, in line with our vision “Community value into the future,” we are addressing social issues by capitalizing on our strength of having a wide range of business domains. The Neopolis suburban housing complexes we developed in the rapid economic growth era face problems in the form of a declining population and an increase in unoccupied houses. We are working together with local stakeholders to redevelop communities and make them attractive.



➤ [Community Development Vision](#)

Management

Consideration to creating comfortable lives

In urban development projects, we have established measures from the perspectives of safety and security, universal design, environment, beauty, aging, and maintenance as guidelines in the conceptual and design stages of all our properties. As an example of our consideration in pedestrian flow lines, we have of course barrier-free designs eliminating steps and reducing gradients, laneways to promote interaction among residents, and greenery networks. In addition, routes to specific facilities (central locations in the community such as medical, commercial, and public facilities and service and business centers) and transportation facilities (stations, bus stops, etc.) are planned with as few roadway crossings as possible, aiming to create a livable community for a variety of people, including the elderly, children, and disabled people. For properties above a certain

size, in order to create a favorable living environment that is in harmony with the surrounding community, we are working to maintain and preserve the community and landscape through the formulation of district plans and voluntary agreements such as “community development guidelines.”

Further, we intend to reflect our insights from Livness Town Project, an initiative to revitalize housing estates we built previously, in new community developments in a bid for sustainability.

Public-private partnerships

Public-private partnerships have attracted attention as the public and private sectors collaborate to resolve problems governments face, such as aging facilities and scarce financial resources, and are used in the construction, management, and operation of public-sector facilities

With our array of business formats, our Group is helping resolve social issues in a complex, multifaceted manner, by taking maximum advantage of the technology and expertise built up by the Group over time as well the benefits of working in partnership with local government and local businesses to serve as an engine for regional revitalization.



➤ [Business Fields](#)

Livness Town Project (regional revitalization)

Suburban housing estates were developed systematically in Japan to address housing shortages in the rapid economic growth era as urban areas became increasingly populated. These are good living environments, but some half a century later, issues are emerging in the form of changes to the community, a lack of services for the elderly, and growing numbers of vacant houses and land.

The Neopolis detached residential complexes we developed and sold at 61 suburban locations nationwide face similar problems. We embarked upon the Livness Town Project to co-create, with regional residents, sustainable and developing towns where they can continue to stay, and also attract new residents. Prioritizing relationship building over intensive marketing at Neopolis communities, we have deepened our communication with residents, who keep us

informed on various developments in the community such when houses become vacant.

Currently, our employees are discussing with local residents how to address issues uncovered through dialogue at eight Neopolis sites. We also frequently exchange information with government administrators and are providing proposals for things like making effective use of public land at Neopolis sites. We also have cooperation agreements with three local governments on community development.

We have established channels to exchange opinions with experts and national government officials regarding legal and institutional issues. We also collaborate with external organizations via joint research with universities and participation in the Cabinet Office's Strategic Innovation Promotion Program.

Going forward, we aim to use these to develop and enhance our expertise on moving house and housing complex management and to roll out similar initiatives at other Neopolis sites.

・ Promotion system

Collaboration among those in industry, government, academia, and residents is indispensable to drive the Livness Town Project forward. We choose collaboration partners and enlist suitable participants to address regional issues identified through our discussions with residents.



➤ [Livness Town Project](#)

Social capital

Socially inclusive community development

Establishment of area management promotion system

The Urban Environment & Community Creation Department was established in fiscal 2022 to contribute to local communities through urban development in response to the diversifying values and lifestyles of consumers from a long-term perspective. It is responsible for the “expansion of the circular value chain from the perspective of local communities and customers,” a key theme in the seventh Medium-Term Management Plan. It is promoting large-scale complex redevelopment projects, mainly in regional core cities. We are committed to continuing to engage with local residents and enhance the value of their areas through area management, with an approach that goes beyond merely physical aspects to more intangible areas, starting with the town planning stage.

Main approach

Enhancing capabilities and improving value through urban redevelopment (Chiyoda Ward, Tokyo)

As part of a consortium, we, together with the rights holders, are proceeding with the Iidabashi Station East District Type 1 Urban Redevelopment Project. The relevant urban redevelopment association was approved in October 2022. The area has challenges in terms of upgrading the capabilities of aging buildings, ensuring pedestrians have somewhere to wait safely, easing congestion at subway entrances, and ensuring safety during emergencies. The project entails building a safe pedestrian network, new open spaces, and enhanced disaster mitigation capabilities. Both the district and our Tokyo Head Office are near the east exit of Iidabashi Station. The town management association we belong to, “I-Garden Air,” conducts activities aimed at building and maintaining an attractive community, including disaster mitigation arrangements, in collaboration with member companies. Further, as a local company, the Daiwa House Group collaborates with the neighborhood association board on community co-creation activities such as traffic safety campaigns and regular cleanup activities. We also participate in local events such as the Tsukudo Shrine Festival as part of our

efforts to assist regional revitalization. We will further contribute to improving the value of the area by livening up the vicinity of the east exit and strengthening our networks.



➤ [Iidabashi Station East District Type 1 Urban Redevelopment Project \(Japanese text only\)](#)

Building sustainable management system and creating lively atmosphere (Sapporo, Hokkaido)

In December 2023, as part of a consortium of seven companies including Daiwa Lease, we completed a major project, Maaruku Shinsapporo. The site is divided into two precincts; the G precinct houses educational facilities such as a university and college, and the I precinct a hotel, condominiums, medical facilities, and shared parking. An enclosed aerial walkway and town symbol (dubbed the “Active Link”) connects the I precinct facilities, enabling safe pedestrian traffic.

The project employs an area management organization for facilities management. Events will be held at an exchange hub to generate excitement across the region, and future earnings from the area management organization will be returned to help revitalize the community.



➤ [Maaruku Shinsapporo completed \(Japanese text only\)](#)

➤ [Maaruku Shinsapporo G, I precinct development project \(Japanese text only\)](#)



On-site educational facilities
(G precinct)
Photo: Takehiro Kawamura,
CreativeEyes Inc.
Photo taken July 2021



Maaruku Shinsapporo
(I precinct)
Photo: Taisei Corporation
Photo taken October
2023

Community creation and regional revitalization support (Ichihara City, Chiba Prefecture)

In June 2024, a community facility, Chiharadai TENT, in Chiharadai Park opened. This is a public-private partnership between the company and Ichihara City, Chiba. The aim is to revitalize Chiharadai Park and the nearby Chiharadai district where we have built housing developments, making the park more appealing and creating new opportunities for connection. Local businesses will open shops, with activities and events at the heart of community building. This should contribute to livening up the community and regional revitalization.



➤ [Chiharadai TENT, a community center housing a café, restaurant, and health facilities in Chiharadai Park \(Ichihara City, Chiba\) now open \(Japanese text only\)](#)

ITO Lab Plus, a next-generation R&D complex (Fukuoka City, Fukuoka Prefecture)

In April 2023, we opened ITO Lab Plus, a next-generation R&D complex, in collaboration with Saibu Gas Urban Development Co., Ltd. This hub for cutting-edge R&D activities comprises research and commercial facilities, stores, and rental housing. By promoting collaboration and cooperation with the city of Fukuoka and Kyushu University, we are creating a center for research, development, and interaction linking industry, academia, and government entities.



➤ [Next-generation R&D center ITO Lab Plus opens on April 8, 2023 \(Japanese text only\)](#)

➤ [Fukuoka city website Kyudaishinmachi Next-generation R&D center ITO Lab Plus \(Japanese text only\)](#)

Social capital

Socially inclusive community development

“Neopolis Summit 2024: Toward Redevelopment of Neopolis”

In order to progress our Livness Town Project, we held a summit featuring dialogue among residents, experts, and corporate representatives aimed at creating sustainable residential complexes at the Daiwa House Group's MIRAI KACHI KYOSO Center (Kotokurie), our Group training facility. Held in January 2024, it was named “Neopolis Summit 2024: Toward Redevelopment of Neopolis”. On the day, roughly 240 residents participated at on-site and satellite locations, while many of our people, including our President, Division Managers and other management participated in-person and online.

At the summit, residents presented on initiatives, challenges, and prospects at individual Neopolis sites and experts joined panel discussions. Daiwa House president Keiichi Yoshii declared that the company would “persist with its efforts until the very end to develop attractive communities, so that many children and the younger generation would come back to Neopolis.”

At the conclusion, the Neopolis Summit 2024 Declaration was released, with the approval of the participants.

■ Neopolis Summit 2024 Declaration

Our community development is rooted/founded in the following principles:

- All residents will have leading roles in our community development.
- We will work together with diverse entities including companies, governments, and universities.
- We will build on and make the most of each locality's unique attributes.

Let's foster a community where people can continue to live for 100 more years!!

Feedback from residents who participated gave the sense that enthusiasm for community building had increased: “I'm looking forward to what Daiwa House does in the future,” “initiatives at other Neopolis sites are a useful reference for our activities,” “I got the sense that community building requires collaboration with governments, local organizations, and private sector companies.”

WEB [▶ “Neopolis Summit 2024: Toward Redevelopment of Neopolis” \(Japanese text only\)](#)



Neopolis Summit 2024



Keiichi Yoshii
President, Daiwa House Industry

Collaboration with local communities

The company has disaster prevention agreements in readiness for events such as earthquakes and landslides at logistics facilities we have developed. The agreements entail providing evacuation shelters for nearby residents and temporary storage of relief supplies.

In fiscal 2023, we concluded disaster prevention agreements with Kawanishi, Hyogo Prefecture and Sakado, Saitama Prefecture. These are helping us roll out measures for safe and secure regional community development.

WEB [▶ Local governments x Daiwa House Group: Local community revitalization \(Japanese text only\)](#)



Signing ceremony at Kawanishi
Left: Katsunori Nobe, Executive Officer, Daiwa House Industry
Middle: Kenjiro Koshida, Mayor of Kawanishi
Right: Atsushi Yoshida, Senior Operating Officer, Fujita



DPL Hyogo Kawanishi (Hyogo Prefecture)
Will provide temporary shelter and storage of disaster relief supplies in emergencies.

Social capital

Improvement of customer relations

Concept and Policy

The Daiwa House Group's mission is not only to provide safe and secure buildings, but also to ensure they are maintained in excellent condition over the long term to sustain their value as assets and enable their use across generations.

Further, our Group instills in all its employees our corporate approach of "being complete in small things," namely, putting one's fullest effort into the most ordinary of tasks. Responding to the detailed requests of each individual customer is a feature of this company, which was built on single-family housing design and construction. We apply this approach equally to the construction of large-scale commercial and logistics facilities.

Management

Long-term quality assurance

In our single-family house business, the company has established a system for long-term guarantees and after-sales service tailored to the structure of buildings and circumstances of the customer. We offer industry-leading initial guarantee periods for building structures and waterproofing, and also provide a periodic building diagnostic service, with inspections from the first month through the 30th year. A timely response helps to reduce maintenance costs. We visit individual customers and conduct maintenance work to repair areas requiring improvement identified in the building diagnosis, thereby maintaining and improving the value of housing as an asset. Information collected through aftersales services is summarized by the CS Headquarters and fed back to each department, leading to improvement in product development and quality assurance.

Further, if a customer sells their home in the future, the Provision of Quality Housing Stock Association*, a general incorporated association, conducts an appraisal based on established criteria to appropriately determine the intrinsic value of the property.

* An association established by 10 major home builders with the aim of boosting the liquidity of quality housing stock and market formation.



➤ Long-term warranty and after-sales support
(Japanese text only)

➤ SumStock (Japanese text only)



P048 Challenge ZERO Waste and Reuse

Extended guarantee



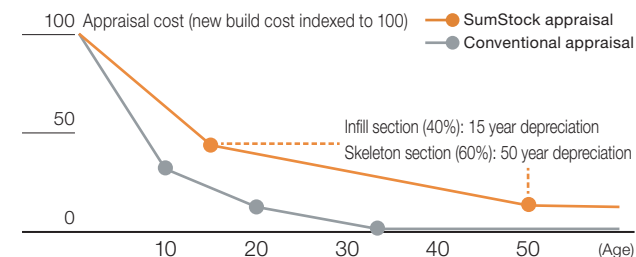
*1 Paid maintenance work

*2 After 60 years, upon request, we test durability and produce a durability performance certificate. It also shows necessary paid maintenance work and warranty periods for individual parts. Costs for durability tests are quoted separately.

Maintenance program



SumStock vs. conventional appraisal



Note: Above is for purposes of illustration.
Evaluation/appraisal differs by building. Materials: SumStock

Customer satisfaction surveys and long-term communication to earn trust

To ensure we develop, design, manufacture, and build good, high-quality products according to company standards that lead to customer satisfaction, we conduct customer satisfaction surveys in our housing and other businesses. Questionnaire surveys are conducted one month, one year, two years, and 10 years after customers take up residence in the single-family house business, at six months in the rental housing business, and at three months, one year, and two years in the condominium business. General construction questionnaire surveys are at the time of delivery. All data from customers considered feedback are analyzed by the CS Promotion Department and shared with all sections related to the processes involved, which leads to improvements. Since 2001 we have run the Daiwa Family Club website for owners of single-family houses. Condominium owners can also join. In addition to maintenance notices and Web-based questionnaire surveys, we have enhanced the Messenger and other customer communication functions.

In the rental housing business, we run a membership organization for owners, Daiwa House Owners Clubs, that serves as a forum for information exchange and friendship among building owners throughout Japan. Seminars and consultations are held by experts in asset utilization; members gain access to the latest information; and owners receive assistance with the maintenance of buildings they own or asset utilization of apartments they manage, for example. The commercial facilities business also has an Owners Clubs.

■ Social capital

Improvement of customer relations

Owners socialize with one another through organized trips and social events, and communication with them gives us insights into customer satisfaction over the long term following building delivery.

We promote such activities to maintain communication between owners and the Daiwa House Group over the long term.

Training to improve service quality

In our single-family house business, we hold training seminars for employees who communicate directly with customers to go a step beyond a textbook customer-oriented approach to make sure they get to know each individual's way of thinking and see things from each customer's perspective.

• Seminars for customer support office leaders and center managers

We hold seminars for customer support office leaders and center managers twice a year. These take up issues that are shared nationwide and discuss solutions and their efficacy, improving work efficiency and quality when incorporated in participants' worksites.

• Team leader training

Held once a year, team leader training aims to develop human resources into leaders who mentor their juniors. This fosters a sense of participation in the organization and management, and develops the ability to focus on and solve on-site issues in employees' own departments.

• New recruit training program

Sessions are held twice yearly for staff in their first year through third year. These train them in the techniques and knowledge needed to be Daiwa House Industry inspectors, how to think and generate ideas from the customer's perspective, and how to collaborate internally.

Providing product information

Daiwa House Industry provides product information documents at the time of building handover to ensure the customer can use it safely. For single-family houses, for example, we provide the customer with "Lifestyle Guidebook" that contains building maintenance information. For customers that request, we disclose a design and construction performance evaluation certificate based on Japanese housing performance labeling standards. For condominiums, along with the key at the handover, we also give the customer an instruction manual on the use of the building and facilities, a document detailing support after moving, "D's File" (a document showing the history of the residence), and equipment warranties.

Main approach

Seminars for customer support office leaders and center managers

In fiscal 2023, we held seminars over two days and one night for our customer support office leaders and center managers from across the country at the Daiwa House Group's MIRAI KACHI KYOSO Center (Kotokurie), our Group training facility. Under themes such as engineer allocation and reducing the number of complaints by improving quality, case studies and failures at each worksite over the past six months were presented, with group discussions on how individual worksites could be improved in light of the presentations. Each group presented ideas on how to increase the numbers of qualified personnel and speed up decision making, which were shared with everyone. We plan to continue such seminars in the future.

Call Center relations

In our single-family house, rental housing, and condominium businesses, we have opened the Daiwa House Support Desk as a concierge desk to handle queries regarding housing from owners. The support desk has a call center (24-hour, 365-day operation), and in cooperation with each branch, provides information on periodic inspections and maintenance support. Moreover, the Daiwa House Group offers a wide variety of

services ranging from house cleaning to renovation, the buying and selling of houses, leasing, and moving services. We aim to become a long-term, reliable housing consultant and partner.



Daiwa House Support Desk (illustration only)

Social capital

Dialogue and coexistence with local communities

Concept and Policy

The Daiwa House Group has worksites throughout Japan, so good relations with local communities are essential to carry out our business activities. We would be unable to run our businesses without their trust. We call the social contribution activities we conduct at the local level “community co-creation activities,” and the fundamental approach we use to conduct these is laid out in our Principles of Community Co-Creation Activities.

In fiscal 2022, together with stakeholders at our branches and plants nationwide, we came up with a vision of the towns we want to create in 2055, the 100th anniversary of our founding, and formulated the *Miraimachi Sengen* (Futuretown Declarations), to encapsulate our policies aimed at the towns of the future. In order to realize these declarations, we are planning and carrying out community co-creation activities, with the aim of addressing local issues throughout Japan.



➤ [Daiwa House Group's Hopes for the Future \(Purpose\)](#)
(Japanese text only)

Principles of Community Co-Creation Activities

1. As a responsible corporate citizen, the Daiwa House Group shall aim at building a society in which every person can enjoy true abundance, always striving to achieve and maintain great harmony with local communities.
2. The Daiwa House Group shall engage in dialogue with its stakeholders to understand local issues, and take action together with them while making effective use of available resources.
3. The Daiwa House Group shall encourage its individual employees to actively participate in its Community Co-Creation activities, considering them as opportunities for personal development.



➤ [Co-creation with communities \(Japanese text only\)](#)

➤ [Miraimachi Sengen \(Futuretown Declarations\)](#)
(Japanese text only)



P161 [Social Data 3](#)
[Achievements related to community co-creation activities \(FY2023\)](#)

Management

Promotion system for community co-creation activities at branch offices

The planning and implementation of community co-creation activities for our Group are spearheaded by the Community Co-Creation Promotion Committee at each branch office. Activities are planned and formulated in light of social issues and issues with worksite management with a view to regional community revitalization. Via interviews, dialogues, and collaboration with the civic activity departments of local governments and NPOs, committee members plan and implement activities, improving them so employees feel they would like to participate again.

In fiscal 2023, we launched dialogues and collaboration with stakeholders at our branch offices and plants nationwide, with the goal of realizing the *Miraimachi Sengen* (Futuretown Declarations). We aim to come up with measures to address challenges in carrying out our activities, and roll out further activities throughout Japan together with the Community Co-Creation Promotion Committees.



➤ [Miraimachi Sengen \(Futuretown Declarations\)](#)
(Japanese text only)



P161 [Social Data 3](#)
[Achievements related to community co-creation activities \(FY2023\)](#)

Community co-creation activity systems

The Company has numerous arrangements to ensure the enthusiastic participation of our employees in community co-creation activities, and is refining them to make them easier to use.

The volunteer leave system, allowing employees to take time off in half-day increments starting from fiscal 2015, was amended to one-hour units in fiscal 2021, enabling them to take leave more easily. The company also operates an employee donation system. Employees can make ongoing monthly donations to support organizations or contribute easily in times of emergency such as natural disaster. Further, we may provide a matching gift at times of emergency if certain conditions are met.



➤ [Endless Heart Donations Program \(Japanese text only\)](#)

Community Co-Creation Activities

Name	Establishment date
Volunteer leave system * May be taken in one-hour increments from April 2021	April 2005
Employee donation system	October 2005
Community Co-Creation Promotion Committees	April 2006
Activity expense sharing system	October 2008

Social capital

Dialogue and coexistence with local communities

Main approach

Daiwa Sakura Aid (DSA)

Our founder came from the Yoshino district of Nara Prefecture. Perhaps due to this connection, we started lending our support to conserving and rejuvenating the cherry trees of Mt. Yoshino in 2008. Our efforts over many years were recognized when we received a special achievement award in the landscape creation category of the 2023 Beautiful Nara Prefecture awards.

In addition to conservation efforts of the Mt. Yoshino cherry trees, the Sakura Project (mainly at elementary schools nationwide) features the performance and experience of traditional Japanese instruments and tree planting. This enables us to protect and pass on the history, culture, tradition, and lifestyle related to cherry trees and the cherry trees themselves in the spirit of “Creating Dreams, Building Hearts” with the keyword “cherry trees,” which symbolizes the Japanese spirit.



➤ Daiwa Sakura Aid

➤ Prize winner in 2023 Beautiful Nara Prefecture awards (Japanese text only)



Picking cherries

Miraimachi networking event (Gunma branch)

At our Gunma branch a *Miraimachi Sengen* (Futuretown Declaration) conceptualizing the town we want to create in 2055 was formulated together with stakeholders featuring “harmony in exciting Gunma,” namely a town where all generations could shine and mix freely.

During the formulation process, some employees noted that there were few connections between the Gunma branch and local people, and that Gunma was not good at self-promotion despite its many attractions. With this as the departure point,

the branch held a Miraimachi networking event November 25, 2023, inviting local people to mingle and spread information about Gunma, in order to realize such aspirations.

At the event, employees shared their thinking behind the Miraimachi declaration and hidden attractions of Gunma they had visited. Children drew their visions of the future town, which were displayed in the Gunma branch. Finally a forum was held, discussing Gunma town attractions and ideals for the region. Local participants noted the importance of Daiwa House’s approach going beyond the company itself to listen to their desires and build the town of the future based on that understanding. The employees felt they had many ideas in common with the local people, and confirmation that the Miraimachi declaration was headed in the right direction gave them the courage to move forward. They also found a fresh objective: to go outside the company and hear from the children who would be the main players in the future town.



➤ Collaboration case study: Gunma branch (Japanese text only)



Miraimachi event



Local participants

Construction of emergency temporary housing

We are a member of the Japan Prefabricated Construction Suppliers and Manufacturers Association, which has an agreement with local governments across Japan regarding the construction of temporary housing at times of disaster. When the association receives a request for emergency housing from a local government, it passes this on to the 14 companies that belong to the Standardized Architecture Committee. Our Group company Daiwa Lease is one of four managing companies of this committee.

The Daiwa House Group has arrangements to provide a smooth response when disasters occur, launching a project (DASH PROJECT) that handles everything from design to post-delivery management of emergency temporary housing. Such

projects involve employees normally engaged in other work, so efforts focus on preparations before emergencies occur, including regular drills for chosen members and the preparation of construction manuals.

Following the January 2024 Noto Peninsula earthquake, Daiwa House Industry built 227 housing units and Daiwa Lease 964 units, using Daiwa Lease cold-weather specifications for temporary emergency housing. Note: The contract leasing period for temporary emergency housing is two years, with sites cleared and restored to their original condition once the period expires. The prefab materials removed are stored at Daiwa Lease for recycling.



➤ Daiwa Lease website Reconstruction support/disaster prevention (Japanese text only)

D ➤ Daiwa House Group
A ➤ Action
S ➤ Speed/safety
H ➤ Heartful



Taking into insulation and wheelchair accessibility



Slope used on approach

Manufacturing capital

Contributions to SDGs



Manufacturing capital

Contents

- 085 | Developing and providing high quality, safe, and secure products
- 090 | Supply chain management (Society)
- 093 | Enforce safety/security at construction sites



■ Manufacturing capital

Developing and providing high quality, safe, and secure products

Concept and Policy

For the Daiwa House Group, the creation of businesses that find solutions to social issues is the embodiment of our founder's spirit. In order to "create new businesses" and "tune existing businesses" to serve society, we will not only carry out development at the Central Research Laboratory, but also, as part of our efforts to create new value, transform our businesses and business models by promoting digital transformation (DX) and expand open innovation, which allows for emergence from diverse perspectives, into our intellectual property strategy, and build a system that can promote business development in the medium to long-term and from the perspective of social issues.

In addition, in order to provide people with buildings that give a sense of safety and peace of mind, the Group has been working together with its partners to build up its technology and manufacturing base. In the era of technological innovation, we will aim at establishing a technological and manufacturing structure that can flexibly cope with the changing times, by cementing relationships of trust with our partners and improving our technological capabilities.

Management

Research and development structure that takes social issues as its starting point

In addition to the basic areas that support safe and secure living, Daiwa House Industry's Central Research Laboratory focuses on the four main social issues of "stock-type society," "low birth rate and aging population," "environmental energy," and "stable food production" as key areas. In addition, priority themes to be addressed each fiscal year are determined following discussions with officers in charge of respective divisions, the Vice President, and the President.

By integrating environmental, energy, IoT, bio, and other technologies, we conduct research and development to make the "places we live" both comfortable and sustainable,

including residences with consideration to comfort and health that stand up well to major earthquakes and disasters, as well as ZEH, ZEB, and RE100 (100% renewable energy) community development.



➤ [Community development with 100% renewable energy](#)

➤ [Central Research Laboratory \(Japanese text only\)](#)

System for cross-sectoral supervision of specifications information

To rebuild the conformance system in specifications across the Company, further strengthen our legal compliance system, and provide safe and secure products to our customers, the Company established the Legal Compliance and Quality Assurance Headquarters directly under the President in August 2019.

When the Company develops a product, safety performance such as fireproofing and structural performance, and comfort performance such as sound insulation and thermal efficiency, are verified at the Central Research Laboratory. A Product Design Checker (appointed from the Technology Division of the Head Office) who has specialized knowledge and experience in various fields checks the details of both new and modified designs to ensure their proper implementation. The designed components are manufactured at factories that have acquired ISO 9001 certification, an international standard, and then shipped to their respective work sites.

Even products developed in this manner may result in legal or model violations if the design or construction is not carried out properly. To prevent this risk, we provide training to all employees involved in business operations.

Furthermore, we developed D-SPEC, a system that automatically highlights the points in construction most critical to fireproofing and generates drawings. It allows us to provide the key construction points to engineers and technicians in advance for each property, preventing on-site human error and enabling more accurate checking during inspections.

Design auditors who satisfy internal standards select 5% or more of the properties completed in the previous fiscal year from across the country to confirm that the design documents are free of legal and model violations, based on a checklist. If the design auditor discovers any noncompliance or irregularities

related to the specifications, he or she has the authority to delay or suspend the transfer of the product to the customer, and is responsible for controlling the relevant departments.

By performing cross-sectoral supervision of specifications information from the Head Office to manufacturing sites, we provide safe and reliable quality products to our customers.

Internal qualifications for the system of type-certified specifications

The Company's Housing Headquarters has an internal qualification system for employees who have obtained the type-certified specifications and are engaged in design work that uses this specification system. Exams are held internally every year, and those who do not pass the exam are not allowed to carry out design operations that use the system of type-certified specifications.* Online training is held to prepare for this exam.

In addition to the exams, we evaluate each designer's skill proficiency based on a comprehensive assessment of their knowledge and experience in design work. The available tasks are classified into five levels according to proficiency rank, ranging from "design assistance work only" to "design and verification of general building permit applications." The number of these proficiency rank increases is tallied for each branch office and incorporated into the management soundness assessment.

* An advance assessment and certification of compliance with certain building standards, such as a residence built to standard specifications. If the subject has already obtained the type-certified specifications, then the evaluation at the time of individual building permits will be simplified.

Employee training in the Production Headquarters

We conduct training at least once a year according to rank for employees involved with the Production Headquarters and 20 professional specializations such as disaster prevention, quality, etc. Through this process, we develop human resources with knowledge of product quality, safety in the manufacturing processes, environmental performance, and more, and who are able to put this knowledge into practice.

■ Manufacturing capital

Developing and providing high quality, safe, and secure products

Promoting digital transformation (DX)

Technical innovations that incorporate digital technology are becoming increasingly important to the construction industry as it faces aging demographics and shrinking numbers of skilled builders. Moreover, with digitalization accelerating across all areas of society and in anticipation of this changing social environment, the Daiwa House Group led the industry by establishing a digital construction project in fiscal 2019 with the aim of reducing the need for personnel and enabling unmanned construction sites. The Group then followed this up in fiscal 2020 by integrating its previous efforts in the BIM* field and establishing specialized departments.

* Building Information Modeling. Digital three-dimensional models that incorporate building information. It enables consistent use of information throughout the life cycle of a building, from design to construction and maintenance.

 [DX Annual Report \(Japanese text only\)](#)

Strategy for intellectual property

We recognize that intellectual property rights such as patent rights and design rights, which are the results of our research and development, trademark rights, which form the basis of our brand strength, and copyright, which is the result of our intellectual creativity, are important assets of our company. We strictly control all matters regarding their acquisition, maintenance and abdication based on an established flow. We do not only assert the intellectual property rights of our company, but also respect the rights of other companies. We carry out clearance investigations to ensure the non-infringement of other companies' patent and trademark rights.

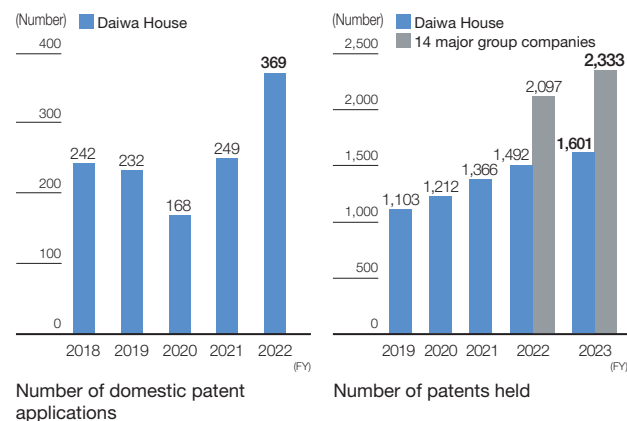
Furthermore, based on the importance of intellectual property information, as well as constructing a system to communicate and gather intellectual property information within the company, by actively carrying out licensing based on patent rights, which are the results of technical development, we are working to utilize our intellectual property rights. To further promote activity related to intellectual property rights, we publish an annual report on our activities related to intellectual property, pay a bonus for inventions that are implemented, and hold presentations to increase employees' awareness of intellectual property.

The number of domestic patent applications in fiscal 2022 was 369. Regarding the breakdown of fields of those

applications, in addition to our core business of housing and construction, in recent years, the ratio of applications related to the fields of IT and IoT, and the environment, are increasing.

As of the end of fiscal 2023, the Company held 1,601 patents (including patents acquired in foreign countries), which is an increase of 109 patents since the end of fiscal 2022. As of the end of fiscal 2023, the 14 major group companies, including the Company, held 2,333 patents (counting only the patents registered in Japan).

■ Number of domestic patent applications over the past five years, number of patents held



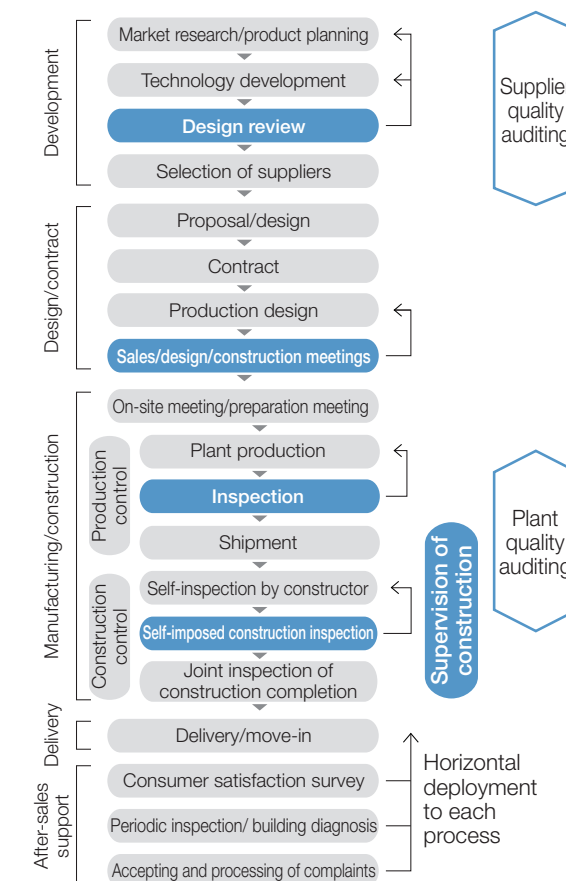
Quality Assurance System

Daiwa House Industry pursues quality improvement throughout the production process, from development to design and contract, production and construction, to after-sale services. According to our system, each process, such as development, design, production, and construction, must pass an inspection based on feedback from recurrence prevention activities and various processes, before proceeding to the next process.

Improvement proposals are raised at each process up to the delivery via a feedback sheet system made available to all employees. Proposals on product quality, systems, and structures are accepted, managed, and administered, all the way up to the responsible department's response. Adopted

proposals are then used to improve technical standards and design documents.

■ Quality assurance system flow (Housing)



■ Manufacturing capital

Developing and providing high quality, safe, and secure products

Conducting self-inspections of building quality

・Housing (single-family house and rental housing businesses)

Japan has rigorous standards for building safety to protect building owners and residents (consumers), based on the Building Standards Act. In addition to legally required inspections, we conduct construction quality self-inspections carried out by the construction company and construction manager, as well as an inspection by members of the construction supervision department. A building must pass these inspections before it can be delivered.

・Construction (commercial facilities and logistics, business and corporate facilities business)

At the Company, following self-inspections conducted by building contractors and construction supervisors, personnel responsible for design, construction, and facilities conducts quality checks before handing over a building.

Employee education aimed at improving construction quality

The Company provides intensive training to employees who have newly transferred to the Housing Construction Supervision Department. The training includes education on laws, regulations, and on-site inspections of construction sites.

Certification system for structural specialists in design

In recent years, due to the increasing size of projects ordered and the use of advanced technology, it has become necessary to strengthen our structural technology capabilities to facilitate our efforts in the competition for orders for buildings such as hospitals, data centers, and precision machine factories. In addition, advanced technical knowledge has become necessary for determining performance when ordering our own development projects.

Therefore, in fiscal 2021, we internally established the Certification System for Structural Specialist, which impartially evaluates and celebrates the technical abilities of structural engineers. The system was created to drive cutting-edge

technology, improve foundational technical skills, and motivate structural engineers. Every year, properties utilizing advanced technologies implemented by their designers are evaluated and selected, with the ranking rising according to the number of times they are selected. Employees selected through the Certification System for Structural Specialist will work toward the internal development of advanced technologies through various means, such as in-house design reviews, technical consultations, and expressing their opinions in technical presentations, thereby promoting the enhancement of structural technology capabilities across the entire company.

Implementation of the ISO 9001 Quality Management System Standards at the Production Headquarters

At Daiwa House Industry's plants throughout Japan, we are automating, streamlining, and using more robots to achieve an integrated production system with uniform quality that extends from parts machining to assembly. Our plants nationwide, together with the Production Headquarters and the Procurement Headquarters of the Head Office, have acquired ISO 9001 certification, the quality management systems of the International Organization for Standardization and implemented it as a tool to further promote efforts to enhance and stabilize product quality.

Regarding the implementation of ISO 9001, an external certification body performs annual checks to assure product and service quality and safety.

Education support aimed at technical improvement of partner subcontractors

We established the regulations for financial assistance to train technicians for housing constructors in order to provide our construction business partners* with financial support to train their young technicians in specialized skills for housing construction. Since fiscal 2021, recipients of the subsidy have undergone the Training Program for New Housing Technicians for the second year of their subsidy. In fiscal 2023, 34 technicians participated in a four-day online training program for foundation, exterior, and interior technicians. Through participation in this program, the foundation and interior technicians were able to

satisfy the requirements established by the Ministry of Land, Infrastructure, Transport and Tourism in the system to achieve Level 2 certification (mid-level technicians), apart from the required number of working days (645 days).

In addition, the internal Certification System for Skilled Engineers and Technicians certifies engineers and technicians with outstanding skills to secure technicians and improve the technical capabilities of construction companies, improve the production systems of factory business partners and enhance their quality, and raise the motivation of technicians. Two of these technicians received the 2022 Minister of Land, Infrastructure, Transport and Tourism Award for Excellence in Construction (Construction Master), raising the total number of Construction Master award recipients to seven and setting a good example for other technicians.

We also provide training when we conduct skill assessments for technicians and prospective full-time supervisors who assist our construction managers. Construction expenses for technicians and others are paid to the building contractor according to their rank in the skill assessment.

In addition, measures are implemented in cooperation with business partners at each factory to develop and improve the skills of qualified technicians.

* Business partners who perform construction work under contract from the Company

■ Educational support programs

Development measure	Target	Details
Technical improvement training	Factory business partners	Skill transfer from excellent technicians to other technicians
Skills contest (qualifying round)	Factory business partners	Competing in skills such as welding, woodworking, exterior work, painting, forklift operation, and information processing. Judging performed by the Company
Nationwide building skills contest	Factory business partners	Certification of winners as "excellent technicians" and "senior technicians"
Supervisor training	Factory business partners Supervisors	Training to improve on-site management skills. Training on safety, quality, and environmental issues
National improvement contest	Various factories and factory business partners	Case studies of cost reductions, productivity improvements, and other improvements at various factories. Qualifying sessions held at each factory



➤ MLIT [CCUS Portal]: About the Skills Evaluation System
(Japanese text only)

■ Manufacturing capital

Developing and providing high quality, safe, and secure products

Support for improving the working conditions of construction business partners

The “Construction Career Up System” (hereinafter referred to as “the system”) operated by the Government of Japan is a scheme designed to improve the work conditions by reserving construction technicians’ qualifications, social security data, and work experiences, resulting in a fair evaluation of skills. Operation of the system started in April 2019, supported by the Ministry of Land, Infrastructure, Transport and Tourism as part of work style reforms. We have been encouraging our building contractors to register with the scheme since October 2019.

In addition, starting in April 2020, we began managing the entry and exit of construction technicians at construction sites with face recognition so that work history information can be stored on the system. We used various means to encourage others to register with the system, such as by creating a tool that makes it easy to apply for registration, even for those who are not familiar with operating computers. As a result, 59% have joined the system as of fiscal 2023. Construction business partners that register with the system become eligible to receive various subsidies from the Company.

Main approach

Remote inspections in practice

With the goal of improving the efficiency of inspections, the Company’s Housing Construction Supervision Department has been conducting validation experiments of inspections conducted by construction supervisors at remote locations other than construction sites (offices, satellite offices, etc.). Since the effectiveness of remote inspection (inspection accuracy and time) was confirmed in fiscal 2023 and the statutory legal check has been completed, we will officially start operating “remote inspections” in fiscal 2024. Construction supervision assistants equipped with wearable devices capable of both visual and audio communication will be at construction sites to conduct inspections in collaboration with remotely located construction supervisors. Not only will this minimize travel time for inspections, but it will also allow for the transfer of skills to younger technicians.

Operating the feedback sheet system

We operate a “feedback sheet system” to collect a wide range of product quality information about defects, inefficiencies, and aspects that lack user-friendliness or ease of use that are discovered at the point of manufacture or maintenance (aftersales), in order that we may promptly apply corrective measures. At present, the system receives about 100 improvement requests every month, and we have a growing store of responses. In fiscal 2023, we trialed a system that allows us to collect information not only from our own employees, but also from external building contractors in some locations.

We will gradually begin operating the system for nationwide expansion in fiscal 2024.

Supporting skill improvement and skill transfer at factory business partners

• Nationwide factory skills contest

The aim of the nationwide factory skills contest is to improve the skills required in factory production activities by having representatives from different factories compete in terms of safety, quality, and productivity. In addition to the six skills of welding, woodwork, exteriors, painting, crane, and forklift, a seventh skill of construction information processing was added in November 2023. Participants compete in ten events to test these seven skills. Through this competition, we seek to improve technical skills, raise motivation, and transfer skills.



Welding skills being tested at the nationwide factory skills contest

• Supervisor training

Supervisor training targets the supervisors at factory business partners for the same production lines at different factories. Participants record videos providing an outline of their factory’s production line and its issues, and through the exchange of information and case studies where improvements were made with those from other factories, participants are able to discover ways to improve their work environments.

We received feedback through questionnaire surveys that the training was valuable and informative due to the opportunity to exchange opinions with colleagues who produce the same products. In the future, we will expand the number of production lines this training covers and establish a forum for exchanging opinions among employees at different factories.



P162 Social Data 4-3

Health and safety education

Improve productivity with the use of information and communication technologies (ICTs)

• Digital construction and man-hour conservation through a high-precision positioning system

The Company and TOPCON CORPORATION signed a basic agreement to implement and promote “Digital Construction,” which sought to improve productivity by 2020 by using digital data to centrally manage all construction site processes. TOPCON’s high-precision positioning devices convert drawings into coordinate data, which can then be read by tablet devices for accurate positioning work.

In fiscal 2023, we held briefing sessions for construction managers across Japan and used the system to rope off construction areas, measure core piles, and erect steel frames. As a result, many construction sites have reported that measurements that used to require two people can now be done by one person in a short period of time. Furthermore, as the system can be used in a variety of ways, use cases are being gathered from across Japan and horizontally deployed via the in-house intranet. We will continue to promote the introduction of this system to more construction sites to improve the accuracy of building construction and reduce manpower needs.



➤ Conclusion of the basic agreement to realize Digital Construction (Japanese text only)

■ Manufacturing capital

Developing and providing high quality, safe, and secure products



Worker using a smartphone to check the numbers



Example of use when erecting a steel frame

・ Development of D's BIM ROOM

Three companies in the Daiwa House Group (the Company, Nangok R/Studios, and Truss) have developed D's BIM ROOM, which allows customers to use a computer, tablet, head-mounted display, or other device to enter the metaverse (a virtual space) at the planned construction site of a building and get a full-scale view of the building's exterior and color, as well as get a feel for the distances from other things in the surrounding environment, and other aspects of the building. Inside D's BIM ROOM, customers located remotely can talk and share documents with other relevant parties, enabling them to work more efficiently in the planning, design, building, and other construction processes.



➤ [Development of D's BIM ROOM \(Japanese text only\)](#)

Global Talent Program (short-term training in Japan for national staff)

In anticipation of future overseas business expansion, we established the "Global Talent Program" in fiscal 2022 to improve the technical skills of national staff (local staff) working in our overseas subsidiaries. During fiscal 2023, we conduct a training program in Japan from November 5 to 18, 2023. The target was local staff on the front lines of our overseas operations, and the objective was to motivate them to work for the Group and improve their skills through their experience in Japan.

This year we welcomed eight participants from six countries/regions (China, Taiwan, Vietnam, Malaysia, Indonesia, and the US). In addition to touring construction sites and Company facilities, participants experienced traditional Japanese craftsmanship through a hands-on workshop at the Mie Technical Training Center, and gained new insights through communication with local employees of workshops and the Global Human Resource Exchange Meeting. Using these experiences, we are training leaders who will be responsible for promoting technical capabilities in local subsidiaries.



P068 [Developing Global Human Resources](#)



Program participants

■ Manufacturing capital

Supply chain management (Society)

Concept and Policy

As social demands for corporate environmental and social initiatives increase, we believe that the Group's competitive advantage lies in its ability to satisfy both quality and price requirements while giving due consideration to human rights, decarbonization, and other issues. The Group has formulated its Supply Chain Sustainability Guidelines to promote CSR procurement together with its business partners, and to not only keep with the spirit of the law, but also by specifying specific requirements for business partners.

In addition, we have established a more detailed "Daiwa House Industry Procurement Headquarters CSR Purchasing Policy" for all business partners in Japan who do business with our Procurement Headquarters, and asked them to inform us in writing that they have agreed.

Furthermore, Daiwa House Industry participated in the Declaration of Partnership Building established by the Cabinet Office and other organizations. Through this declaration, we have affirmed to society that we will adhere to appropriate business practices with subcontractors.

■ 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



➤ The Supply Chain Sustainability Guidelines

➤ Participation in the Declaration of Partnership Building (Japanese text only)

➤ Daiwa House Industry Procurement Headquarters CSR Purchasing Policy (Japanese text only)



P162 Social Data 4-1 Supply Chain Sustainability Guidelines Agreement collection rate/Self-check response rate

Management

Operating the Supply Chain Sustainability Guidelines

In order to promote CSR procurement with our business partners, we formulated the CSR Procurement Guidelines in 2015. In April 2023, we revised the guidelines and renamed them the Supply Chain Sustainability Guidelines to cope with changes in society.

Our guidelines establish seven principles that underline the social and environmental responsibilities we expect of our business partners in a "Business Partner Code of Conduct." They expand off this code to more articulately define social and environmental requirements for our business partners under our "Corporate Activity Guidelines." Furthermore, the "Guidelines for Products" define the criteria for environmental and social features of products (such as construction materials) delivered to us.

When contracting with new business partners, we explain to them the purpose and overview of these guidelines and have them submit a letter of consent that they will honor them. If and when necessary, we also have long-standing business partners resubmit such letters of consent.

The explanatory document for business partners is in line with the "Business Partner Code of Conduct" and the "Corporate Activity Guidelines," and is provided to all employees of business partners for educational and training purposes.

Compliance with these guidelines is monitored through self-checks, which we have requested our business partners to conduct on a regular basis since fiscal 2017.



P016 Supply chain management (Environment) Increasing suppliers' awareness of our environmental policy

P035 Cross-segment CSR Procurement Subcommittee

P062 Human rights risk assessment of business partners

P162 Social Data 4-1 Supply Chain Sustainability Guidelines Agreement collection rate/Self-check response rate



➤ The Supply Chain Sustainability Guidelines

Encouraging business partners in CSR procurement

Daiwa House Industry assists three member organizations in its supply chains with its material suppliers. Through these organizations, we learn of demands and issues our business partners have with us and inform them occasionally of business process issues we want them to respect through closely knit communications.

· The Confederation of Partner Companies (4,275 companies): Composed of manufacturing and construction companies

The Confederation of Partner Companies, an organization of partner subcontractors and factory business partners, has 72 branches nationwide and focuses on improving safety, quality, technology, and work efficiency, as well as promoting environmental conservation. Officers of the Company participate in each subcommittee as Executive Advisors, while the Company handles the role of secretariat. Confederation members share ideas and knowledge through the information site run by the Company "D-PC/WEB Ren" to ensure smooth communication and collaboration.

· The Trillion Club (238* companies): Composed of material suppliers

The Trillion Club helps improve the finances of both member businesses and Daiwa House Industry by enhancing material quality, respecting delivery schedules, developing new construction materials, and innovating technologies. Focusing on these promotional activities, we are deepening mutual development and friendship.

* As of the end of April 2024

· The Setsuwa Club (160 companies): Composed of equipment manufacturers and sales companies

The Setsuwa Club enhances cooperation and collaboration regarding equipment technology through the planning and operation of product and technology exhibitions by the Exhibition Subcommittee, and through the activities of the Technical Information Subcommittee, Public Relations Subcommittee, Introduction Promotion Subcommittee, and other subcommittees. The Club has a branch in each of the Kansai, Kanto, Chubu, and Kyushu regions.

■ Manufacturing capital

Supply chain management (Society)

□ P016 Supply chain management (Environment)

P035 Cross-segment CSR Procurement Subcommittee

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 make up products manufactured at 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, and management against our regulations on purchasing operations. Once approved, we visit the manufacturing company's production factory to verify the quality control system using a checklist based on the requirements of the ISO 9000 series. 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 to ensure that they are maintaining a reliable supply system.

In selecting new partner companies that carry out on-site construction, we review their application against their management policy, construction technology, number of qualified workers, and construction price levels and interview them as per our engineering regulations on subcontractors and product subcontractor management regulations. In addition, these processes help us to verify the candidate company's compliance record, safety and health assurances, their distancing from antisocial forces, legal permits in their possession, their participation in Japan's public health insurance program, and other defining features. With those that pass, we conclude a Basic Subcontractor Agreement and Factory Business Partner Subcontractor Agreement, as well as obtain a trade name proof of registration from them.

Action taken with suppliers with marked ESG risks

When we receive reports regarding ESG risks which include corruption, such as bribery, or human rights violations by our business partners, we have a system in place to investigate the facts and urge our business partners to take corrective action.

□ P162 Social Data 4-2
Results of questionnaire survey for business partners

Resolving problems in relations with business partners originating with our employees

The Group has established a "Partners Hotline," a contact point for reporting problems from business partners. The hotline is used to identify any behavior by Group employees that may be problematic from an ethical or compliance standpoint, as well as any issues among suppliers, and to strengthen relationships of trust with business partners. The Company corrects any problems identified by the reporting as appropriate. Starting in fiscal 2024, the psychological safety of whistleblowers will be ensured by subcontracting the acceptance of whistleblower reports to a specialized company.

We survey our business partners once a year through our Questionnaire Surveys for Business Partners. The results of the survey are used to build appropriate relationships with partner subcontractors. The results of the questionnaire survey are reported to the relevant division executives, including the Company's representative director, and feedback is provided to the offices that serve as the actual contact points with business partners to formulate and implement improvement plans. The information is shared with the Technology Coordination Department and business divisions, and is also used in training programs to promote improvements by measuring the progress of improvement activities.

□ P061 Various whistleblowing systems

P162 Social Data 4-2
Results of questionnaire survey for business partners

Local procurement

The Group's basic approach is to contract out construction

work to local construction companies and to procure building materials from local suppliers, thereby contributing to the stability of local economies.

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 maintain a Gold rating since then.

□ P112 Company receives Gold EcoVadis sustainability rating

■ Manufacturing capital

Supply chain management (Society)

Main approach

Monitoring business partners for ESG risks

The Group monitors the ESG risk of its business partners, regularly requesting them to perform self-checks of whether they are in a status of compliance with the Supply Chain Sustainability Guidelines. As a result, we confirmed that many of our business partners are moving forward with measures to comply with the aforementioned guidelines. On the other hand, we have found that challenges remain in formulating policies and conducting training on diversity and harassment. Based on these results, we will strengthen our dialogue with business partners and continue to make efforts for improvement.



P062 Human rights risk assessment of business partners

P162 Social Data 4-1

Supply Chain Sustainability Guidelines Agreement
collection rate/Self-check response rate

Response to rights of indigenous people

As we procure timber globally, we have established our Biodiversity Guidelines [Timber Procurement] to avoid complicity in biodiversity loss or human rights violations. In accordance with these Guidelines, we carry out an annual procurement of timber survey and confirm the rights and working conditions of indigenous people. The survey establishes areas with a strong possibility of destroying forests and violating human rights as “high risk areas (tree species).” When we ascertain ongoing procurement from such areas, we demand that the relevant suppliers take corrective action. In fiscal 2023, the percentage of wood procured from such high risk areas, excluding certified wood, was 0.5%. We also amend survey items when needed, including high-risk areas based on information obtained from NGOs and forest certification bodies possessing detailed information on logging areas worldwide.



P016 Supply chain management (Environment)
Monitoring of supply chain

P035 Conducting procurement of timber surveys at our suppliers

■ Manufacturing capital

Enforce safety/security at construction sites

Concept and Policy

Cocreation with our business partners has always been important to us at the Daiwa House Group, as shown by our action guideline to “grow and develop together with our business partners,” which is enshrined in our Employees’ Charter. The majority of our business partners and their employees are engaged in operations at plants or on construction sites, making the betterment of safety, health, and working conditions at the factory or construction site a universal theme. The Daiwa House Group believes that providing job environments where diverse human resources can work with peace of mind helps our business partners secure and retain human resources. We have therefore established health and safety management regulations in accordance with the Industrial Safety and Health Act. Based on these regulations, the Company President and the Chair of the Central Occupational Safety and Health Management Committee set and work on the “Basic Policy to Promote Safety and Health at Work” every year.

We are working with our business partners to enact a digital transformation (DX) while strengthening safety and health systems for people working on our sites. In doing so, we aim to achieve safety and security at our construction sites.

Management

General management of safety and health by the Board of Directors

We have appointed the Executive Vice President as Chair of the Central Occupational Safety and Health Management Committee, at the center of safety and health management. In this way, we ensure the general management of safety by the Board of Directors.

The Company holds regular meetings of the Central Occupational Safety and Health Management Committee, which is composed of company executives and heads of the technology, production, and administrative departments. The committee meets to get a solid grasp of the current state of occupational safety and health at the company, and to discuss

related issues. The details of the meetings are announced at a joint board of directors’ meeting, with the participation of directors and executive officers, whose viewpoints are incorporated into the process of setting the “Basic Policy to Promote Safety and Health at Work.”

In terms of the management structure of our health and safety management, a Senior Executive Officer and an Executive Officer are placed in charge, with an additional five Senior Executive Officers and Executive Officers from the construction departments of the single-family housing business, rental housing business, and commercial and office buildings business appointed as executive officers in charge of safety, for a total health and safety management team of seven. Occupational Safety and Health Management Committees have also been established at each factory and branch office. Important matters reported by these committees are reported to the Executive Officer of the construction department, who assesses the risks and reports those deemed “serious” to the Company’s Directors and Audit and Supervisory Board Members via the Central Occupational Safety and Health Management Committee. Through the general management of measures related to safety and health as above, the routes of orders to each factory and branch office are clarified.



Executives (as of April 1, 2024)

Dissemination concerning safety and health to employees and business partners

Each branch has a safety manager and a health manager who have undergone external training such as RST*1 and the training for appointed safety managers stipulated by the Minister of Health, Labour and Welfare. Branch managers, safety managers, and health managers are to fully understand the contents of the “Basic Policy to Promote Safety and Health at Work” and together create a safety-and-health promotion plan. The contents of these plans are communicated to employees and business partners through the Occupational Safety and Health Management Committees (internal employees only) and safety and health councils (whose membership includes stakeholders such as external contractors) at each branch office. The safety-and-health management plans include frequency rates*2 that show the frequency of disaster incidents. These are reflected in the branch office evaluations.

In addition, not only do we aim to create “zero accident”

working environments, but we also seek to make our workplaces highly efficient, by holding monthly “Accident Prevention Council” meetings, including our business partners, to check the safety of all properties under construction.

*1 Ministry of Labour (currently Ministry of Health, Labour and Welfare) On-site Health and Safety Education Trainer

*2 The number of work-related fatalities and injuries per million actual working hours, which represents the frequency of accidents

■ Safety targets for fiscal 2024

Items	Targets	Important activities
Incidents resulting in death	0	Risk assessment-driven initiatives emphasizing slip/fall and heavy equipment accidents
Incidents caused by a third party	0	Conduct risk assessment during a construction review session
Heavy machinery-related incidents resulting in an absence of at least four workdays	0	(1) Work plan development and dissemination (2) Measures to keep out of the work area (3) Power shutdown when no work is performed
Slip/fall incidents resulting in an absence of at least four workdays * Compared to the end of January 2024	20% decrease	(1) Full scaffolding facilities (2) Thorough use of slip prevention equipment (3) Educational guidance
Heat stroke incidents resulting in an absence of at least four workdays	0	(1) Educate housing crews about heat stroke (2) Educate building and housing complexes crews at each worksite



P162 Social Data 4-3
Health and safety education

Safety management structure at construction sites

Before starting construction on any of our projects, including new construction, we hold meetings to discuss how to ensure safety while building, and prepare a work plan. The Company confirms whether construction is progressing according to the plan through regular and special patrols of construction sites and meetings of the safety and health councils. The Company provides guidance and education for improvement to employees of the Company and its business partners.

In addition, hazard prediction videos are reviewed during morning meetings at each construction site in accordance with the work tasks to be performed that day. We also collect and share information on near-misses that occur at construction sites and have introduced a system that allows workers to

■ Manufacturing capital

Enforce safety/security at construction sites

report such incidents directly from their smartphones or other mobile devices.

In addition, we use industrial accidents that have actually occurred as case studies. Internal notices are issued and special patrols are conducted based on the contents of these studies to encourage the entire company to prevent such incidents from happening again.

Particularly serious accidents and disasters are reported to the Risk Management Secretariat (the Company's Legal Department). In addition, if, regarding the direct causes of an accident, an accident is similar to the causes of fatal or serious accidents that have occurred at the Company in the past, an accident is objectively analogous to a fatal or serious accident that could have resulted in death or serious injury, or an incident or accident is caused by a failure to take measures as instructed in past notices, the branch office in question will be designated as a "branch office requiring safety management improvement guidance" and placed under the supervision of the officer in charge of safety and receive direct guidance. To remove the designation, the branch office in question must clearly define indicators for improvement based on the results of the analysis of the accident case study and prepare a remedial action plan based on these indicators. The branch must then work intensively for about three months to improve its facilities and raise awareness in accordance with the action plan. After that, the Safety Management Department at the Head Office and the officer in charge of safety will check whether the facilities have been improved and that safety awareness has been established, and then make a decision on whether to remove the designation.



P162 Social Data 4-3
Health and safety education

Risk management at factories in cooperation with business partners

The Company's factories array the various factory-specific committees (Safety and Health Committee, Quality Committee, Environment Committee, etc.) around the factory's Factory Risk Management Committee, which acts as a conduit for sharing information and coordinating operations with departments and divisions at the Head Office. They also share with factory business partners information about events that have occurred

and risks that are foreseen at other plants. The Factory Risk Management Committees at Daiwa House Industry's factories are instrumental in reducing risks and solving issues, uniting the Company and factory business partners in efforts to manage risks.

It also makes arrangements with business partners to handle the busy season by planning production process and volume, taking into account the problems (financial conditions, production capacities, etc.) identified through hearings and visits to factory business partners.

Health and safety audits for factory employees

At the Company's factories, we carry out safety audits based on the Occupational Safety and Health Management System (OSHMS) standards.

Main approach

Number of construction site industrial accidents and their countermeasures

In fiscal 2023, there was one industrial accident (heat stroke) at a construction site resulting in an absence of at least four workdays for an employee of the Company. There were 28 industrial accidents involving employees of business partners. Of these 28 accidents, 11 were slips/falls. We have therefore issued a notice calling for measures to prevent heat stroke, slips, and falls, and are working to ensure awareness of these issues.

■ Number of industrial accidents

Type	Number
Slip/fall	11
Getting caught in machinery	6
Fall	4
Cut/scratch	3
Collapse	2
Crash	1
Flights and falls	1



P162 Social Data 4-4
Number of construction site industrial accidents

Implementation Report

Governance

CHAPTER

03

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Governance

Corporate governance

Concept and Policy

The Daiwa House Group considers corporate governance a priority issue in our business management in order to remain a corporation trusted by society. As such, our basic approach is to establish and maintain a swift and accurate decision-making and business execution system, an optimal supervisory and auditing structure, and a corporate governance system incorporating diverse and long-term perspectives.

Operating on these systems, we pursue, and continue to improve, our corporate governance in the best possible manner, so that we may maintain both our contribution to society and value creation for our shareholders at high levels: the former through our business activities in a broad range of fields fulfilling society's needs and advancing proactive innovation and exploration of new areas; and the latter as a publicly listed corporation that creates stable economic value surpassing capital cost on a medium- to long-term basis.

Management

Corporate governance system

To increase our corporate value, the senior management in charge of business execution should always explore social needs based on a bottom-up approach, and the Board of Directors should deliberate and determine how we concretize the social needs as a business.

Our Board of Directors consists of eight executive directors and six independent external directors. By appointing both executive directors to enable accurate and swift actions on how to respond to the society's needs through our business operations, and a multiple number of independent external directors, we increase the level of objectivity and soundness of our business management. Furthermore, the Board of Directors is further audited by auditors and the Audit and Supervisory Board that are independent of the Board of Directors.

Regarding the nomination of directors and officers and remuneration, to enhance independence and objectivity, we have the Nomination Advisory Committee and the Remuneration

Advisory Committee, the majority of whose respective members are independent external directors headed also by an independent external director. We also have the Corporate Governance Committee to discuss overall management visions, strategies including efforts toward achieving the SDGs (the UN's Sustainable Development Goals) and ESG, and other subjects, so as to sufficiently incorporate the knowledge of external directors into the company's medium- to long-term managerial issues for the sustainable growth of our company.

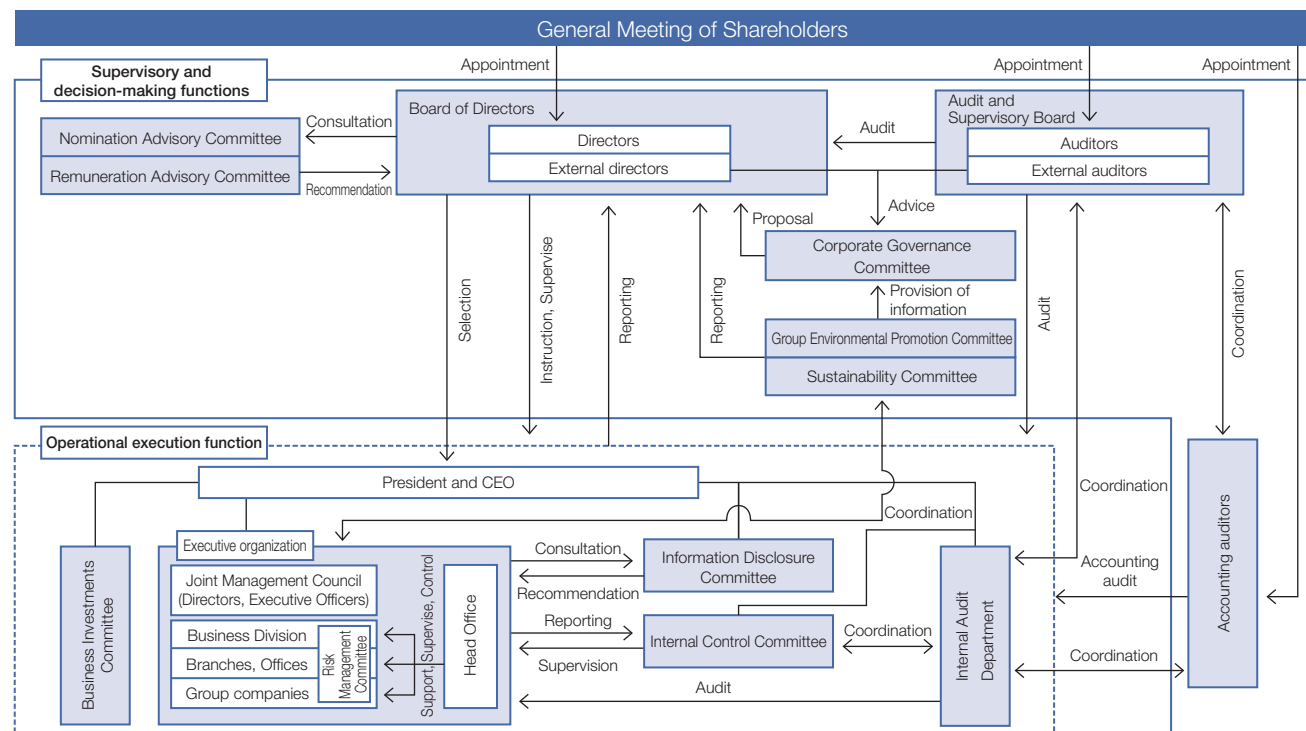
In fiscal year 2021, the Company shifted the business execution system to a business division-based system to enable quicker response to changes in society. The governance

structure has been revised by delegating authority to the general managers of business divisions (directors in charge of businesses), establishing value chains and supply chains including subsidiaries for each business, strengthening risk management, improving performance evaluation and personnel evaluation systems, and adopting ROIC (return on invested capital) as a management indicator.

 [Corporate Governance System](#)

 [P163 Governance Data](#)

Corporate governance system



■ Governance

Corporate governance

Revision of the “Rules and Regulations of the Business Execution System”

In the “Daiwa House Group Governance Enhancement Measures” announced in November 2019, the Company shifted to a business division-based system in April 2021 in order to create a responsibility system in which the director in charge of each business is responsible for overseeing the performance and risk management of the business as a whole. In light of the start of this new business execution system, the Company has revised the Rules and Regulations of the Business Execution System to clarify where responsibilities lie and to ensure the organized and smooth execution of business execution activities by defining the basic roles and duties to be performed by each organization of the Company as segregation of duties.

-  [Implementation Status of “Governance Reinforcement Measures of the Daiwa House Group” \(Japanese text only\)](#)
- [Nov.11,2019 Daiwa House Group Governance Enhancement Measures](#)

Selection of directors

Our company’s Article of Incorporation stipulates that the term of office of directors as one year, and the Regulations of Directors set by the Board of Directors stipulates the procedures and standards for selecting directors.

Standards for selection of directors

1. Having good managerial sense and a mastery of wide-ranging managerial issues
2. Having an excellent company-wide perspective and abilities to analyze and judge subjectively
3. Having outstanding foresight and insight
4. Capable of accurately grasping the trend of the times, managerial environment and changes in the markets
5. Highly motivated to improve his or her own quality
6. Capable of proactively expressing his or her opinion from a company-wide perspective
7. Possess character and insight appropriate to the position of director
8. Not fall under any of the disqualifications for directors set forth in Article 331, Paragraph 1 of the Companies Act

Diversity amongst directors

The Board of Directors of our company is consisted of various directors who have different backgrounds of expertise, experience and so on. And it’s basically composed of 20 persons or less, as it is the adequate number of directors for the Board of Directors to fulfill its functions most effectively and efficiently. Ratio of external directors with independency and neutrality is basically one-third or more of the Board members.

-  [Information Disclosure in accordance to the Corporate Governance Code](#)
[Views on the Appropriate Balance, Diversity and Size, etc. of the Board of Directors as a whole](#)

Operation of the Board of Directors

For sustainable operation of the board meetings, we improved networking environment and promoted paperless operation. In giving a briefing to external directors prior to the meetings, an environment was established so that they can get the briefing irrespective of their location.

We revised our board meetings rules by newly establishing “items to be discussed” in addition to issues for resolution and matters to be reported, with the intent to enable discussion of mid- to long-term issues such as the Medium-Term Management Plan.

Fostering successor candidates

For continuous business development under a rapidly changing operating environment, the Company has set age limits for Inside Directors (Representative Directors: sixty-nine; Directors: sixty-seven). At the same time, we are fostering the next generation of excellent human resources and promoting smooth transition from one generation of top management to the next.

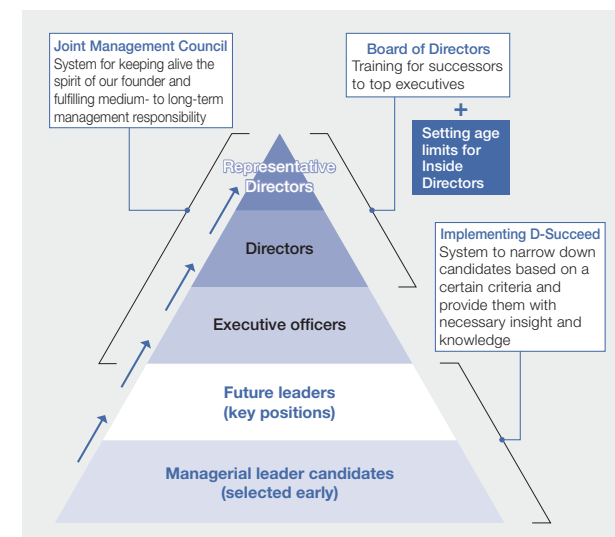
In fostering successor candidates, the Joint Management Council participated by directors, auditors and executive officers serves as a venue to recognize how to pass on the spirit of our founder, and which roles must be played by successors for fulfilling management responsibility, by sharing necessary management information and discussing relevant issues.

Additionally, in fiscal 2020 we adopted D-Succeed as a succession planning program for the next generation of top-

level managers. We have consolidated the plan with the Daiwa House Juku, which was launched in 2008 for the purpose of nurturing candidate executives, and upgraded the system for fostering successor candidates who are tackling managerial issues for the entire Daiwa House Group, as we aim for the expansion and qualitative improvement of managerial human resources. When we initially introduced D-Succeed, we positioned branch managers as a key position with a view to their future promotions to the executive class, but in fiscal 2023 we expanded the scope to include heads of technological departments in charge of each area, plant managers, head office managers, and the like. We have begun operating it as a framework for nurturing and pooling wide-ranging managerial candidates, regardless of occupation type or gender.

Moreover, we are developing human resources to support our overseas business by dispatching selected human resources to external courses where managerial candidates from a variety of companies come together and setting up a unique program for nurturing managerial personnel active on the global stage.

■ Framework for fostering successor candidates



■ Governance

Corporate governance

Evaluation of Board of Directors

Daiwa House Industry evaluates the effectiveness of the Board of Directors annually since 2015 based on the Corporate Governance Guidelines established to realize sustainable growth and medium- to long-term corporate value enhancement.

The Audit and Supervisory Board and the Board of Directors analyze and evaluate the Board of Directors on the basis of answers to a self-assessment questionnaire completed by the directors. The evaluation period is from January through December.

1) Details of initiatives taken in 2023 based on the 2022 evaluation

■ Issues shared with the Board of Directors in the 2022 effectiveness evaluation

- Continue consideration of the optimal composition of the Board of Directors and the ratio of external directors
- Need to further enhance discussions on medium- and long-term management issues, including management strategy and human capital

■ Actions taken in 2023 to respond to issues

- In order to utilize settings beyond the Board of Directors, such as the Corporate Governance Committee, and enhance monitoring functions, discussed the optimal composition for the company's Board of Directors and ratio of external directors as well as the optimal organizational design
- To further deepen discussions on medium- and long-term management issues, transferred authority to executives by reviewing the criteria for matters to be discussed by the Board of Directors and secured time for discussions

2) Details of initiatives to be taken in 2024 in light of 2023 evaluation results

In 2023, as in 2022, we conducted a questionnaire survey in cooperation with an external organization, with anonymity assured by having replies made directly to the external organization. Taking into consideration a report on the aggregate results from the external organization, we have confirmed the composition of the Board of Directors, its decision-making process, administration status of the Board of Directors including performance management, status of support to external directors, and status of the execution of duties of the directors. As a result of the above, we have determined that the effectiveness of our Board of Directors was ensured again in 2023.

■ Issues shared with the Board of Directors in the 2023 effectiveness evaluation

- To further enhance monitoring functions, continue consideration of the optimal composition of the Board of Directors and the ratio of inside directors to external directors
- Need to further enhance discussions about ESG and other non-financial matters

The Audit and Supervisory Board also considers that the effectiveness of the Board of Directors is being secured, but also evaluated it as needing to further deepen discussions about medium- and long-term management strategy and to review the portfolio strategy for the Daiwa House Group overall.

■ Initiatives to be taken in 2024 in light of evaluation and issues

- In order to further improve monitoring functions, increase external directors (percentage of external directors: 42.9%)
- Revise skill matrix* for Directors, including breaking down ESG-related skills, in light of discussions by the Nomination Advisory Committee to ensure the Board of Directors can demonstrate even greater effectiveness
- In order to further enhance discussions on ESG and other matters, utilize settings beyond the Board of Directors, such as the Sustainability Committee and the Corporate Governance Committee, while also considering initiatives to further deepen discussions

Going forward, we will work to improve the effectiveness of the Board of Directors through various initiatives.

* Contained in Integrated Report published at end-August 2024

Supervision of the Board of Directors concerning SDGs and ESG

Daiwa House Industry considers efforts to find solutions to social issues through its businesses as key for the medium- and long-term enhancement of corporate value, and thus the Board of Directors oversees the status of ESG initiatives.

As part of this, the Board of Directors requests reports by the Group Environmental Promotion Committee. On a regular basis, it carefully scrutinizes progress with targets and strategy and gives direction on necessary measures.

In order to implement even greater ESG management, the Corporate Governance Committee, which is comprised partly of external directors and external auditors, engages in debates from diverse and long-term perspectives based on information provided by the Group Environmental Promotion Committee and Sustainability Committee, and when necessary, gives advice to the Board of Directors.

 P010 Environmental management

Audit and Supervisory Board

The Audit and Supervisory Board operates independently of the Board of Directors. It audits the execution of duties by the company's Directors and Executive Officers, determines the contents of proposal items regarding the appointment and dismissal, or non-reappointment, of the accounting auditor that will be submitted to the General Meeting of Shareholders, and performs accounting audits and other matters prescribed by the laws and regulations. Additionally, procedures for the appropriate operation of the Audit and Supervisory Board are set out in Audit and Supervisory Board Regulations, while standards and guiding principles for audits by auditors are determined by the Regulations of Auditors. The Audit and Supervisory Board receives in a timely and appropriate manner reports from directors, employees and accounting auditors on items necessary for auditing the execution of duties by directors and Executive Officers.

As an independent body entrusted by shareholders, auditors ensure the sustainable growth of the company by auditing the directors' performance of their duties and work to establish a high-quality corporate governance framework that lives up to society's trust. In addition, necessary information is

Governance

Corporate governance

shared with accounting auditors, the internal audit department, and external directors, with regular meetings held to improve the quality of audits and realize more efficient audits.

In addition, the company established an Audit and Supervisory Board Member's Office to accomplish tasks based on resolutions of the Audit and Supervisory Board and instructions of the auditors and assigned several employees to the Office. To secure objectivity of audits, the employees assigned to the Audit and Supervisory Board Member's Office are ensured to be independent from directors regarding operational orders and personnel evaluation.

The status of auditors' audit and auditors' remuneration is disclosed in our Securities Report.



➤ [Securities Reports and Quarterly Reports \(Japanese text only\)](#)

➤ [Corporate Governance Code](#)

Selection of auditors and accounting auditors

Our company's Article of Incorporation stipulates that the term of office of auditors as four years. On top of our company's Article of Incorporation, the Corporate Governance Guidelines and the Regulations of Auditors set by the Audit and Supervisory Board stipulate the procedures and standards for selecting auditors. Our concept of the composition of auditors is as follows.

1. Audit and Supervisory Board shall be composed of a majority of external auditors for the purpose of securing of independence of the Board, and one or more members shall be designated as independent officer set forth by stock exchanges.
2. External auditors shall be selected among professionals of finance, accounting, law, business management and other expertise.
3. Fulltime auditors shall be selected among those who have rich experiences in our company, and one or more of them shall be selected among those who are considerably versed in finance and accounting.

With respect to the accounting auditor, the company has clearly defined its policy on the appointment, dismissal, and non-reappointment of the accounting auditor in the above-mentioned "Regulations of Auditors" and regularly (every fiscal year) reviews the suitability of reappointing the accounting auditor to ensure that the most appropriate accounting auditor for the company is selected. Most recently, the company

changed its accounting auditor in fiscal 2020.

Furthermore, in order to ensure the independence of the audit by the accounting auditor, the following rules are applied to the auditors engaged in our company's auditing work, in accordance with various regulations based on the "Certified Public Accountants Act" and other laws and regulations, as well as the auditor's rotation rules set by the accounting auditor.

1. Executive members of the company may not participate in the audit of the company for more than seven accounting periods, and the leading executive member of the company may not participate in the audit of the company for more than five accounting periods.
2. Executive members of the company shall not be allowed to participate in the audit of the company for two accounting periods after his/her replacement, and the leading executive member of the company shall not be allowed to participate in the audit of the company for five accounting periods after his/her replacement.



➤ [Items related to organizational composition, organizational operation, etc. \[Auditor-related\] \(Japanese text only\)](#)

➤ [Information Disclosure in accordance to the Corporate Governance Code Policies and Procedures for the Appointment](#)

Incentive system for medium- to long-term corporate value enhancement

• Remuneration policy

Our remuneration system for directors is designed to compensate those who share the Group's "Our Hopes for the Future" (Purpose) and contribute to the creation of medium and long-term business and social value toward the realization of "a world where we live together in harmony, embracing the Joys of Life," according to their roles and contributions.

In the short term, in addition to achieving short-term financial targets to create business value, the system is designed to stimulate efforts to improve the value of human capital and strengthen organizational capabilities that should be promoted in the immediate future to achieve sustainable growth.

Over the medium to long term, in addition to sustainable enhancement of corporate value, the system is designed to motivate efforts to create social value toward "a world where we live together in harmony, embracing the Joys of Life."

The company's remuneration for directors consists of "fixed remuneration" and "annual bonus" as monetary remuneration, and "restricted stock compensation with post-issuance type transfer restrictions" and "performance-based remuneration of transfer-restricted stocks" as stock-based remuneration, and is designed to balance the responsibilities of directors toward the sustainable enhancement of the company's corporate value. External directors receive only "fixed remuneration" in the form of monetary remuneration.

• Details

The remuneration shall be as follows.

(1) Fixed remuneration

In compensation for "fulfilling their duties" in supervision of management and execution of operations, monetary fixed remuneration (supervising remuneration and executive remuneration) is paid to all of our directors and auditors, according to their roles and responsibilities. Based on the resolution at the General Meeting of Shareholders, the limitation of remuneration for directors shall be 70 million yen per month and that for auditors shall be 18 million yen per month. The company does not provide retirement benefits for directors and auditors.

(2) Annual incentive bonus

Directors (excluding external directors) are eligible for payment of performance-linked monetary remuneration, based on the achievement of short-term financial and non-financial targets set by the company, as an incentive for achieving short-term financial targets (operating income and ROIC) and short-term non-financial targets, such as improving the value of human capital and strengthening organizational capabilities. Based on the resolution at the General Meeting of Shareholders, the maximum annual incentive bonus for directors shall be 1.5 billion yen.

(3) Stock compensation

The following two types of stock-based compensation will be paid to directors (excluding external directors) in order to provide them with incentives for their efforts to create medium- to long-term social value with the aim of continuously improving the company's corporate value and realizing "a world where we live together in harmony, embracing the Joys of Life" and to further share the value with shareholders.

■ Governance

Corporate governance

- (1) Restricted stock compensation with post-issuance type transfer restrictions

The company provides this payment to encourage commitment to management with an awareness of the stock price. Under this system, shares of the company's common stock are delivered to directors on the condition that they have held the position of director of the company continuously during each fiscal year of the Medium-Term Management Plan period.

- (2) Performance-based remuneration of transfer-restricted stocks

The company provides this payment to encourage commitment to ESG management. Under this system, shares of the company's stock are delivered in accordance with the degree of achievement of environmental indices set forth by the company for each fiscal year during the period of the Medium-Term Management Plan. (KPI: environmental indices in the Seventh Medium-Term Management Plan)

The Company will endeavor to ensure that the stock-based compensation accounts for approximately 20% of the total compensation paid to directors (excluding external directors).

 **P011** Reflect achievements in environmental activities in business performance assessment

・ Determination process

To ensure the transparency and objectivity of these decisions, decisions are made by the Board of Directors following deliberation by the Remuneration Advisory Committee, which is chaired by an independent external director and has external directors making up more than half of its members.

Stock compensation system for Executive Officers

In fiscal 2023, the company adopted a service-based restricted stock compensation system and a performance-linked restricted stock compensation system for executive officers not serving as company directors (KPI: environmental metrics outlined in the Seventh Medium-Term Management Plan) based on the period of a fiscal year (from April 1 through March 31 of the following year). The purpose of the systems is to provide incentives to pursue sustainable improvements in our corporate

value and to ensure shared value with shareholders.



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

Directors' stock ownership

To foster benefit-sharing awareness with our shareholders and contribute to actions respecting shareholder return, the Company encourages its executives and employees to acquire treasury stock through its employment stock ownership program, etc.

Especially, Stock Ownership Guidelines are prepared for executives and executive candidates, who are supposed to play an important role in the company's sustainable growth and the improvement of medium- to long-term corporate value. As a general rule, they are required to own more than a prescribed number of treasury stock.

Stock Ownership Guidelines

Executive Directors:

In principle to own 6,000 or more company shares within 3 years of appointment

Executive Officers:

In principle to own 3,000 or more company shares within 3 years of appointment

Directors of the Group companies:

In principle to own 2,000 or more company shares within 3 years of appointment

Notice of the Fiscal 2023 Ordinary General Meeting of Shareholders

The Notice of the Fiscal 2023 Ordinary General Meeting of Shareholders was posted three weeks prior to the date of the meeting. Electronic provision measures were taken ahead of the notice being posted including via the Daiwa House Industry official website.

Governance

Internal control

Concept and Policy

Under a business division-based system, the head of each division of the company has responsibility for ensuring corporate ethics and compliance. Specifically, to prevent the manifestation of risk and respond to manifested risk, the Risk Management Committee is established in each business division and the division takes the lead in collecting and analyzing data and for formulating and operating systems for preventing recurrence.

Additionally, the Internal Control Committee has been established as the entity above individual division Risk Management Committees, resulting in a structure whereby the building and operation of systems by individual divisions is managed and overseen from a company-wide perspective.

Management

Implementation of internal control system

In the implementation of its internal control system, the Daiwa House Group refers to the Principles for Preventing Corporate Scandals announced by Japan Exchange Regulation. Our system is structured as below.

Internal Control Committee

The Internal Control Committee was established as an organization to receive reports on the internal control situations within the entire Group with an aim to verify and correct any internal control defects. It consists of the President as a chairman, the General Manager of Management Administration Headquarters as a vice-chairman, and directors in charge of respective business divisions and departments as members. The operational status of the Internal Control Committee is reported to the Board of Directors semiannually to ensure that it is operated properly under the supervision of the management team including outside directors.

Identifying the actual operational status of the internal control system

In the construction and implementation of its internal control system, the Daiwa House Group refers to the standard framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The company's business divisions and departments and Group companies are required to report regularly on the status of construction and implementation of the internal control system, and the contents of which are reported to the Internal Control Committee. Each of the business divisions and departments and Group companies conducts a self-evaluation of the status of efforts based on the plan at the end of each fiscal year and formulates an annual plan for the next fiscal year in light of the status of efforts.

Risk information such as potential legal violations is reported immediately by rule to a director of the risk management (Head of Management Administration Headquarters) and each business division via Risk Management Secretariat (Legal Department of the company) once such information is found. In case that the regular reporting line does not work, the Whistleblowing System is also in place to identify the defects in the internal control system. In addition, Internal Audit Department independent from business operation organizations audits the status of compliance with laws and internal rules of the company and Group companies in an effort to identify the actual operational status of the internal control system.

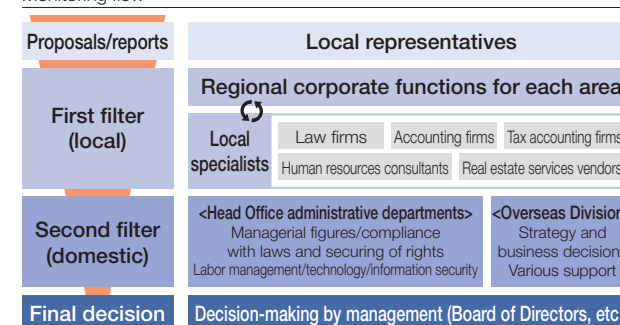
Promotion of internal control system overseas

Whereas business management is conducted by individual business divisions in accordance with the business division-based system policy, overseas, we have established a governance structure whereby regional business is managed by overseas headquarters. The system of regional business management by overseas headquarters involves specialist human resources from the corporate department of the Head Office allocated to each area and is built on regional corporate (RC) functions. With RC functions, we are building a management structure based on each region's characteristics, including culture, customs, and business customs. The operation of RC functions as regional governance systems enhances governance of each region, and that of the entire overseas business in an integrated fashion.

We have also instituted Regulations for Group Management as part of our efforts to promote internal control. These regulations stipulate that each company of our Group is required to report to and seek approval from Daiwa House Industry concerning priority items. By having each division bearing the Group Head Office function cooperate with the RC function, as set forth in the regulations.

Dual monitoring structure for business operations and risks

Monitoring flow



- To enhance regional corporate functions, we will continue, in particular, to focus on adding and nurturing local administrative human resources and strengthen relations with local specialists outside the company
- We have been able to minimize risks through the dual-filter monitoring system. When risks do emerge, we prioritize speed and respond in tandem in Japan and overseas

[Major associated companies of the Group](#)

Governance

Risk management

Concept and Policy

The Daiwa House Group identifies risks associated with the compliance, environments, quality, information security, human rights and others, then prevents and control these risks and minimize the loss caused by them. We consider that such risk management will contribute to protect rights and interests of not only the Group but also our stakeholders who are involved in our business.

Management

Establishing risk management system

The company stipulated the Risk Management Regulations in which risks are defined as “events that may cause damage to the Daiwa House Group,” and risk response structures in normal times and in emergencies are documented. Specific systems are as shown below.

• Structure in normal times

We have appointed the General Manager of Management Administration Headquarters as a director of the risk management responsible for building, operating and supervising the risk management system of the entire Group. Under his supervision, Risk Management Committees are established for each business division (Business Division Risk Management Committees) as organizations tasked with preventing risks in advance faced by each of the company's businesses, and addressing these risks if they materialize.

To supervise the overall internal control system of the entire Group, including those mentioned above, we have the Internal Control Committee chaired by Representative Director and President, with General Manager of Management Administration Headquarters (risk management officer) serving as a deputy chairman.

• Structure in emergencies

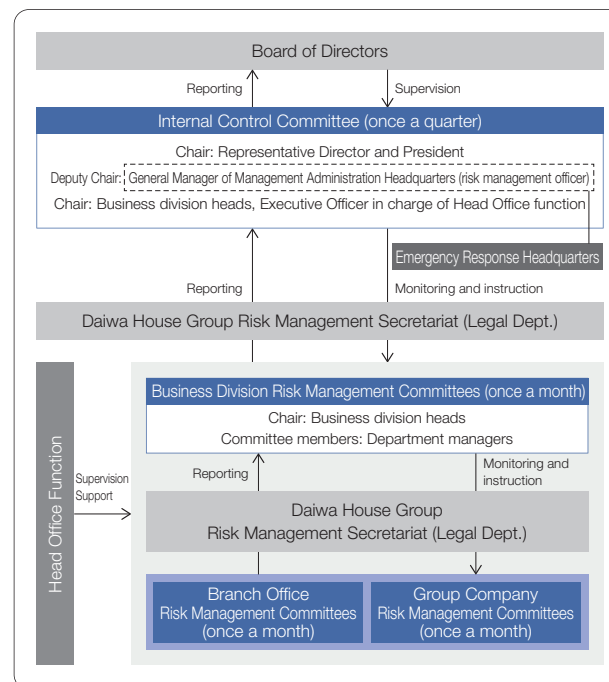
At the company, among manifested risks, those that may have particularly serious impact on the Group or its stakeholders are addressed by the established headquarters that studies

and promotes measures to deal with them or prevent their recurrence, as stipulated in the Risk Management Regulations. Criteria for setting up emergency headquarters, as well as constituent members, operation procedures and tasks of the headquarters, are set forth by Instructions for Establishing and Operating Emergency Response Headquarters, a subrule to the Risk Management Regulations, thereby ensuring quick establishment of the emergency headquarters and appropriate response to the risks, in turn minimizing risk of a negative

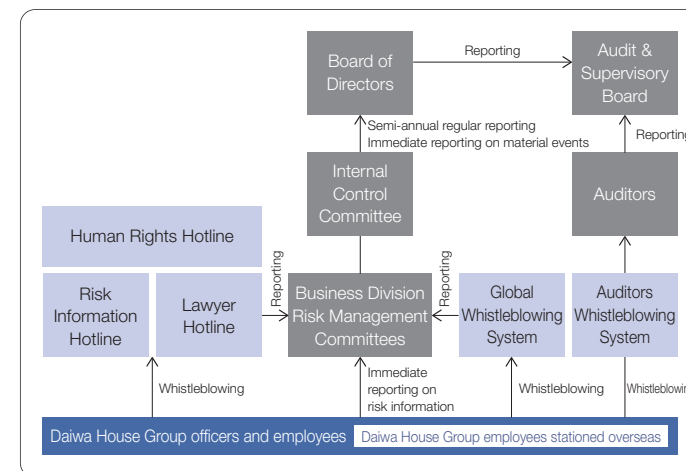
impact on earnings.

Information relating to risk management collected through the above system is reported to the Board of Directors periodically or as needed through the Risk Management Committee and Internal Control Committee. The Board of Directors supervises management of these matters.

Risk Management System



Risk information communication flowchart



Governance

Risk management

Establishing policy and regarding taxation

The Daiwa House Group Principles of Corporate Ethics and Code of Conduct stipulates compliance with laws and regulations. In all countries where we do business, we comply not only with tax laws but the spirit of the law, and pay appropriate and fair taxes. While this is the social responsibility of a corporation, we also believe it contributes to local communities. Therefore, we do not engage in arbitrary tax evasion using tax havens, and instead we make it our policy to pay taxes with consideration to a balance between improving our corporate value and providing a return to areas where we engage in business operations.

· Company system relating to taxation

The Daiwa House Group does not adopt a consolidated tax payment system. Each company handles affairs relating to tax payment, while our Accounting Department reporting to CFO controls and supports overall tax affairs for the entire Group. For proper tax filing and payment, the Accounting Department is working to obtain necessary legal knowledge as well as building a system that enables it to correctly aggregate information on transactions within the Group. For transactions where the tax interpretations are unclear, we receive advice from outside experts, and make advance inquiries to the tax authorities with regard to important transactions to ensure appropriate tax payment.

· Approach to international taxation

The Daiwa House Group understands the importance of international initiatives such as the Base Erosion Profit Shifting (BEPS) project by the Organization for Economic Co-operation and Development (OECD) to ensure tax transparency and prevent international tax evasion. Accordingly, we comply with the tax laws of each nation and perform tax management based on the principles of the BEPS project and other such initiatives. For international transactions between Group companies, we have set up rules based on OECD transfer pricing guidelines to follow.

Deliberation by Business Investments Committee

The Business Investments Committee evaluates and deliberates the feasibility and risk of the real estate development projects and other business investments that are significant for the company. For real estate development projects, a hurdle rate is set to IRR (internal rate of return). At the same time, the Committee conducts multidimensional risk assessment (27 items), including ESG, and makes investment decisions after deliberation. So even if an investment project clears the condition in the economic viewpoint, such investment is not approved if the execution of this investment differs substantially from what we aspire to be, or our vision, exerts great influence on the environment or in other cases. We also conduct periodic revisions to risk assessment items.

Faced with an uncertain financial environment and risk of rising interest rates, we tightened our IRR investment-grade criteria in February 2023. To alleviate the stricter IRR, in April of the same year, we were the first in Japan to adopt ICP* in investment decision criteria for real estate investment. By leveraging ICP, we are reducing post-completion CO₂ emissions from the real estate for investment we develop and build, thereby accelerating decarbonization of buildings and community development.

* ICP (Internal Carbon Pricing): A system for setting the company's own carbon price in order to promote decarbonization.

Risk assessment for investment decision

[Economic risk assessment]

- Setting of hurdle rate to IRR*

* Set based on the WACC (weighted average of shareholder's equity cost and liability cost) standard with risk premium and other factors added

+

[Multidimensional risk assessment (27 items)]

- Consistency with management philosophy, management strategy and brand image
- Legal risk
- Impact on the environment, including soil/underground water contamination, ground risks, disaster risks (flooding, other) and environmental problems.
- Appropriateness of construction cost, etc.



Japan's first investment decision criteria for real estate investment using internal carbon pricing (Japanese text only)

M&A investments

Due diligence when engaging in M&A (corporate mergers and acquisitions) is in principle conducted for the target company or target business, and we undertake a comprehensive investigation from multiple standpoints, such as financial, taxation, legal, and business, and weigh up and assess risk.

This due diligence assesses factors such as business risks and potential synergies with the target company's competitive advantages and qualitative characteristics. This is done by means of an investigation of the target's business that covers its corporate culture and business model as well as its financial, tax and legal aspects, and also investigations of ESG matters by various external specialists that covers: Environment: Action on environmental problems, Social: Working environment and labor management, and Governance: Internal controls and risk management systems and compliance levels. If, as a result of these evaluations, we determine that the subject company or business has no long-term future, or if we judge that it does not satisfy the level of risk we are willing to bear, we will choose not to make the investment.

Furthermore, due diligence and the post-merger integration (PMI) are undertaken as a seamless process that incorporates action on ESG considerations.



P057 Preventing the spread of soil contamination accompanying land transactions and construction

■ Governance

Risk management

Investment Management Guidelines for overseas operations

The Group compiles investment management guidelines for business investments in its overseas business, which stipulate items to check and points to note, including local laws and regulations and customs, in each phase of investments from preliminary survey to planning, execution and operation. The guidelines include an organizational structure incorporating governance for allocation of local employees as well as monitoring of joint ventures. Additionally, we are strengthening governance by increasing opportunities for considering risk partly through consultation by the Overseas Strategy Committee for overseas projects ahead of decision-making by the Board of Directors. We are further reducing risk through use of check sheets that allow those responsible to confirm whether these guidelines are being adhered to starting from April 2024.

Business continuity management (BCM)

Under the assumption that a serious disaster can occur at any time, the Company has formed a BCM Subcommittee incorporating different departments to formulate BCP rules for Head Office and the worksites and build BCM systems. In times of disaster, we will establish the Disaster Countermeasures Headquarters and the Local Disaster Countermeasures Headquarters, headed by Representative Director and President. We have laid out a backup framework for our call centers and factories when they are hit by a disaster, and for earthquakes and other natural disasters, pandemics and bomb warnings, we have formulated responses and an action manual, setting out what should be done promptly and properly at the site. In cases where the Head Office in Osaka is affected, Tokyo Head Office and Central Research Laboratory (Nara Prefecture) are specified as substitute Head Offices and continue with the business of our company.

Framework to ensure safety and peace of mind of employees in times of disaster

To confirm the safety of employees, the company will confirm their safety post-disaster based on residential and work area information and get a handle on the state of disaster. As part of everyday training, we also conduct disaster response drills at all our worksites once every six months.

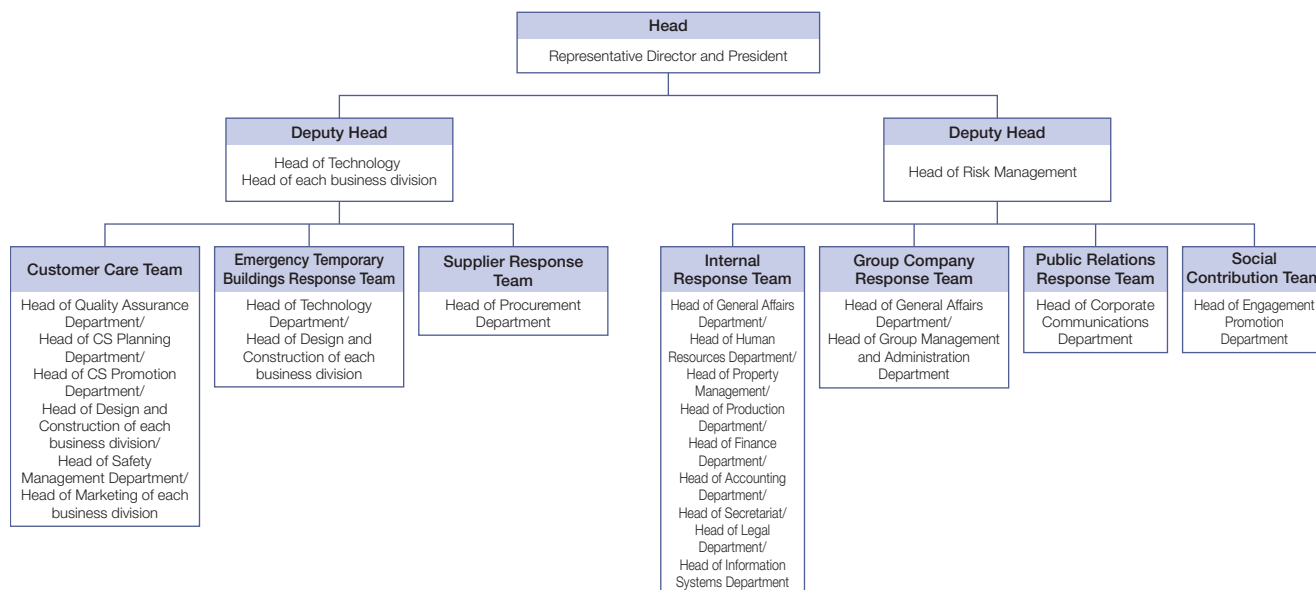
With the 2024 earthquake that struck the Noto Peninsula, the challenges with methods of confirming safety during long vacation periods was evident. We will work to develop a framework designed to more accurately gauge information about safety with greater speed, including discussions by the BCM Subcommittee and revisions to manuals.

Formulation of business continuity plans (BCP) in the supply chain

To prepare for a situation where the supply of materials from suppliers may stop due to major disasters, we have formulated a business continuity plan for our supply chain, based on which we promote measures, such as procuring materials from multiple suppliers and manufacturing sites, to minimize the risk of operations being suspended. Procedures for responding to disasters are set out to immediately ascertain the level of damage, and set up alternative systems if necessary.

In addition to disaster risks, there is a supply failure risk attributable to suppliers. To mitigate this risk, we monitor their financial standing, legal compliance, and so forth.

■ Disaster Countermeasures Headquarters organization map



• Business continuity management in factories

In coordination with the Head Office Production Department, the factories collect information on weather conditions and monitor multiple sensors installed within factories. They prepare for natural disasters by implementing measures (wastewater inspections, protection of materials and products, inspections of shutters and doors, etc.) according to the anticipated damages. To ensure safety of our employees, we take care of commuters who have difficulty returning home, give instructions to go home early, and consult with managers of our business partners regarding the production system for the following day. An emergency contact system is also established including our business partners to minimize damage in case of emergency and to achieve a quick recovery.

Governance

Risk management

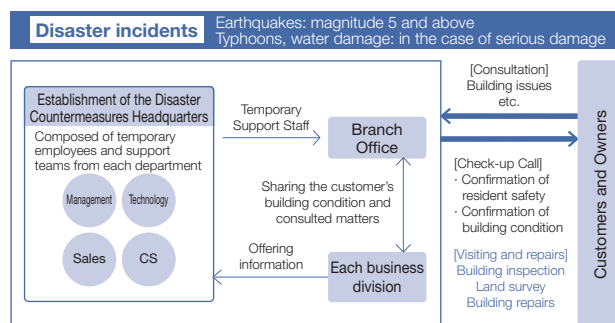
Structure for response to customers in event of disaster, etc.

To prepare for disasters, etc., pursuant to our Business Continuity Regulations, we implement education and periodic training for employees. Additionally, we have formulated the Disaster Response Manual, which stipulates initial systems in times of natural disasters. In the event of earthquakes, typhoons and special alerts (heavy rain, strong winds, high tides, heavy snow, blizzards) or their possibility, the manual sets out criteria and action to be taken by breaking down into the three stages of initial response, early response and recovery response. We also have put ourselves in a position to deliver relief supplies to affected areas through various routes including our Group companies.

In fiscal 2023, we established the Disaster Countermeasures Headquarters for the 2024 Noto Peninsula Earthquake in line with the manual and provided a local response. Because of such challenges with information distribution not occurring as expected during the initial response in the earthquake, we will build on this experience and revise the manual to ensure clearer determinations and actions.

 P083 Construction of emergency temporary housing

Structure for response to customers in event of disasters



Measures to protect privacy

Daiwa House Industry fully recognizes the importance of protecting personal information and believes that the proper use and protection of this information not only forms the basis of our business activities, but also represents a key area of our social responsibility. From this perspective, we have established our Privacy Policy and disclose it inside and outside the company. In accordance with the Privacy Policy, we have built a secure organizational and personal information management system such as by formulating internal rules and assigning a personal information manager, and all employees participate in training when they join the company to ensure compliance with this privacy policy and internal rules. In addition, we recognize the greatest importance of personal information and the importance of protecting it when using information technologies; therefore, we have implemented a user authentication system, access restrictions, and operational log controls. We also take measures at various levels, including hard disk drive encryption and the detection of illegal external access.

In addition, we are reviewing our information management system. This includes not merely personal information but all information assets in our possession. We have appointed an employee with responsibility for information management, have established rules governing the handling of information depending on their importance, and are conducting employee training. In fiscal 2023, we received no administrative guidance, advice, recommendations or orders from competent authorities.

 [Privacy Policy \(Japanese text only\)](#)
[DX Annual Report \(Japanese text only\)](#)

Voluntary restrictions in marketing and communications

In addition to complying with legal and industry regulations, Daiwa House Industry has imposed various self-restrictions on advertising that include human rights considerations. We are promoting the use of “D-Workplace”, an advertising production system for creating and utilizing templates for advertising materials, to reduce the risk of improper expression in the advertisement creation phase. Additionally, we ensure that all advertising matter is checked by an internal special department before being sent out.

Main approach

Conducting study sessions by management

Every year, we invite outside experts to hold study sessions on potential risks and ESG management for directors and executive officers, including non-executive officers, on a regular basis.

Study session results for fiscal 2023

Implementation period	Themes
April 13, 2023	Duties and responsibilities of directors
August 7, 2023	Status of carbon neutral initiatives
December 7, 2023	Qualities of management generating corporate value
February 9, 2024	Fresh evaluations of qualifications from viewpoint of astronaut screenings

Sanction measures due to a violation of law and litigation (including ESG-related issues)

The company may be led to make an estimate at the year-end for payment of fines or settlements highly likely to occur in the future due to an event that took place in the previous fiscal year or earlier, and book these under provision for warranties for completed construction. Details of these are contained in securities reports.

At the end of fiscal 2023, there were no significant provisions.

 P012 Penalties for breach of environment laws and regulations in fiscal 2023

 [Securities Reports and Quarterly Reports \(Japanese text only\)](#)

Governance

Anti-corruption

Concept and Policy

The Daiwa House Group endeavors to prevent and detect any corrupt practices under the supervision of Directors by developing internal monitoring systems such as the internal audit system and the whistleblower system. We have also formulated Anti-Bribery Regulations and Identification Regulations to build a system to strictly prohibit and prevent bribery, money laundering, misappropriation and other corrupt practices contravening the law. In addition, the Daiwa House Group prohibits acts that are considered to promote corruption and are ethically unacceptable, in accordance with various policies and regulations, including the Daiwa House Group Principles of Corporate Ethics and Code of Conduct, even if such acts are not in violation of any laws or regulations. By doing so, the Group stipulates that transactions should be conducted in a manner that ensures transparency and fairness in business operations.



Daiwa House Group Principles of Corporate Ethics and Code of Conduct

• Basic policies on prevention of bribery

The Daiwa House Group Principles of Corporate Ethics and Code of Conduct sets forth our policy on prohibition of bribery.

The Daiwa House Group signed the United Nations Global Compact, which stipulates that “businesses should work against corruption in all its forms, including extortion and bribery,” and participates in meetings of the Anti-Corruption Subcommittee. We are committed to preventing all forms of corrupt practices, including bribing public officials, giving and receiving excessive gifts and hospitality, collusion, embezzlement and breach of trust.

Additionally, under the Business Principles for Countering Bribery of Transparency International, the Guidelines for the Prevention of Bribery of Foreign Public Officials of the Ministry of Economy, Trade and Industry of Japan, and the Guidance on Prevention of Foreign Bribery of the Japan Federation of Bar Associations, the Group has developed the Basic Policies on Prevention of Offers of Bribes based on resolution of the Board of Directors, and stated that it prohibits any bribery because it hinders fair competition and aggravates social

corruption.

Additionally, for our business partners, our Supply Chain Sustainability Guidelines stipulates anti-corruption and encourages them to observe it, through which the entire supply chain works to prevent corruption.

• Establishment of Anti-Bribery Regulations and Anti-Bribery Bylaws

On the basis of the Basic Policies on Prevention of Offers of Bribes, we have established the Anti-Bribery Regulations and Anti-Bribery Bylaws in order to set forth the system, prohibited matters, procedures, etc., required to prevent our executives and employees from being involved in offers of bribes to public officials or deemed public officials throughout the Group. The contents of the regulations are subject to review as appropriate.

Our rules prohibit in principle the provision of cash and other benefits (offering entertainment or gifts, paying for the expense that public officials should bear themselves, giving donations, subsidies, or other rewards) to public officials or deemed public officials. Offers of benefits are exceptionally allowed only when certain conditions are met, such as obtaining prior approval of the chief legal officer. The rules also include stipulations concerning the identification and assessment of bribery risks. For methods of identifying and assessing such risk, we adopt a process in which employees collect information relating to laws and regulations as well as practices involving bribery, and the responsible director (General Manager of Management Administration Headquarters) conducts surveys on bribery risks and aggregates the information in relevant departments.

• Basic policy on fair trade

The Group has clearly stated its policy on fair trade in the Daiwa House Group Principles of Corporate Ethics and Code of Conduct to share the awareness among all executives and employees to strictly observe the Anti-monopoly Act (Act on Prohibition of Private Monopolization and Maintenance of Fair Trade) and subcontracting law (Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors).

• Guidelines for Transactions with Company for Own Interests of Directors, etc.

From the viewpoint of protecting the interests of shareholders, Article 11 of the Corporate Governance Guidelines sets forth the standards such as the Guidelines for Transactions with Company for Own Interests of Directors, etc. This is to prevent the persons related to our company, such as Directors and Auditors, and its major shareholders from conducting any transactions that may conflict with the interests of our Group or its shareholders through abuses of their positions.

• Policy regarding political contributions

The Group has complied with the Political Funds Control Act. We never make any political donations to individual politicians, which is prohibited under the law. Also, we do not make donations, in principle, to specific political parties or political fund-managing organizations. However, if we consider making contributions, we will make sure that such donations do not conflict with the restrictions specified in Article 22-3, Paragraph 1 of the Political Funds Control Act (restrictions on donations made by companies subsidized by the government). With regard to the purchase of fund-raising party tickets, as set forth in Article 8-2 of the Act, we have made purchases in a legitimate manner. In addition, we properly make expenditures on lobbying activities pursuant to the corporate compliance principles.

Management

Establishing a corruption prevention system

The Daiwa House Group emphasizes the prohibition of bribery in the Daiwa House Group Principles of Corporate Ethics and Code of Conduct, and endeavor to improve awareness of executives and employees through educating them in an effort to prevent any corrupt practices. We have also formulated and implemented the Anti-Bribery Regulations and Anti-Bribery Bylaws. In addition, we have established a structure that strictly prohibits and prevents any corrupt practices, such as bribery and money laundering, through providing an internal notice and seminars to the effect that any acts infringing the principle of fair

■ Governance

Anti-corruption

competition, such as an illegal price-fixing agreement and any acts considered bribery, are strictly prohibited. We also reviewed the threshold amount of expenses that requires prior approval by the chief legal officer for each country. In addition, the Group prohibits acts that are considered to promote corruption and are ethically unacceptable, in accordance with various policies and regulations, including the Daiwa House Group Principles of Corporate Ethics and Code of Conduct, even if such acts are not in violation of any laws or regulations. By doing so, the Group stipulates that transactions should be conducted in a manner that ensures transparency and fairness in business operations.

When signing agreements with agents and other third parties from countries considered high risk based on the Corruption Perceptions Index published by Transparency International, we take a more cautious stance and adopt a risk-based approach, whereby prior approval of the responsible director (General Manager of Management Administration Headquarters) is required for signing the agreement.

In fiscal 2023, we received no report on any cases of convictions or administrative penalties owing to corrupt practices including bribery, with respect to our businesses.

Enforcement of anti-corruption with internal audits

As part of internal audits, including those undertaken overseas, periodic audits are performed by the Internal Audit Department; and internal control activities over financial reporting are evaluated by each department in charge, based on an annual plan. When an incident that should be corrected is identified, we notify the office about the audit result and have it submit an improvement plan to check the compliance and risk status. The progress of improvements is checked six months after the submission.

Additionally, in order to nip corruption risks in the bud, we have established risk reporting rules and a whistleblowing system, with each department promptly implementing corruption risk assessments. Moreover, extraordinary audits are conducted as appropriate by the Internal Audit Department, thereby ensuring that business departments, administrative departments, and the Internal Audit Department play their own respective roles in preventing corruption, applying the three lines of defense model.

Prevention of money laundering

For the purpose of ensuring the safety and peace of people's lives and preventing any money laundering in accordance with the objective of the Act on Prevention of Transfer of Criminal Proceeds that contributes to the sound development of economic activities, we have laid down the Identification Regulations, which are the rules to verify identifiable elements of customers, transaction record keeping, notification of suspicious transactions and other matters, and kept our employees informed about them. We also drew up the Questions and Answers about the Act on Prevention of Transfer of Criminal Proceeds, which are designed to explain the contents of the Act and the Identification Regulations in an easily understandable way. We provide internal trainings using this guideline and have the Internal Audit Department audit as appropriate the implementation status of these rules in light of laws and regulations so as to ensure appropriate business operations.

Additionally, we have created the Risk Assessment concerning Transfer of Criminal Proceeds as a document to be prepared by a Specified Business Operator, etc. as specified in Article 32 of the Ordinance for Enforcement of the Act on Prevention of Transfer of Criminal Proceeds. In the written Risk Assessment, we clearly state our policy and method for assessing money laundering risks.

In fiscal 2023, we received no report on any cases of convictions or administrative penalties owing to problems related to accounting, including those based on the Act on Prevention of Transfer of Criminal Proceeds, a law to prevent money laundering.

Prevention of insider trading

Daiwa House Industry improves its system and implements a training program for preventing insider trading across the Group. The General Manager of Management Administration Headquarters is the person responsible for controlling insider information. Generated insider information shall be immediately reported to the General Manager of Management Administration Headquarters. We have built a system in which any of the Company employees and senior management of the Group companies shall notify the General Manager of Management Administration Headquarters and obtain his or her approval

before trading the Company shares. By the same token, employees of the Group companies shall notify the Information Controlling Manager (President of each company) appointed by each company and obtain his or her approval before trading the Company shares. An applicant for such approval shall check by themselves whether they have any insider information, which is subject to a double check by their superior (person in charge of controlling information). In this way, we have structures in place to prevent any insider trading.

For new employees straight out of school and mid-career hires, we raise their awareness about the prevention of insider trading through onboarding programs.

Complete prevention of connection with antisocial forces

The Daiwa House Group declares complete prevention of connection with anti-social forces in the Daiwa House Group Principles of Corporate Ethics and Code of Conduct. Daiwa House Industry has built a system for taking organized measures by establishing the Regulations for Responding to Anti-Social Forces, and appointing the department and director (General Manager of General Affairs Department of head office) comprehensively controlling practical measures under the direction of General Manager of Management Administration Headquarters, who is a Representative Director. In addition, it has built a communication and cooperation system in case of any troubles by maintaining close cooperation with external organizations such as the police and the prefectural centers for removal of criminal organizations.

Each Group company also endeavors to build a system for excluding anti-social forces (such as development of rules, appointment of a responsible director and cooperation with external organizations). In addition, the Group promotes combined efforts such as building a database on anti-social forces shared by all Group companies.

Third-Party Assessment / Data Section

CHAPTER

04

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■ Cooperating with Third Parties and Their Assessment

Cooperating with Third Parties

Policy and Concept

The Daiwa House Group believes that it is important to promote initiatives for climate change and biodiversity conservation and other environmental issues as well as communicate with stakeholders and work with organizations to resolve social issues.

Through dialogues and partnerships, we will deepen our understanding of the role that the industry and our Group will play in society and disseminate these efforts both inside and outside the company. Furthermore, by actively participating in validation projects implemented by countries and governments and giving advice for the promotion and strategy for environmental activities from industrial organizations, we can fully utilize our leadership with the goal of realizing a sustainable society.

Main approach

Cooperation in international initiatives

Our Group is working together with companies that have similar goals by actively joining international initiatives to combat international issues.

Signing the United Nations Global Compact (UNGC)

Since April 2018, we have participated in the United Nations Global Compact (UNGC), which is the universal principles on human rights, labor, environment, and anti-corruption advocated by the United Nations, and voiced our support for its 10 principles. In anticipation of future business expansion abroad, the Company deemed it effective to sign on to an international initiative that is highly compatible with our ideas in order to express and promote understanding of the Group's human rights, labor, environment, and anti-corruption policies among people in countries and regions with various cultures and business practices.

When companies that are highly interested in solving social issues show leadership in promoting their initiatives and

disclose information about them, good practices will emerge. As more companies follow suit, this will bring us closer to the realization of a sustainable society. We contribute to the realization of a sustainable society through the active participation of our Group.



Participation in environment related initiatives

From March of 2018, we have been part of the EP100 and RE100 international initiatives for the promotion of energy efficiency and the use of renewable energy. In August of the same year, the targets relating to mitigating and adapting to climate change decided in our long-term vision for the environment Challenge ZERO 2055 were recognized as scientifically based goals for reducing greenhouse gas emissions, and we were awarded the SBT certification.

In September, we joined the Task Force on Climate-related Financial Disclosures (TCFD) organized by the Financial Stability Board. Through exchanging opinions with countries and cooperating companies and increasing awareness of the TCFD, we can carry out more efficient low-carbon management and fulfilling information disclosure.

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



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

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

■ Initiatives and committees in which we participate

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

Joining The Valuable 500

In January 2020, we joined The Valuable 500, an international initiative to promote disability inclusion. The aim of the initiative, launched at the World Economic Forum Annual Meeting in Davos in January 2019, is for business leaders to spearhead reform so that people living with a disability can realize their potential in business, social, and economic spheres.

The promotion of diversity and inclusion by building a flexible workplace for diverse employees is a priority for our Company. We endorse the aims of The Valuable 500, and will work to raise awareness and establish an environment enabling social engagement for all.



➤ [Joined "The Valuable 500", an international initiative to promote the participation of people with disabilities to society. \(Japanese text only\)](#)

■ Cooperating with Third Parties and Their Assessment

Active participation in validation projects conducted by the national government

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

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

■ Major programs the Group participates in

Organizer	Program
Ministry of Economy, Trade and Industry	· GX League · Smart Community Alliance · Association on the Promotion of Standards for Long-Term Use of Housing Materials · TCFD Consortium of Japan · Next Generation ZEH+ demonstration project (custom-built houses)
Ministry of the Environment	· Green Value Chain Platform · "Fun to Share" climate change campaign · Water Project · Plastic Smart · Decarbonizing Management Network · Company Research Committee for Responding to Climate Change Effects · Platform for Climate Change Information · Decokatsu (National Movement for New and Prosperous Lifestyles toward Decarbonization) · Eco First Program Promotion Council · Mori Sato Kawa Umi Project · 30by30 Alliance for Biodiversity · Nature Positive Declaration · Resilient ZEB Demonstration Project · Advanced energy efficient building demonstration project for ZEB realization · Low-rise ZEH-M promotion project · Project to support the acceleration of energy conservation and CO₂ reduction in residences by promoting the retrofitting of windows with heat insulation, etc.
Ministry of Land, Infrastructure, Transport and Tourism	· Children's Eco-Life Support Project

Leadership among industry organizations and policy proposals

Daiwa House Industry has joined various economic organizations and industrial groups, and we participate in various committees related to economic, environmental and social aspects. Industrial organizations will work together to provide leadership that will formulate and promote activity policies that will propel initiatives to address important environmental and social issues and also provide information for policy proposals and advice for policy from the standpoint of sales and development.

As part of this, we serve as the chair of the Environment Subcommittee of the Japan Prefabricated Construction Suppliers and Manufacturers Association, working to raise the level of environmental efforts throughout the industry and taking a leading role in pioneering measures to achieve climate change and decarbonization. In addition, we played a leading role as the chair in the formulation of the "Environmental Vision" and "Decarbonization Roadmap" announced in November 2021 by the association, and through applying our views to the setting of targets concerning ZEH adoption rates and renewable energy usage rates, we are aligning our Group's strategy with the climate change strategy of the industry association.

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

■ Major organizations of which we are a member, and activities we participate in

Industry organization	Committees, etc.
Japan Business Federation	Committee on Labor Act
Japan Federation of Housing Organizations (Our president is chairman as of March 2024)	· Building Regulatory Rationalization Committee · Housing Performance Improvement Committee · Housing Stock Committee · Environmental Committee
Japan Prefabricated Construction Suppliers and Manufacturers Association (Our president is vice-chairman as of March 2024)	· Housing Committee / Environment Subcommittee · Housing Committee / Technology Subcommittee / Energy Saving WG · Housing Committee / Housing Stock Subcommittee, etc
Japan Chemical Industry Association	Chemical Risk Forum
Housing History Information Accumulation and Utilization Promotion Council	· Project Steering Committee

Dialogue and cooperation with government agencies and their affiliate organizations

We participate not only in public relations activities via industry organizations but also in various committees and workshops of government agencies and their affiliate organizations. We take these opportunities to promote dialogues and cooperation to avoid business risks and create business opportunities through discussions on policies regarding environmental and social issues, and by sharing information and exchanging opinions on efforts made by non-governmental organizations.

■ Membership of key committees, study groups

Organizer	Committees, etc.
OSAKA Zero Carbon Foundation	
Japan Sustainable Building Consortium	· Research Committee on Environmental Assessment Methods · CASBEE Research & Development Committee · CASBEE Housing Subcommittee
Environmentally Symbiotic Housing Promotion Council	· Survey and Research Subcommittee Promotion · Subcommittee, etc.
Smart Wellness Community Council	Community Development Subcommittee, etc.
Consortium for Building Research & Development	· Research and Development Promotion Committee, etc.
Provision of Quality Housing Stock Association	· Planning & Administration Committee · Assessment Training Committee, etc.
Senior Housing Association	Research Committee on Living Spaces, etc.



■ Cooperating with Third Parties and Their Assessment

Cooperation with NGOs, NPOs and other local and citizens' groups

We build partnerships with NPOs and NGOs that have abundant information and knowledge about environmental issues and have innovative experience in environment and social issues. We cooperate with them while complementing each other's knowledge to promote the efforts toward solving environmental and social issues.

As part of this, we serve as the deputy representative of the Japan Climate Leaders Partnership (JCLP), taking a leading role in enterprising policy proposals for climate change and decarbonization.

■ Key partners and activities

Collaboration partner	Major activities
Association for Business Innovation in Harmony with Nature and Community	Operation of biodiversity guidelines and promotion of biodiversity-aware land use
Osaka Gender Equality Foundation	Promotion of Gender Equal Community Development (Our employee participates as a director)
Japan Climate Initiative (JCI)	Strengthening of measures against climate change in Japan
Green Purchasing Network	Dissemination of green purchase and CSR procurement
Fair Recruitment and Human Rights Center	Ensuring fair hiring practices and promoting in-house human rights training
Association for Renewable Energy 100 Declaration RE Action	Promotion of use of 100% renewable energy by companies, local governments, educational institutions, and medical institutions
World Wide Fund For Nature (WWF) Japan	Implementation of the Timber Procurement Guidelines, sharing of information on risk areas, etc.
Multi-Ethnic 'Human Rights' Education Center for Pro-existence	Realizing a co-created society, promoting human rights education
Japan Climate Leaders Partnership (JCLP)	Collaboration in decarbonization business and aspiring policy recommendations by enterprises, etc.
Japan Healthy House Association	Research concerning healthy housing and dissemination and awareness raising concerning healthy living style
Japan Forest-Volunteer Association	Conservation activities for Mt. Rokko
Reforestation Commercialization Research Group, Japan Project-Industry Council (JAPIC)	Reforestation Commercialization Research Group (industrialization of new forestry system, proposals on community revitalization, etc.)
Buraku Liberation and Human Rights Research Institute	Elimination of all racism and realization of a society with established human rights
fukufukuplus corporation	Producing paintings of the <i>Miraimachi Sengen</i> (Futuretown Declarations) with artists with disabilities
Yoshinoyama Hoshokai	Cherry tree conservation activity at Mt. Yoshino
NPO NPO Chotto Shizen	Promoting biodiversity conservation activities in the regulating pond at our Mie Factory
Local incorporated administrative agency Research Institute of Environment, Agriculture and Fisheries, Osaka Prefecture, Biodiversity Center	Promoting biodiversity activities in Osaka Prefecture

Main certifications and awards

Double recognition on CDP Climate Change A List and on CDP Water Security A List for two years in a row. Received CDP's highest Supplier Engagement Rating for the fifth consecutive year.

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

CDP evaluates corporate and government activities to reduce greenhouse gas emissions, protect water resources, and conserve forests, and select companies engaging in outstanding initiatives for its A Lists. In fiscal 2023, 346 companies were selected for the CDP climate change A List and 101 companies were for the CDP water security A List. The number of companies selected for the A Lists of both categories was 61. Furthermore, the Company received an "A-" rating in the "CDP Forest" survey on forest conservation, which was conducted at the same time.

Also in fiscal 2023, the Company received the CDP's highest Supplier Engagement Rating, listing on the Supplier Engagement Leaderboard for five years running.



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

■ Cooperating with Third Parties and Their Assessment

Company receives Gold EcoVadis sustainability rating

More than 100,000 suppliers in 200 industries from 175 countries worldwide participate in EcoVadis, a France-based ESG assessment platform that provides third-party sustainability reviews.

Since our participation in ESG assessment from 2019, we have continued to maintain the Gold rating (a score in the top 5% in the global construction industry).

Awarded 4.5 stars in the fifth Nikkei SDGs Management Survey

In the fifth Nikkei SDGs Management Survey, the Company's rating was 4.5 stars (overall score from 65 to under 70) out of a maximum of 5 stars.

Nikkei rates 889 listed Japanese companies from the perspective of their moves to implement the United Nations Sustainable Development Goals (SDGs). Moving forward, we intend to take further steps to create businesses that solve social issues.

 [Nikkei "SDGs Management" Survey](#)

10th in CSR Corporate Ranking 2024 (2nd in construction industry)

Toyo Keizai Inc.'s CSR Corporate Directory (Employment/Human Capital Utilization Edition and ESG Edition) covers hundreds of Japanese companies. Firms are rated in CSR categories such as human resource utilization (max. 100 points), environment (max. 100 points), corporate governance and societal impact (max. 100 points combined), and financial categories (profitability, soundness, and scale; max. 100 points each) for a possible maximum 600 points and ranked accordingly.

Daiwa House Industry was ranked 2nd in the construction industry and 10th overall in the 2024 edition released in February 2024.

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

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

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

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



Received the Sustainability Website Awards 2024 Gold Award

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

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

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

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

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

■ Cooperating with Third Parties and Their Assessment

■ Major ESG-related awards

Awarded category	Award name	Organizer	Reason for the award
ESG management	CDP Climate Change 2023 A (highest rating)	CDP	Climate change strategies and initiatives to reduce greenhouse gas emissions
	CDP Supplier Engagement 2023 Supplier Engagement Leaderboard (highest rating)		Evaluates corporate initiatives on climate change in the four areas of governance, targets, Scope 3 management, and collaboration with suppliers
	CDP Water Security 2023 A (highest rating)		Promotion of water resources management
	CDP Forest 2023 A-		Conservation of forest resources
	Selected as 2024 Certified Health & Productivity Management Outstanding Organizations (25 Group companies)	Nippon Kenko Kaigi	Health management practices in partnership with health insurance associations
	PRIDE Index 2023 Gold Award (awarded to Daiwa House Industry) Bronze Award (awarded to Royal Home Center)	work with Pride	Diversity initiatives
	Received the Minister of the Environment Award (Silver Prize) in the Environment Sustainable Category of the 5th ESG Finance Awards Japan	Ministry of the Environment	Companies that incorporate “significant environmental opportunities and risks” into their business strategies aiming for the improvement of “corporate value” to create positive environmental benefits while also increasing corporate value.
Products and services	Received the Energy Conservation Center, Japan Chairman’s Award in the “Energy Conservation Grand Prize 2023 (Energy Conservation Case Study Category)”	The Energy Conservation Center, Japan	The Daiwa House Group MIRAI KACHI KYOSO Center, a training facility
	Received an award for excellence at the Japan Resilience Awards 2024	Association for Resilience Japan	Initiatives to raise energy self-sufficiency in order to raise disaster preparedness and environmental responsibility in single-family homes and community development
	Received the Good Design Award 2023	Japan Institute of Design Promotion	Shin-Sapporo Active Link, an overhead passageway Roetsu Ryushu Kaen, a condominium Atlas City Setagaya Funabashi, a condominium
	Received the award for excellence “Minister of State for Policies Related to Children Award” at the 17th Kids Design Awards	Kids Design Association	Freedom of Sound District, comfortable soundproof rooms and comfortable quiet rooms
Communication	Received the Sustainability Website Awards 2024 Gold Award	Association for Sustainability Communication	Depth of ESG information and website operation in consideration of multi-stakeholders

■ Cooperating with Third Parties and Their Assessment

Inclusion in main ESG indices

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

 FTSE4Good	FTSE4Good Index Series The ESG Investment Index made by London Stock Exchange Group's FTSE Russell. The index began in 2001 and is characteristic because of its operation with a multistakeholder committee made up of investors, labor unions, NGOs and more, that protect its independence.
  FTSE Blossom Japan Index FTSE Blossom Japan Sector Relative Index	FTSE Blossom Japan Index / FTSE Blossom Japan Sector Relative Index Used by the GPIF (Global Pension Investment Fund), which is the world's largest pension fund, as an ESG index that includes Japanese companies.
 MSCI ESG RATINGS CCC B BB BBB A AA AAA	MSCI World ESG Leaders Index / MSCI World SRI Index The ESG Investment Index made by Morgan Stanley Group's MSCI. Characteristic as an index that considers the target company's production characteristics while providing evaluations based on high priority ESG issues. MSCI Japan ESG Select Leaders Index The GPIF uses this as an investment target as it is an index that includes Japanese companies.
 MSCI Japan Empowering Women Index (WIN)	MSCI Japan Empowering Women (WIN) Select Index One of MSCI's ESG indexes containing companies that lead in promoting gender diversity within their sector based on their gender diversity scores and is adopted by GPIF as an investment target. Based on the idea that companies that promote gender diversity may be better placed to cope with the risk of personnel shortages as the labor force rinks in the future, and thus be able to provide sustainable long-term earnings. It reflects the performance of Japanese companies strongly committed to gender diversity in the workplace and maintaining high financial standards.
 MORNINGSTAR GenDi J Japan ex-REIT Gender Diversity Tilt Index TOP CONSTITUENT 2024	Morningstar Japan ex-REIT Gender Diversity Tilt Index (GenDi J) Morningstar's Gender Equality Score, developed by Equileap in the Netherlands, is an index that focuses on companies that have a gender diversity policy as part of their corporate culture and that are committed to providing equal opportunities to their employees regardless of gender. The GPIF has adopted this index as an investment target. The companies are categorized into five groups in order of score, with the Company in the highest Group 1.

* THE INCLUSION OF Daiwahouse Industry. CO. Ltd IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF Daiwahouse Industry. CO. Ltd BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

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

■ Cooperating with Third Parties and Their Assessment

	S&P/JPX Carbon Efficient Index An ESG index that has been adopted by the GPIF for operations that focuses on Japanese companies.
	S&P Global “The Sustainability Yearbook 2024” Every year, S&P Global publishes The Sustainability Yearbook, in which it evaluates corporate sustainability at companies around the world from the perspectives of governance and economy, environment, and society, and lists and awards particularly outstanding companies that are leading sustainability companies. The Company was selected as a Yearbook Member, a designation given to companies within the top 15% in their respective industries.
	STOXX® Global ESG Leaders The ESG Index made by STOXX, a Deutsche Borse Group company.
	GRESB A ratings agency for real estate companies and REITs. More than 100 institutional investors are members. Daiwa House Industry has received an “A” rating for disclosure.
	Bloomberg Gender-Equality Index ESG index developed by Bloomberg in the US. This includes companies with superior codes of conduct, personnel systems, product development, and information disclosure related to gender equality.
	New Diversity Management Selection 100 (METI) award A program created by the Ministry of Economy, Trade and Industry that evaluates companies on their innovation, productivity growth and results that are achieved through the maximum utilization of female, elderly, foreign, disabled, diverse career persons.

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Environmental Data | Calculation and Reporting of Environmental Data

Basics

◇ Report period: April 1, 2023 to March 31, 2024

◇ Reporting organizations: Daiwa House Industry Co., Ltd. and its consolidated subsidiaries
Reference: Number of consolidated subsidiaries: 447 (168 in Japan, 279 outside Japan) (as of March 31, 2024)

The scope of these environmental data encompasses the business operations of Daiwa House Industry and its consolidated subsidiaries, which are the target organization of Endless Green Program 2026, our Environmental Action Plan. Excluded from the data, however, are smaller companies that impart no environmental impact for each indicator. The coverage rate of the target companies is 100%. In addition, in the event of a change in the number of consolidated subsidiaries subject to environmental management, the following measures are undertaken in order to facilitate the comparison of any such change.

When the number of relevant organizations decreases during the term (due to a sale, etc.)

Data of such an organization shall be collected for the fiscal year (until it is sold) and excluded from data collection from the next fiscal year on. This measure shall not be applicable to the past data.

When the number of relevant organizations increases during the term (due to an acquisition etc.)

Data on the relevant organization is included beginning with the subsequent fiscal year.

◇ Main referential guidelines

- Sustainability Reporting Standards by the GRI (Global Reporting Initiative)
- GHG Protocol Corporate Accounting and Reporting Standard (Revised) by the WBCSD/WRI
- Corporate Value Chain (Scope 3) Accounting and Reporting Standard by the WBCSD/WRI
- Environmental Report Guideline (2018 Edition) by the Ministry of the Environment
- Manual for Calculating and Reporting GHG Emissions (Ver. 4.8) by the Ministry of the Environment and the Ministry of Economy, Trade and Industry
- Basic Guidelines on Calculating Greenhouse Gas Emissions through Supply Chain (Ver. 2.4) by the Ministry of the Environment and the Ministry of Economy, Trade and Industry
- Guideline for Quantifying GHG Emission Reduction Contribution by the Ministry of Economy, Trade and Industry

◇ Report on preceding data

In general, the time period covered by our reports is the preceding 3 to 5 years.

If a calculation method or the scope of reporting is changed, corrections and reports are included in the above-mentioned periods as well as in the benchmarks for the base year.

◇ Stance on greenhouse gas (GHG) emissions

At Daiwa House Group, among GHG emissions, we calculate and report exclusively on carbon dioxide (CO₂) emissions originating from energy.

We exclude GHG other than CO₂ originating from energy. Specifically, these are CO₂ from nonenergy sources, as well as methane (CH₄), Nitrous Oxide (N₂O), and the fluorinated gases of hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆) and nitrogen trifluoride (NF₃). With regard to these, as the result of the Group's calculation of emissions based on the Act on Promotion of Global Warming Countermeasures, we have determined that these gases accounted for less than 1% of our total GHG emissions, and the degree of their impact on our activities was nominal.

◇ CO₂ emission factor

Regarding fuel, etc., we use values based on the Energy Efficiency Act (Act on the Rational Use of Energy and Shifting to Non-fossil Energy) and the Act on Promotion of Global Warming Countermeasures. For purchased electric power, we use market-based values for purchases in Japan (alternative values for purchases from unknown power companies) and alternative values in Japan for overseas purchases.

Purchased electricity	0.429kg-CO ₂ /kWh (alternative value)	City gas	2.234kg-CO ₂ /m ³ (N)
Self-consumption of renewable energy (including PPA)	0.000kg-CO ₂ /kWh	LP gas	2.994kg-CO ₂ /m ³
Gasoline	2,290kg-CO ₂ /kL	Cold, Warm Water	0.057kg-CO ₂ /MJ
Light oil	2,619kg-CO ₂ /kL	Imported coal (thermal coal)	2,326kg-CO ₂ /t
No. 2 fuel oil	2,753kg-CO ₂ /kL	Wood pellet	0.000kg-CO ₂ /t
Kerosene	2,503kg-CO ₂ /kL		

The calculation of CO₂ is affected by inherent uncertainty resulting from the incomplete scientific knowledge used to determine emission factors and numerical data.

◇ Heat quantity conversion factor

In the Daiwa House Group, energy consumption is calculated using the Joule (J), a derived unit of energy in the International System of Units (SI), and the following heat quantity conversion factors are used for each energy type. In addition, we use the same factors at overseas locations as well.

Purchased electricity (including renewable energy plans)	8.64GJ/MWh	City gas	44.8GJ/1000 m ³ (N)
Renewable energy (self-consumption PV, on-site PPA)	3.60GJ/MWh	LP gas	50.1GJ/1000 m ³
Gasoline	33.4GJ/kL	Cold, Warm Water	1.19GJ/GJ
Light oil	38.0GJ/kL	Imported coal (thermal coal)	26.1GJ/t
No. 2 fuel oil	38.9GJ/kL	Wood pellet	13.2GJ/t
Kerosene	36.5GJ/kL		

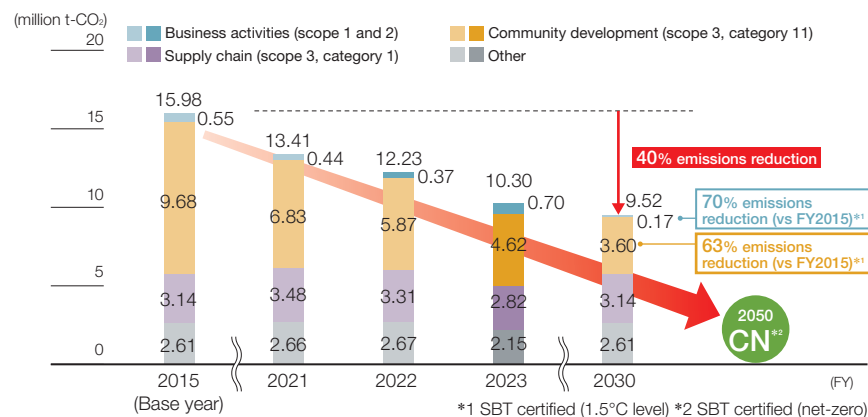
Environmental Data | Progress of Carbon neutrality Strategy

Measures for Carbon neutrality Strategy	Indices	Unit	FY2021 results	FY2022 results	FY2023 results	FY2026 targets	FY2030 targets
Decarbonization throughout the value chain	Reduction rate of GHG emissions throughout the value chain (vs FY2015)	%	-16.1	-23.5	-35.6	-35	-40
Contributing to the spread of renewable energy	Renewable energy generation equipment construction results (EPC) * Cumulative values since FY2011	MW	2,526	2,706	3,075	4,200	5,000
	Renewable energy power plants development and operating results (IPP) * Operating capacity at the end of each fiscal year, excluding on-site consumption.	MW	561	602	700	1,550	2,500

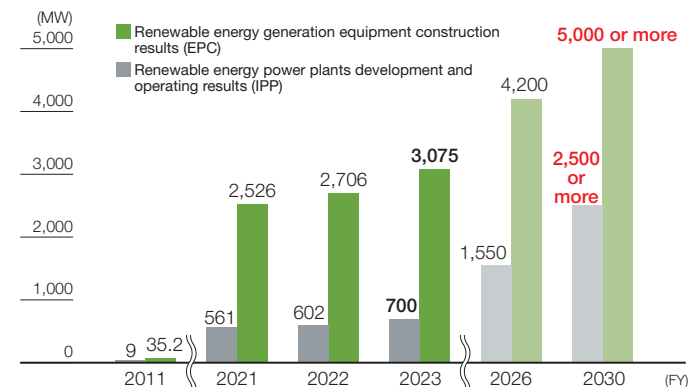
EPC: Contracting of facility construction work as a project that integrates Engineering, Procurement, and Construction.

IPP: Abbreviation for Independent Power Producer. An independent power producer is a company that owns power generation facilities and sells the power it generates.

■ Target for GHG emissions across the entire value chain (SBT certified)



■ Supply results of renewable energy (EPC/IPP)



Calculation method and scope of coverage of environmental data

■ Target for GHG emissions across the entire value chain

◇ Scope of coverage and Calculation methods

For Scopes 1 and 2, please refer to the calculation methods and scope of coverage for "GHG emissions" on p. 132 and p. 134.
For Scope 3, Category 11, please refer to the calculation methods and scope of coverage for "GHG emissions derived from use of products" on p. 125.
For Scope 3, Category 1 and Others, please refer to the calculation methods and scope of coverage for "GHG emissions in our value chain" on p. 139.

Calculation method and scope of coverage of environmental data

■ Renewable energy generation equipment construction results (EPC)

◇ Overview

Daiwa House Group's installation, construction, and renovation work of renewable energy-based generation equipment based on customer orders, as well as construction of renewable energy-based generation equipment attached to the Group's self-developed buildings for sale in the future.

* The results include cases where the installation of renewable energy-based generation equipment was planned at the time construction began for a property for which the Group was contracted to design and construct the main body of the building, and only the installation of renewable energy-based generation equipment was executed by another company for the customer's convenience.

◇ Scope of coverage

The company and 6 Group companies (Daiwa Lease, Fujita, Cosmos Initia, Daiwa Energy, Eneserve, and Daiwa House Reform)

■ Renewable energy power plants development and operating results (IPP)

◇ Overview

Renewable energy-based power plants developed and operated by the Group for the power generation business.

* The results include cases in which we acquired renewable energy-based power generation plants planned or developed by other companies (secondary properties).
* Exclude renewable energy-based power generation equipment that is consumed in-house at the Group's business facilities.

◇ Scope of coverage

The company and 14 Group companies (Daiwa Energy, Daiwa Lease, Eneserve, Daiwa House Realty Management, Daiwa Logistics, Daiwa Living, KOUYAMAUNYU, DesignArc, Fujita, FUJITA BUILDING MAINTENANCE, Royal Home Center, Wakamatsu KONPOU UNYU SOKO, DB Logitech, and Daiwa Life Next)

■ Results and self-assessment of the Environmental Action Plan (Endless Green Program 2026)

😊 : Target for fiscal 2023 achieved 😐 : Target for fiscal 2023 not achieved (achieved 90% or more) 😞 : Target for fiscal 2023 not achieved (achieved less than 90%)

■ Mitigating and Adapting to Climate Change

Challenge ZERO	Management indicator (KPI)	2021 results	2022 results	2023 targets	2023 results	2024 targets	2026 targets	Pages
(1) Challenge ZERO for CO ₂ in community development	GHG emissions reduction rate derived from use of product (total) vs FY2015	29.4% reduction	39.3% reduction	45% reduction	52.2% reduction 😊	54% reduction	58% reduction	021, 125
	ZEH rate	53%	86%	90%	97% 😊	90%	90%	022, 126
	ZEH-M rate for rental housing	3%	14.2%	20%	48.7% 😊	50%	50%	022, 126
	ZEH-M rate for condominiums	35%	67.5%	70%	90.5% 😊	100%	100%	022, 126
	ZEB rate	38%	65.7%	70%	68.5% 😐*1	73%	80%	023, 126
	ZEH-renovation equivalent	1,478	1,472	3,200	3,789 😊	3,800	4,000	023, 127
	Sales of electricity generated by the company-owned renewable-energy power stations	121GWh	366GWh	635GWh	696GWh 😊	—	—	127
(2) Challenge ZERO for CO ₂ in business activities	GHG emissions reduction rate derived from business operations (total) vs FY2015	20.8% reduction	33.5% reduction	50% reduction	26.3% increase 😞*2	52% reduction	55% reduction	021, 131
	Promotion of Electric—Introduction rate of clean energy cars (Company vehicles)	0.3%	2.8%	7%	6.3% 😐*3	13%	30%	026, 136
	Promotion of Electric—Introduction rate of clean energy cars (Privately owned vehicles)		1.0%	2%	2.0% 😊	4%	10%	026, 136
	Energy efficiency (EP100) vs FY2015	Up 1.47 times	Up 1.50 times	Up 1.61 times	Up 1.81 times 😊	Up 1.83 times	Up 1.90 times	025, 132
	Renewable energy utilization rate (RE100)	18.2%	41.5%	100%	81.8% 😞*4	100%	100%	025, 133
(3) Challenge ZERO for CO ₂ in the supply chain	Setting rate of principal suppliers' SBT standard* ^a GHG reduction targets	34.0%	65.9%	60%	57.7% 😐*5	80%	90%	027, 137
	The number of contracts for renewable energy and energy-efficiency solutions (The number of cases of support) (cumulative)	—	9	15	15 😊	25	50	027, 137

Self-assessment (reasons for not achieving targets, future actions)

- *1 In fiscal 2023, we achieved a ZEB ratio of 68.5%, falling short of our 70% target due in part to the decline in the construction start area for large logistics centers, which have high ZEB ratios. In the future, we will work to lift the overall ZEB ratio by strengthening ZEB proposals for other such purposes as offices, factories, retail stores and nursing care facilities.
- *2 In fiscal 2023, GHG emissions (total) increased by 23.6% compared with fiscal 2015 due to the use of coal at the thermal power station that was made a Group company in January 2023, and thus we failed to reach our target for a 50% reduction. We will strive to reduce our GHG emissions by having the plant burn just biomass after switching from biomass-coal combined power generation.
- *3 In fiscal 2023, the introduction rate of company electric vehicles was 6.3%, missing our 7% target on a lack of progress with switching over vehicles stemming from poor travel distances for clean energy vehicles. In the future, we will continue to push ahead with adopting clean energy vehicles by making the switch when leases finish for company vehicles.
- *4 In fiscal 2023, in addition to the increase in self-consumed electricity (non-renewable energy) at the thermal power plant, we were no longer able to offset non-renewable energy (switch to renewable energy) for Daiwa Resort, which left the Group in July. As a result, the renewable energy utilization rate came to 81.8%, falling short of our target of 100%. In the future, we will transition the thermal power plant to solely burn biomass, as well as switch to renewable energy plans and purchase non-fossil certificates.
- *5 In fiscal 2023, we encouraged suppliers to set more ambitious targets through decarbonization dialogues by raising the required level of GHG reduction targets to WB2°C. However, the percentage of suppliers that have set SBT-level GHG reduction targets came to 57.7%, missing our target of 60%. In the future, for suppliers not achieving target levels, we will strengthen engagement, focusing on decarbonization dialogues, as well as provide support for target achievement using proposals based on the Group's renewable energy and renewable energy solutions.
- *^a Through fiscal 2022, we set a target at the 2°C level (annual reduction in GHG emissions of 1.23% or more), but from fiscal 2023 we raised the target to the WB2°C level (reduction of 2.5% or more). (WB2°C, or well-below 2°C, is a GHG reduction target to keep the increase in the global temperature to well below 2°C compared to pre-industrial levels.)

■ Harmony with the natural environment (Preservation of biodiversity)

Challenge ZERO	Management indicator (KPI)	2021 results	2022 results	2023 targets	2023 results	2024 targets	2026 targets	Pages
(4) Challenge ZERO Deforestation	Rate of C-ranked timber in procurement	2.7%	3.1%	3.0%	1.0% 😊	1%	0%	036, 141
	Setting rate of zero deforestation policy (primary suppliers)	—	6.1%	30%	45.6% 😊	70%	90%	036, 141
	Setting rate of zero deforestation policy (secondary suppliers and beyond)	—	0%	5%	2.6% 😞*6	30%	50%	036, 141
(5) Challenge ZERO Harm to Biodiversity	Eco-friendly surface area of green spaces (cumulative)	—	257,000m ²	400,000m ²	464,000m² 😊	600,000m ²	1,000,000m ²	037, 142
	Rate of formulation and implementation of protection and management plans of significant sites within premises of the company's facilities	—	Assessing priority Levels Primary screening completed Assessment of priority levels in progress	Development of management and maintenance plans	11.4% —	14%	100%	039, 143
	Promotion of the Daiwa Plastics Smart Project—Rate of replacement of plastic goods for distribution (offices, etc.)	Daiwa House Industry: 81% All Group: 92%	Daiwa House Industry: 83% All Group: 74%	100%	Daiwa House Industry: 90.9% All Group: 92.6% 😐*7	100%	100%	039, 143

Self-assessment (reasons for not achieving targets, future actions)

- *6 In fiscal 2023, we visualized the supply chain and primary suppliers that have already set zero deforestation policies and also sought support for zero deforestation policies for secondary suppliers and further, but we were unable to gain support through the entire supply chain. As a result, the rate of zero deforestation policies set (among secondary suppliers and further) ended at 2.6%, failing to achieve our target of 5%. In the future, we will broaden the scope of mapping for the supply chain and work to achieve uptake of zero deforestation policies among secondary suppliers and further with the assistance of primary suppliers.
- *7 In fiscal 2023, we switched disposable plastic products to other non-plastic materials for new purchases and switched to paper wrapping for company gifts, but the use of some disposable plastic products from our inventory resulted in rates of 90.9% for replacement with plastic-free materials (offices, etc.) on our own and 92.6% for all principal Group companies excluding ours. As a result, we were unable to achieve our target of 100%. We will continue to promote the proper use of plastic products by thoroughly disseminating guidelines.

■ Results and self-assessment of the Environmental Action Plan (Endless Green Program 2026)

😊 : Target for fiscal 2023 achieved 😞 : Target for fiscal 2023 not achieved (achieved 90% or more) 😞 : Target for fiscal 2023 not achieved (achieved less than 90%)

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

Challenge ZERO	Management indicator (KPI)	2021 results	2022 results	2023 targets	2023 results	2024 targets	2026 targets	Pages	
(6) Challenge ZERO Waste and Reuse	Number of assets subject to effective use	3,989	4,276	4,200	3,289	🟢*8	2,900	3,100	048, 144
	Number of buildings subject to durability extension	3,246	8,984	9,000	8,929	🟡*9	7,045	7,150	048, 144
	Improving the recycling rate of waste plastics material (production)	10.9%	16.8%	19%	21.6%	🟢	22%	30%	049, 144
	Promotion of the Daiwa Plastics Smart Project Reduction rate of amenities that are plastic-containing products specified in law (hotels) vs FY2021	—	3.0% increase	20% reduction	8.2% reduction	🔴*10	17% reduction	50% reduction	049, 145
	Promotion of the Daiwa Plastics Smart Project Recycling rate of amenities that are plastic-containing products specified in law (hotels)	—	0%	5%	0.03%	🔴*10	1%	50%	049, 145
	Achievement of zero waste emissions targets by principal suppliers	34.5%	34.6%	50%	41.8%	🔴*11	70%	90%	049, 145
—	Construction waste emissions: Production (per unit of sales)	57.5kg/million yen	53.8kg/million yen	60kg/million yen	50.8kg/million yen	🟢	60kg/million yen	60kg/million yen	147
	Construction waste emissions: Construction (per m²)	20.0kg/m²	19.0kg/m²	19kg/m²	18.9kg/m²	🟢	19kg/m²	19kg/m²	147
	Construction waste recycling rate	97.7%	97.9%	97%	97.6%	🟢	98%	99%	146
(7) Challenge ZERO Water- Associated Risks	Water-saving device adoption rate (housing and hotels)	89.8%	96.8%	97%	98.3%	🟢	99%	99%	051, 148
	Water consumption reduction rate (per unit of sales) vs FY2012	46.8% reduction	42.7% reduction	37% reduction	42.3% reduction	🟢	43% reduction	45% reduction	052, 148
	Implementation rate of water risk surveys by principal suppliers	—	85.5%	90%	93.9%	🟢	97%	100%	052, 150

Self-assessment (reasons for not achieving targets, future actions)

- *8 In fiscal 2023, the number of assets subject to effective use came to 3,289, which meant we missed our target of 4,000. Despite working to improve awareness of purchases/resale by the Livness business by using actual buildings for which we have increased value, including by replacing insulation, into model houses, the number fell due to the larger size of projects. In the future, we will promote the effective use of assets by working for further market penetration by the Livness brand as well as increase employees for the brokerage business for existing buildings and vitalize trade in such buildings. We will lower our fiscal 2024 and fiscal 2026 targets in light of the fiscal 2023 result.
- *9 In fiscal 2023, we conducted inspections and diagnoses on houses that we have sold in the past and carried out maintenance work for warranty extension. Additionally, in rental housing, we promoted warranty extension work by partnering with management companies. As a result, the number of buildings subject to durability extension was 8,929, narrowly missing our target of 9,000. In the future, we will work to gain the understanding of owners about the merits of mitigating the aging process by extending the life of buildings through warranty extension work and to minimize the volume of resources used and waste by avoiding rebuilds. We will lower our fiscal 2024 and fiscal 2026 targets in light of the fiscal 2023 result.
- *10 In fiscal 2023, we stopped the introduction of amenity bars in hotels and the distribution of amenities as well as introduced bamboo tooth brushes, but the specified amenity plastic product reduction rate (hotels) was down by just 8.2% compared with fiscal 2021, thus failing to achieve the target of 20% reduction. In addition, while we undertook material recycling for amenity plastic products in some hotels, it will take some time to establish the scheme on a large scale. As a result, the material recycling rate for specific amenity plastic products (hotels) was 0.03%, thus we were unable to achieve the target of 5%. In the future, we will promote further reductions in disposable plastics and material recycling by sharing success stories at various hotels and establishing a scheme for large-scale deployment. We will lower our fiscal 2024 targets in light of the fiscal 2023 results.
- *11 In fiscal 2023, we aimed to confirm the status of waste disposal by suppliers and raise their recycling target levels by conducting zero emitter dialogues that strive to raise awareness of zero emissions. However, among our principal suppliers, those that set zero waste emission targets accounted for 41.8%, thus we were unable to achieve our target of 50%. In the future, in addition to continuing zero emissions dialogues and strengthening engagement, we will more closely investigate waste disposal by suppliers, get a grasp of recycling situations and work for higher target levels.

■ Prevention of chemical pollution

Challenge ZERO	Management indicator (KPI)	2021 results	2022 results	2023 targets	2023 results	2024 targets	2026 targets	Pages	
—	Compliance with voluntary standards for indoor air quality	96%	97.1%	100%	90.0%	 *12	100%	100%	054
	Release and transfer reduction rate of PRTR (per unit of sales) vs FY2012* ^b	69.3% reduction	70.4% reduction	65% reduction	74.2% reduction		0.1% reduction* ^b	0.3% reduction* ^b	054, 151
	VOC emission reduction rate (per unit of sales) vs FY2013	38.5% reduction	35.9% reduction	32% reduction	39.6% reduction		35% reduction	35% reduction	054, 151

Self-assessment (reasons for not achieving targets, future actions)

- *12: In fiscal 2023, compliance with voluntary standards for indoor air quality was 90.0%, failing to achieve the target of 100%, due to the fact that the voluntary indoor air quality standard values were exceeded in some properties of apartment complexes. We will continue to promote the use of low-formaldehyde emitting building materials and strengthen our efforts in the future, including thorough ventilation during construction.

*^b: Due to subject substances for fiscal 2023 revised following amendments to the PRTR Law, assessments through fiscal 2023 are for substances the same as fiscal 2012. For fiscal 2024 onward, fiscal 2023 will be the new base year, with revised PRTR-listed substances subject to assessments.

■ Environmental management

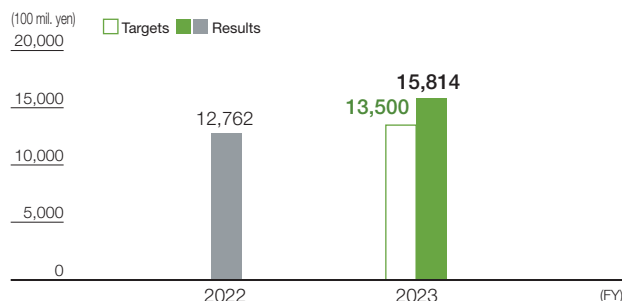
Challenge ZERO	Management indicator (KPI)	2021 results	2022 results	2023 targets	2023 results		2024 targets	2026 targets	Pages
—	Sales of environmental contribution businesses	—	1,276.2 billion yen	1,350.0 billion yen	1,581.4 billion yen	😊	1,550.0 billion yen	1,600.0 billion yen	009, 121
	Number of those who acquired the Eco Test	19,033	25,080	28,000	28,134	😊	30,000	38,000	014, 122
	Green purchasing ratio	95.6%	97.5%	95%	99.0%	😊	95%	95%	021, 123
	Implementation status of measures for adopting to climate change	—	Implementing	—	Implementing	—	—	Completing implementation	028

Environmental Data | Strengthening the foundation of environmental management

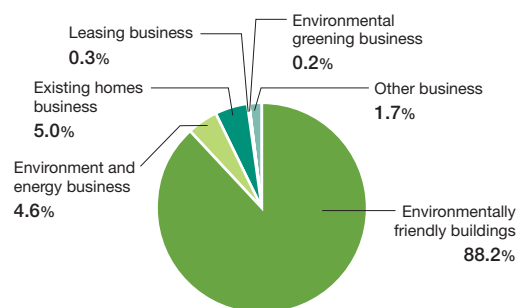
General

Expansion of sales of environmental contribution businesses

■ Sales of environmental contribution businesses



■ Breakdown of environmental contribution businesses (by segment)



■ Sales of environmental contribution businesses (by segment)

Unit: 100 mil. yen

	2022	2023
Environmentally friendly buildings	11,001	13,955
Environment and energy business	682	731
Existing homes business	741	784
Leasing business	39	42
Environmental greening business	25	34
Other business	275	267

Calculation method and scope of coverage of environmental data

■ Sales of environmental contribution businesses

◇ Overview

Each of the businesses in Daiwa House Group works toward the realization of a carbon-free society and a society that is committed to recycling. The combined revenue from businesses capable of contributing to the environment is defined as sales generated by environmental businesses. In specific terms, we have established definitions for environmental businesses as shown on the right.

◇ Scope of coverage

Daiwa House Industry Co., Ltd. and all consolidated subsidiaries (Domestic only)
* However, only companies with businesses that match definitions of environmental businesses

Segment	Definition
Environmentally friendly buildings	Single-family housing business Buildings that meet BELS five-star rating (BEI standard value by intended use)
	Rental housing business Application BEI value
	Condominium business Housing 0.8 or less
	Commercial and office buildings business Hotels, hospitals, department stores, restaurants, assembly halls, etc. 0.7 or less
Environment and energy business	Electricity retailing*1, sales of power fueled by renewable energy, PPA*2 business, contract work to install renewable energy facilities / energy-efficient equipment, energy-efficiency solutions, non-fossil fuel energy certificates brokerage
	Existing homes business Home renovation business Solar power generation systems, storage batteries, energy-efficiency renovation
Leasing business	Purchase and resale Resale 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)*3 business
Other business	Sales of LED lighting systems, energy-efficient air conditioners and blackout curtains

*1 Electricity retail business: Sales of renewable energy-based electricity and electricity with an emission factor of 0.388 kg/kWh or less

*2 PPA: A system in which electricity generated by photovoltaic power generation equipment installed by a company, which owns and manages such equipment, on land or roofs provided by building owners is provided to electricity users in the building for a fee.

*3 Park-PFI (Publicly solicited installation and management system): A system for publicly soliciting and selecting private operators to develop parks in order to improve the attractiveness and convenience of urban parks.

Environmental management

■ ISO 14001 certification

Company name	Scope certified by ISO 14001 Figures in parentheses indicate rate of acquisition
Daiwa House Industry	Production Department and all 9 factories (100%)
Daiwa Lease	Companywide* (100%) * No overseas offices, only domestic offices
Fujita	Company-wide* (100%) * Only domestic offices

(as of end- March, 2024)

■ Sites that have the ISO 14001 certification

Company name	Site name	Certification body	Certification No.	Validity of the current certificate	Date of certification acquisition
Daiwa House Industry	Production Department	Japan Testing Center for Construction Materials	RE0008	July 31, 2024	April 15, 1998
Daiwa Lease	Entire company	Union of Japanese Scientists and Engineers	Registration No. JUSE-EG-056	August 28, 2026	August 29, 2002
Fujita	Company-wide (only domestic offices)	Japan Testing Center for Construction Materials	RE0002	November 30, 2026	August 15, 1997

(as of end- March, 2024)

■ Environmental fines and penalties

	2021	2022	2023
Environmental fines and penalties	0 yen	0 yen	0 yen

Calculation method and scope of coverage of environmental data

■ Environmental fines and penalties

◇ Scope of coverage

Daiwa House Industry Co., Ltd. and all consolidated subsidiaries

Environmental Data | Strengthening the foundation of environmental management

Supply chain management (Environment)

■ Status of dialogue with suppliers (FY2023)

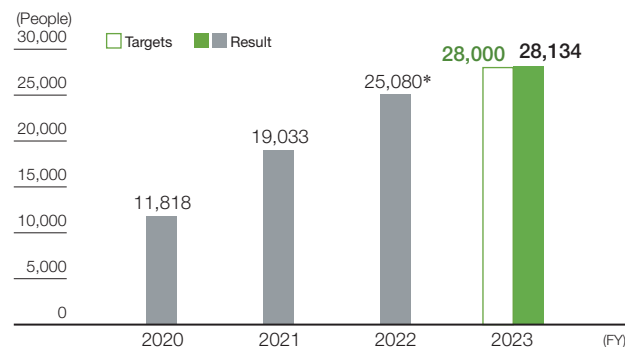
Company/organization name	Activity name	Details of main activity	No. of frequency	No. of participating companies (No. of participants)
Daiwa House Industry (The Trillion Club)	Decarbonization Dialogue	Sharing climate change problems, support for setting targets for CO ₂ reduction	16 times	14 companies (63 attendees)
	Zero Emission Dialogue	Confirmation of waste disposal status and support to set zero emissions targets	8 times	8 companies (30 attendees)
	Training and education activities	Lectures on climate change issues and the Daiwa House Group's initiatives, video streaming	2 times	125 companies (181 attendees)
Daiwa House Industry (The Setsuwa Club)	Decarbonization Dialogue	Sharing climate change problems, support for setting targets for CO ₂ reduction	2 times	2 companies (7 attendees)
	Zero Emission Dialogue	Confirmation of waste disposal status and support to set zero emissions targets	Once	1 company (4 attendees)
Fujita	Decarbonization Dialogue	Sharing climate change problems, support for setting targets for CO ₂ reduction	11 times	11 companies (30 attendees)
	Zero Emission Dialogue	Confirmation of waste disposal status and support to set zero emissions targets	2 times	2 companies (5 attendees)

Environmental education

■ Environmental education provided (FY2023)

Category	Contents	Number of participants and frequency
Specialized education	Waste management	e-learning 467 attendees in 4 courses
	Asbestos-related management	e-learning 290 attendees in 4 courses
	Soil contamination countermeasures	e-learning 87 attendees in 1 course
	ZEB design	e-learning 1,414 attendees in 7 courses
	ZEB	Training 1,156 attendees in 10 courses
	ZEH, ZEH-M	Training 1,042 attendees in 7 courses
	Soil contamination countermeasures	Training 1,199 attendees in 4 courses
	Environmental policy	Training 150 attendees in 3 courses
Grade-specific education	Environmental education	e-learning 16,321 attendees
	Newly appointed manager education	e-learning 220 attendees
	Mid-carrier recruit education	e-learning 197 attendees
	Basic education for new employees	e-learning 611 attendees
	Training for technical employees (yearly, by rank)	Training 1,549 attendees in 26 courses
	General training for new technical employees	Training 332 attendees in 4 courses
	Training for new sales employees (yearly, by rank)	Training 358 attendees in 7 courses
	General training for new sales employees	Training 470 attendees in 3 courses
	Mid-carrier recruit training	Training 113 attendees in 3 courses
	Disaster preparedness and environment management section manager training	Training Once: 12 attendees
	Disaster preparedness and environment management section staff training	Training Once: 44 attendees
	Overseas administration division managers training	Training Once: 22 attendees

■ Number of those who acquired the Eco Test certification



* We have made a revision due to an error with calculations for fiscal 2022.

■ Number of participants in environmental education for children

	~2020	2021	2022	2023
Eco Workshop for Children	7,048	80	178	363
The King and His House	304	0	0	0
Total	7,352	80	178	363
Cumulative	7,352	7,432	7,610	7,973

Unit: People

Calculation method and scope of coverage of environmental data

■ Number of those who acquired the Eco Test certification

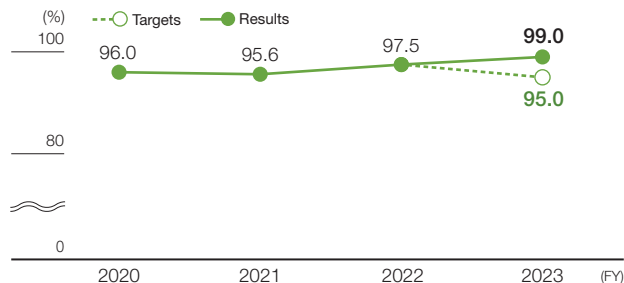
◇ Reporting organizations

Daiwa House Industry and 28 Group companies (Daiwa Lease, DesignArc, Daiwa Logistics, Royal Home Center, Daiwa House Realty Management, Sports Club NAS, Fujita, Daiwa House Reform, Daiwa Life Next, Daiwa Energy, Daiwa Royal Golf, Osaka Marubiru, Daiwa Lantec, Daiwa House Real Estate, Daiwa Living, Daiwa House Life Support, Daiwa House Parking, Eneserve, Nishiwaki Royal Hotel, Wakamatsu KONPOU UNYU SOKO, Daiwa House Chintai Reform, Media Tech, Shinwa Agency, Daiwa House Financial, Daiwa House Asset Management, Daiwa House Real Estate Investment Management, Daiwa House Property Management, Frameworkx) and their 13 subsidiaries (Domestic only)

Environmental Data | Strengthening the foundation of environmental management

Promotion of green purchasing

Green purchasing ratio



Calculation method and scope of coverage of environmental data

Green purchasing ratio

◇ Overview

We have adopted our own Green Purchasing Standards for the items used in offices of the Company and 23 principal Group companies. In calculating our green purchasing ratio, we use the following formula on a monetary basis.

◇ Calculation formula

Green purchasing ratio (%) = Σ (Amount of Green Purchasing Standards-compliant goods purchased (yen)) $\div$ Σ (Total purchase price of target items (yen))

◇ Scope of coverage

Segment	Target	Scope of coverage
Office work	The Company and 23 Group companies*.	Domestic worksites (Head Office, branches, offices, sales offices)

* 23 Group companies: Daiwa Lease, DesignArc, Daiwa Logistics, Royal Home Center, Daiwa House Realty Management, Sports Club NAS, Fujita, Daiwa House Reform, Daiwa Life Next, Daiwa Energy, Daiwa Royal Golf, Daiwa Lantec, Nihon Jyutaku Ryutu, Daiwa Living, Daiwa House Life Support, Daiwa House Parking, Eneserve, Nishiwaki Royal Hotel, Cosmos Initia, Wakamatsu KONPOU UNYU SOKO, Daiwa House Chintai Reform, KOUYAMAUNYU, Hibikinada Thermal Power Station

Green purchasing standards

We have adopted our own Green purchasing standards for six main items (copy paper, forms, catalogs, office supplies, office furniture, and office equipment) used in our offices.

Classification	Main Items	Standards
Paper	Catalogs, etc.	It must be made with Forest Certified Paper.
	Copy paper, forms	It must satisfy one or more of the following conditions i-iii: i) It must be an Eco Mark*1 certified product. ii) It must comply with the Green Purchasing Law. iii) It must be listed in the GPN database*2.
Stationery	Office supplies	It must be listed in the GPN database*2.
Office furniture	Chairs, desks, shelves, storage fixtures (other than shelves), low partitions, etc.	It must be a product recommended by the Japan Office Institutional Furniture Association (JOIFA) as an environmental product (compliant with the Green Purchasing Law).
Office equipment	Copiers, multifunction machine, fax machines, etc.	It must meet one or more of the following conditions i-ii. i) It is compliant with the Green Purchasing Law. ii) It bears the International Energy Star logo*3.
	Personal computers, printers, etc.	It must meet one or more of the following conditions i-iii. i) It is compliant with the Green Purchasing Law. ii) It bears the International Energy Star logo*3. iii) It is certified under the PC Green Label System*4.

*1 An environmental label attached to products recognized as contributing to environmental preservation following a review by the Japan Environmental Association

*2 A database of environmental products managed by the Green Purchasing Network (GPN)

*3 A logo mark displayed on office equipment that meets energy efficiency standards set by the International Energy Star Program

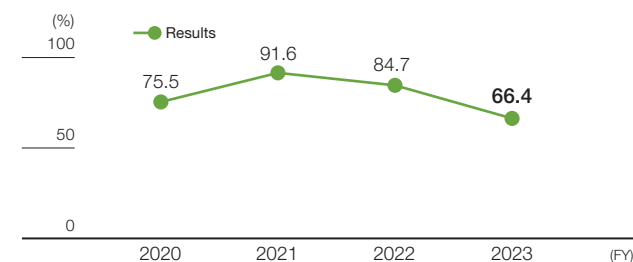
*4 A labeling system for eco-friendly personal computer products operated by the PC 3R Promotion Center

Environmental Data | Real estate portfolio

■ GHG emissions, energy consumption, and water use in leased real estate

FY	Application	Number of properties	Area	GHG emissions				Energy consumption		Water consumption	
				Total			Intensity	Total	Intensity	Total	Intensity
				t-CO ₂							
		Projects	m ²	Scope1	Scope2		GJ	MJ/m ²	m ³	ℓ/m ²	
2023	Offices	1	911	0	40	40	44.2	811	890.0	795	872.2
	Commercial buildings	130	2,318,675	4,154	123,255	127,409	54.9	2,575,454	1,110.7	1,455,080	677.2
	Logistics center	1	17,010	0	166	166	9.7	3,338	196.3	442	26.0
	Total	132	2,336,596	4,154	123,462	127,615	—	2,579,604	—	1,456,317	—
2022	Offices	1	911	0	42	42	46.3	934	1,024.5	767	841.6
	Commercial buildings	146	2,370,505	4,256	126,382	130,638	55.1	2,884,954	1,217.0	1,387,097	623.9
	Logistics center	3	11,781	0	319	319	27.1	7,066	599.8	764	64.8
	Total	150	2,383,198	4,256	126,743	130,999	—	2,892,954	—	1,388,629	—
2021	Offices	1	911	0	87	87	95.3	1,871	2,053.1	686	752.6
	Commercial buildings	191	2,620,921	2,651	128,941	131,592	50.2	2,831,219	1,080.2	1,320,412	591.1
	Logistics center	5	22,585	0	698	698	30.9	15,037	665.8	2,933	129.9
	Total	197	2,644,418	2,651	129,726	132,377	—	2,848,127	—	1,324,031	—

■ Rate of Green Building Certification obtained



■ Green building certified area/total area

Unit: m²

Segment	2020	2021	2022	2023
Certified area	434,961	1,501,047	1,478,442	912,705
Total area	576,054	1,638,375	1,746,288	1,373,791

Calculation method and scope of coverage of environmental data

■ GHG emissions, energy consumption, and water use in leased real estate

◇ Overview

We surveyed the energy and water consumption of the entire buildings of the real estate properties we own in Japan that are leased for profit, leased for square footage, and nonresidential properties, and calculated the annual GHG emissions (total amount) and GHG emissions per square meter (intensity). The CO₂ emission factor and heat conversion factor are the same as for the amounts of GHG emissions and energy consumption shown above. However, GHG emission factors for electricity are based on the location-based method, and alternative values to the emission factors by electricity business operator based on the national "GHG emissions accounting, reporting and disclosure system (the SHK system)" are used.

◇ Scope of coverage

The Company and four Group companies that primarily engage in the rental real estate business (Daiwa Lease, Daiwa House Realty Management, Daiwa Logistics, and Daiwa Living)

◇ Calculation formula

GHG emissions (t-CO₂) = $\sum \{(\text{Annual consumption of electricity and fuel}) \times (\text{CO}_2 \text{ emission factor for each type of energy})\}$
 GHG emissions intensity (kg-CO₂/m²) = GHG emissions ÷ $\sum$ (total floor area)

Energy consumption (GJ) = $\sum \{(\text{Annual consumption of electricity and fuel}) \times (\text{Energy conversion factor for each type of energy})\}$
 Energy consumption intensity (MJ/m²) = Energy consumption ÷ $\sum$ (total floor area)

Water consumption (m³) = $\sum$ (annual water consumption)
 Water consumption intensity (ℓ/m²) = water consumption ÷ $\sum$ (total floor area)

Calculation method and scope of coverage of environmental data

■ Rate of Green Building Certification obtained

◇ Scope of coverage

The Company's self-developed properties (used as rental housing, commercial/business facilities)

◇ Calculation formula

Percentage of properties certified as green buildings (%)
 = Total floor area of our self-developed properties that have acquired certification (m²) ÷ Total floor area of our self-developed properties (m²).

◇ Subject Certifications

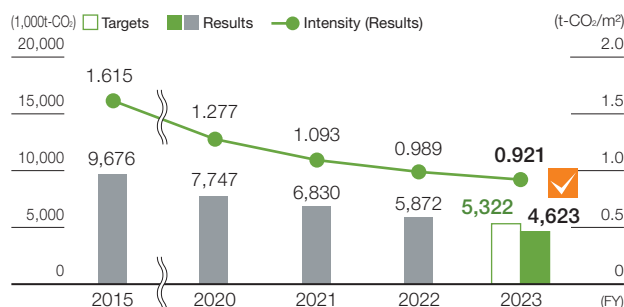
- BELS: Building-Housing Energy-efficiency Labeling System
- CASBEE for Wellness Office: System for evaluating building specifications, performance, and initiatives that support the maintenance and promotion of the health and comfort of building users
- CASBEE for Buildings (New Construction): Comprehensive Assessment System for Built Environment Efficiency for new construction
- ABINC: Certification systems for biodiverse facilities, buildings, etc.

Environmental Data | Mitigating and adapting to climate change

(1) Challenge ZERO for CO₂ in community development

GHG emissions derived from use of products

■ GHG emissions* derived from use of products and Intensity



* GHG emissions associated with Scope 3/Category 11 (use of products sold) in the Company's group.

Green Building Certification

■ Number of BELS and Long-Life Quality Housing Certifications acquired

Unit: Units					
Name of certification	Application	2020	2021	2022	2023
BELS certification	Single-family houses Rental housing Condominiums Commercial and office buildings	1,659	1,899	4,017	16,811
Long-term excellent housing	Single-family houses	5,724	5,854	4,910	4,223

■ Number of BELS and Long-Life Quality Housing Certifications acquired

◇ Overview

BELS is the abbreviation for Building-Housing Energy-efficiency Labeling System, a system whereby third-party assessment agencies evaluate and certify the energy efficiency of newly built and existing buildings. Ratings are given according to the performance level: one to five stars (☆). In promoting the effective use of resources, we utilize the Long-term Excellent Housing Certification System under the terms of the "Act on the Promotion of Popularization of Long-Life Quality Housing" as an index to measure progress. In the certification system, requirements are also stipulated including resistance to deterioration involving structural frameworks, seismic resistance, versatility, ease of maintenance and renewal, features to accommodate the elderly, energy-efficiency measures, housing sizes exceeding a certain level, and ensuring good landscaping.

◇ Scope of coverage

Daiwa House Industry

Calculation method and scope of coverage of environmental data

■ GHG emissions derived from use of products

◇ Overview

GHG emissions over the lifetime of products sold in the reporting year and buildings developed for future sales are calculated.

◇ Reporting organizations

Daiwa House Industry, Daiwa Lease, Fujita, and Cosmos Initia* (all for domestic use only)

* Results through February 2024 for consolidated companies

◇ Calculation formula

GHG emissions derived from use of products (t-CO₂)

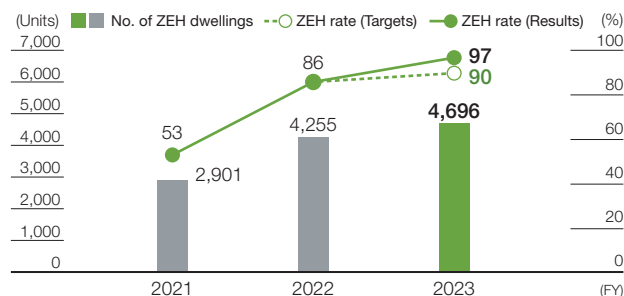
= Design primary energy consumption × CO₂ emission factor for each energy type × useful life

Purpose of use	Reporting organizations	Scope	Target property	Design primary energy consumption	Electricity generated by solar power facilities	Energy composition ratio	Useful life
Single-family houses	Daiwa House Industry Single Family Housing Business Division	Construction starts (Domestic only)	Single-family houses Contracted houses, built-for sales houses	Calculation results for the dwelling unit portion using the "Program compliant with the energy conservation standards for houses" of the Building Research Institute, a national research and development agency	Calculation results for the dwelling unit portion using the "Program compliant with the energy conservation standards for houses" of the Building Research Institute, a national research and development agency	Based on individual calculations	Single-family houses 30 years
Rental housing (low-rise)	Daiwa House Industry Apartment Business Division	Construction starts (Domestic only)	Apartment houses Tenement houses Dwelling houses combined with other uses (Rental housing parts only) Contracted houses, built-for sales houses		Annual power generation is calculated by multiplying the installed capacity [kW] by forecast power generation volume based on our simulation		Rental housing (low-rise) 30 years
Rental housing (medium- and high-rise)	Daiwa House Industry Apartment Business Division Commercial Construction Business Division General Construction Business Division	Construction starts (Domestic only)	Contracted houses, built-for sales houses		■ For rental housing (medium and high-rise), annual power generation is calculated by multiplying the installed capacity [kW] by forecast power generation volume based on our simulation.	(1) For fully electrified properties Electricity: 100% (2) In other cases Electricity: 72%, gas: 28%	Rental housing (medium- and high-rise) 60 years
Other apartment	Daiwa Lease Fujita				■ For other apartments, annual power generation [kWh/year] is calculated by multiplying the installed capacity [kW] by 1000		
Condominiums	Daiwa House Industry Condominium Business Division Cosmos Initia	Construction starts (Domestic only)	Self-developed properties JV-managed properties		Annual power generation is calculated by multiplying the installed capacity [kW] by forecast power generation volume based on our simulation		Condominiums 60 years
Non-residential	Daiwa House Industry Apartment Business Division Commercial Construction Business Division General Construction Business Division Daiwa Lease Fujita	Construction starts (Domestic only)	Contracted, self-developed (sold) Total floor area of 300 m ² or more (For Daiwa Lease, those less than 300 m ² are included)	Calculated by multiplying the BEI after excluding the effect of solar power generation, as calculated by the Building Research Institute's "Program compliant with the energy conservation standards for non-housing", by the actual statistics of primary energy consumption based on the 2016 edition CASBEE - Building (new construction) and floor area	Annual power generation [kWh/year] is calculated by multiplying the installed capacity [kW] by 1000	CASBEE - Building (new construction) Based on actual primary energy consumption statistics from the FY2016 edition	Offices 60 years Hospitals, medical/nursing care facilities 60 years Hotels 60 years Schools 60 years Meeting places 60 years Retail stores 30 years Restaurants 30 years Factories, warehouses 30 years Solar power systems 20 years

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ZEH rate

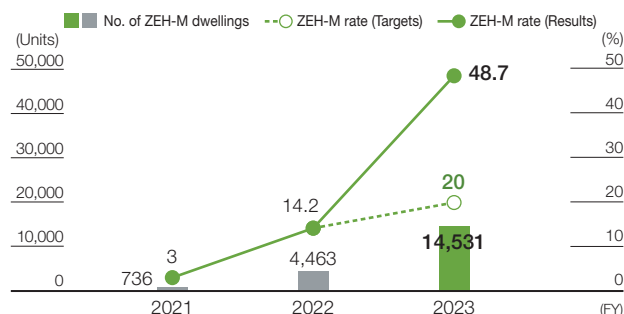
■ ZEH rate



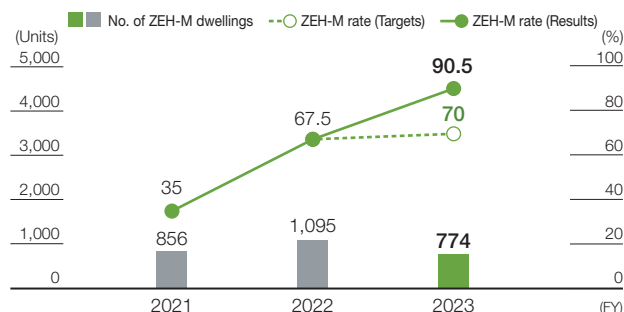
* Result for fiscal 2021 is based on order, while that for fiscal 2022 onward is based on construction start

ZEH-M rate

■ ZEH-M rate (Rental housing)

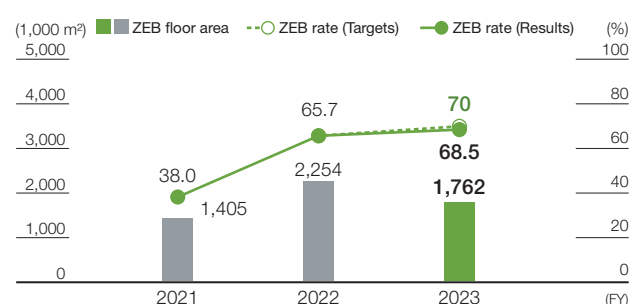


■ ZEH-M rate (condominiums)

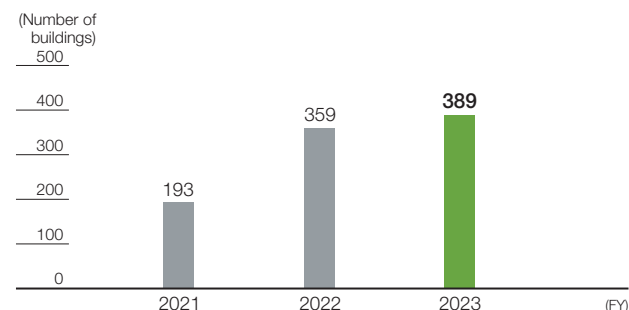


ZEB rate

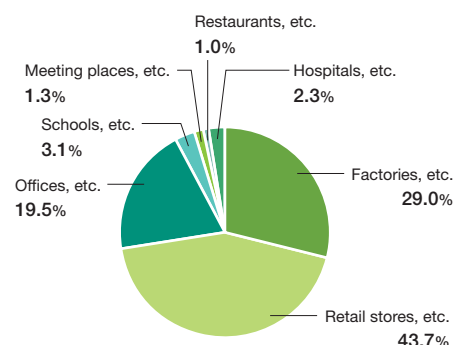
■ ZEB rate



■ ZEB units



■ Breakdown of ZEB units by intended use (FY2023)



Calculation method and scope of coverage of environmental data

■ ZEH rate

◇ Reporting organizations

Daiwa House Industry (Single Family Housing Business Division)

◇ Uses of buildings

Single-family houses

◇ Scope of coverage

Contracted and built-for sales properties (domestic only*; result for fiscal 2021 is based on order, while that for fiscal 2022 onward is based on construction start)
* Excluding Hokkaido

◇ Calculation formula

ZEH rate (%) = ZEH units achieved ÷ total units built
(Calculated based on ZEH builder performance reporting standards)
ZEH judgment: Properties that have achieved the requirements for the definition of ZEH ("ZEH", Nearly ZEH, and ZEH Oriented)

■ ZEH-M rate

◇ Reporting organizations

Daiwa House Industry (Single-Family Houses Division, Condominiums Division), Cosmos Initia*

* Results through February 2024 for consolidated companies

◇ Uses of buildings

Apartments, Condominiums

◇ Scope of coverage

Rental housing: Contracted and built-for sales or self-developed properties (domestic only, based on construction starts)
Condominiums: Self-developed properties, JV projects (only those managed by the Company) (domestic only, based on construction starts)

◇ Calculation formula

ZEH-M rate (%) = Total number of dwelling units that have achieved the ZEH-M requirements ÷ total number of dwelling units in all properties
ZEH-M judgement:

(Rental housing) Properties that have achieved the ZEH-M standards defined by the government
3 stories or less: At least Nearly ZEH-M
4-5 stories: At least ZEH-M Ready
6 stories or more: At least ZEH-M Oriented
(Condominiums) Properties that have achieved the requirements for the government definition of ZEH-M (at least ZEH-M Oriented)

■ ZEB rate/ZEB units

◇ Reporting organizations

Daiwa House Industry (Commercial Facilities Division, Logistics, Business & Corporate Facilities Division), Daiwa Lease, and Fujita

◇ Uses of buildings

All uses of non-residential properties

◇ Scope of coverage

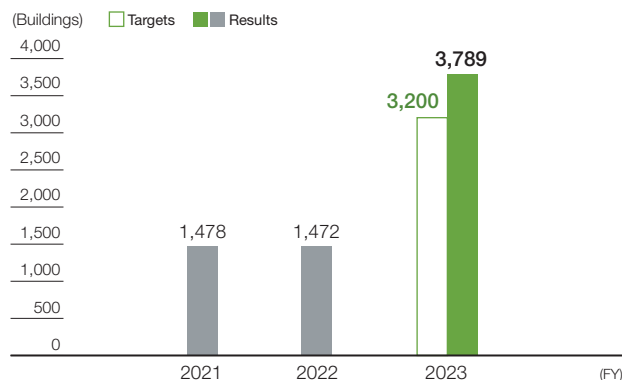
New in-house designed and newly self-developed properties (domestic only, based on construction starts)
Properties with total floor area of 300 m² or more (For Daiwa Lease, those less than 300 m² are included)

◇ Calculation formula

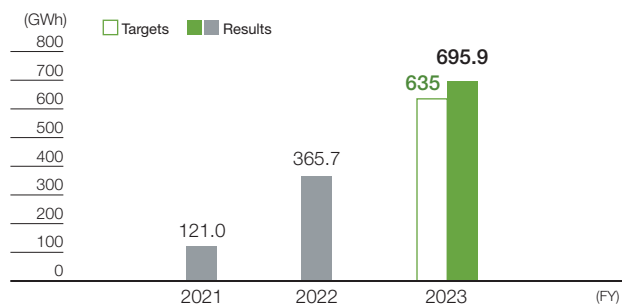
ZEB rate (%) = ZEB property floor area (m²) ÷ Total property floor area (m²)
ZEB judgment: Properties that have achieved the requirements for the definition of ZEB ("ZEB", Nearly ZEB, ZEB Ready, and ZEB Oriented)

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■ ZEH-renovation equivalent



■ Sales of electricity generated by the company-owned renewable-energy power stations



Calculation method and scope of coverage of environmental data

■ ZEH-renovation equivalent

◇ Overview

The number of buildings equivalent to ZEH-renovated ones is an index that represents "the annual effect of energy-efficiency retrofits, in terms of reduction in primary energy consumption as a result of various energy-saving retrofits (insulation, equipment) for each building, by converting the reduction into that achieved by the assumed number of existing model houses renovated into the ZEH specifications (equivalent to ZEH Oriented)."

◇ Scope of coverage

Target	Eligible energy-saving retrofits
Daiwa House Reform	· Insulation remodeling
Daiwa House Chintai Reform	· Bathroom remodeling
Daiwa Living	· Water heater remodeling
	· Lighting remodeling
	· Remodeling of warm-water washing toilet seats

◇ Calculation formula

The number of buildings equivalent to ZEH-renovated ones =
$$\frac{\text{Total amount of primary energy reduction obtained through energy conservation retrofits [MJ] (excluding renewable energy)}}{\text{Primary energy reduction obtained by energy-saving renovation of one existing model house fitted for the ZEH specifications (equivalent to ZEH Oriented) [MJ] (18,635 [MJ])}}$$

■ Sales of electricity generated by the company-owned renewable-energy power stations

◇ Overview

Renewable energy-based electricity sales volume is a value indicating the sales volume of renewable energy-based electricity and renewable energy value that fall under the following categories.

- Electricity retailing that can be counted as zero CO₂ emissions under the Global Warming Law (excluding non-fossil fuel energy certificates derived from nuclear power generation)
- Electricity retailing compliant with the RE100 technical requirements
- Renewable energy-based electricity supplied by PPA projects (on-site and off-site)
- Sales of renewable energy value (J-credits, non-fossil fuel energy certificates, and green power certificates designated for renewable energy)

◇ Scope of coverage

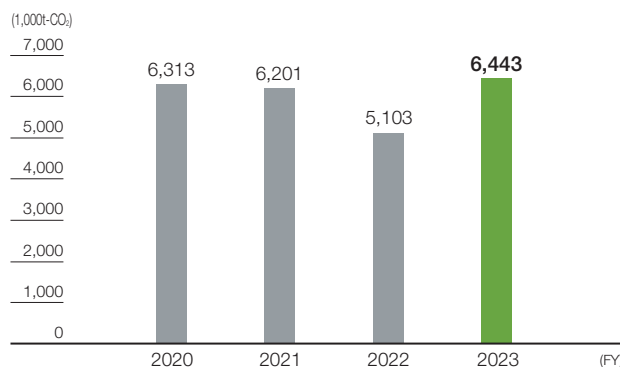
Reporting organizations	Main items for sale*
Daiwa House Industry	Electricity retailing (PPS), sale of renewable energy-based electricity under the PPA model, and brokerage of non-fossil fuel energy certificates
Eneserve	Electricity retailing (PPS)
Daiwa Energy	Electricity retailing (PPS), sale of renewable energy-based electricity under the PPA model

* Including supply to our company and sales to Group companies

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Contribution to GHG reduction

■ Contribution to GHG reduction (Groupwide)



■ Contribution to GHG reduction (by segment)

Unit: 1,000t-CO₂

Segment	2020	2021	2022	2023
Single-family housing business	300	358	302	296
Rental housing business	346	360	421	713
Existing homes business	46	38	42	67
Condominium business	114	87	128	62
Commercial and office buildings business	2,647	3,535	3,091	2,624
Environment and energy business	2,860	1,824	1,121	2,680

Calculation method and scope of coverage of environmental data

■ Contribution to GHG reduction

◇ Overview

Contribution to GHG reduction is represented by a numerical value that indicates "how much we have been able to contribute to the reduction of GHG emissions by providing housing and buildings as well as promoting energy-efficiency and energy-generation solutions." Using flow-based calculations, the Group calculates GHG emissions at the use and operation stages for products (housing, buildings, solar power generation, etc.) in use up to the end of their service life for the relevant fiscal year. We then calculate the contributed reduction in GHG emissions by subtracting the result from the GHG emissions generated by a comparable equivalent product. As for the contributed reduction of an ESCO business*, the value is calculated by the existing home base method, and the annual GHG emissions of all facilities subject to ESCO services during the fiscal year (cumulative amount for an existing house) are calculated. We calculate the contributed reduction by deducting it from the GHG emissions of a comparable facility.

* ESCO: An abbreviation for "Energy Service Company." A business that reduces the costs of its customers' utilities and water, and is compensated for any reduction achieved.

◇ Calculation formula

Example of flow base method

Method ① (New houses):

contribution to GHG reduction (t-CO₂) = $\{ \sum (\text{Annual GHG emissions (t-CO}_2\text{/year) in the usage or operation stages of the products being compared} - \sum (\text{Annual GHG emissions (t-CO}_2\text{/year) in the usage or operation stage of products offered during the fiscal year}) \times \text{Number of assumed years of use (year)} \}$

Method ② (New buildings):

contribution to GHG reduction (t-CO₂) = $\sum \{ \text{Annual primary energy consumption per unit of floor area by application or scale (MJ/m}^2\text{-year)} \times \text{Floor area (m}^2\text{)} \times \text{Energy reduction rate} \times \text{CO}_2\text{ emission factor (t-CO}_2\text{/MJ)} \times \text{Estimated number of years of use (year)} \}$

Note: Energy reduction rate (%) = $1 - \text{BEI}^*$ *Design primary energy consumption (excluding renewable energy) (MJ/year) ÷ Reference primary energy consumption (MJ/year)

Method ③ (Energy generation facility):

contribution to GHG reduction (t-CO₂) = $\sum \{ \text{Annual renewable energy generated (kWh/year)} \times \text{CO}_2\text{ emission factor (t-CO}_2\text{/kWh)} \times \text{Estimated number of years of use (year)} \}$

Note: Includes power sales

Method ④ (Energy efficiency improvement):

contribution to GHG reduction (t-CO₂) = $\sum \{ (\text{Annual GHG emissions (t-CO}_2\text{/year) before energy-efficiency retrofits} - \text{Annual GHG emissions (t-CO}_2\text{/year) after energy-efficiency retrofits} \times \text{Estimated number of years of use (year)} \}$

Method ⑤ (Electricity retailing):

contribution to GHG reduction (t-CO₂) = $\sum \{ (\text{Alternative value emission factor in current fiscal year}^* (\text{t-CO}_2\text{/kWh}) - \text{Adjusted CO}_2\text{ emission factor in current fiscal year (t-CO}_2\text{/kWh)}) \times \text{Supplied electric energy (kWh)} \}$

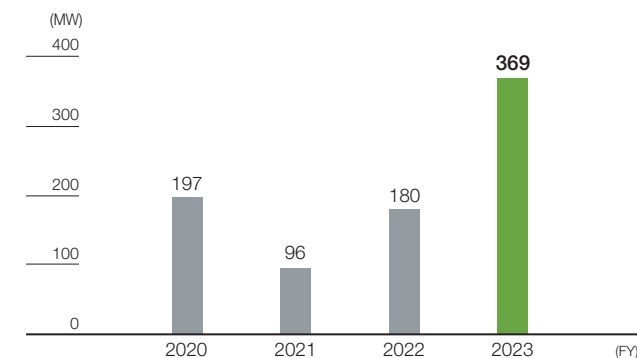
* Alternative values to the emission factors by electricity business operator based on the "GHG emissions accounting, reporting and disclosure system (the SHK system)"

Example of base method for existing home

contribution to GHG reduction (t-CO₂/year) = $\sum \{ (\text{Annual GHG emissions (t-CO}_2\text{/year) of comparable facilities} - (\text{Annual GHG emissions (t-CO}_2\text{/year) of equipment subject to ESCO services provided during year}) \}$

Installed capacity of solar power generation systems

■ Trend in installed capacity of solar power generation systems



■ Trend in installed capacity of solar power generation systems (by segment)

Unit: MW

Segment	2011-2019	2020	2021	2022	2023
Single-family housing business	200	18	17	19	20
Rental housing business	148	1	1	10	23
Existing homes business	160	1	0	2	2
Condominium business	0.5	0	0.01	0.02	0.1
Commercial and office buildings business	147	10	16	43	37
Environment and energy business	1,577	168	62	107	286
Total	2,233	197	96	180	369
Cumulative	2,233	2,430	2,526	2,706	3,075

Calculation method and scope of coverage of environmental data

■ Trend in installed capacity of solar power generation systems

◇ Scope of coverage

Same as "Renewable energy generation equipment construction results (EPC)" on P118.

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Calculation method and scope of coverage of environmental data

■ Contribution to GHG reduction

◇ Scope* and calculation criteria [1/2] * All for domestic use only

Reporting organizations	Segment	Scope	Calculation criteria		
			Calculation methods and calculation tools	Comparison	Estimated number of years of use
Daiwa House Industry	Single-family housing business	All new housing of single-family housing business	Calculation method: Flow base method ①-③ Calculation tool used: Energy Consumption Performance Calculation Program	Building Energy Efficiency Act /Buildings compliant with the 2016 standard specifications	Single-family housing: 30 years Solar power generation: 20 years
	Rental housing business	All newly built houses in rental housing business (low-rise)			Rental housing (low-rise): 30 years Solar power generation: 20 years
		All newly built houses of the rental housing business (medium- and high-rise)			Rental housing (medium- and high-rise): 60 years Solar power generation: 20 years
	Condominium business	All housing starts of condominium business			Condominiums: 60 years Solar power generation: 20 years
	Commercial and office buildings business	All construction starts of projects of at least 300 m ² of the commercial and office buildings business, and installation of solar power generation systems	Calculation method: Flow base method ②-③ Calculation tool used: Energy Consumption Performance Calculation Program	Alternative values to the emission factors by electricity business operator based on the national "GHG emissions accounting, reporting and disclosure system (the SHK system)"	Store, warehouse, factories: 30 years Other applications: 60 years Solar power generation: 20 years
	Environment and energy business	All Power Producer and Supplier (PPS) business	Calculation method: Flow base method ⑤		—
		All energy-efficiency and energy-generation solution projects	Calculation method: Flow base method ③-④, existing home base method (ESCO projects only) Calculation of power generation amount/energy-saving effect: Calculated with our proprietary simulation tool (in combination with trial calculations by the manufacturer).	Example of energy-efficiency solutions: Before implementation of energy-efficiency retrofit Example of energy-generation solution: Before introduction of energy-generating facility	Lighting fixture replacement: 15 years Air conditioner replacement: 15 years Solar power generation: 20 years
Daiwa Lease	Commercial and office buildings business	All construction starts of the commercial and office buildings business (excluding lease items), and installation of solar power generation systems	Calculation method: Flow base method ②-③ Calculation tool used: Energy Consumption Performance Calculation Program	Building Energy Efficiency Act /Buildings compliant with the 2016 standard specifications	Store, warehouse, factories: 30 years Other applications: 60 years Solar power generation: 20 years
Fujita	Office buildings business	All construction starts of projects of at least 300 m ² of the office buildings business and installation of solar power generation systems			

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Calculation method and scope of coverage of environmental data

■ Contribution to GHG reduction

◇ Scope* and calculation criteria [2/2] * All for domestic use only

Reporting organizations	Segment	Scope	Calculation criteria			
			Calculation methods and calculation tools	Comparison	Estimated number of years of use	
Daiwa House Reform	Existing home business	All energy-efficiency retrofits and energy-generation installation projects of the home renovation business	Calculation method: Flow base method ③-④ Calculation tool used: Primary energy consumption reduction effects calculated by industry organization.	Construction sites: 6 areas Plan: Single-family house, Total floor area: 120.8m ² Exterior insulation: 1992 Energy efficiency standard Ventilation: Air conditioning (C)* Hot-water supply: General gas water heater Lighting: All non-incandescent lighting Power generation facilities: None	Insulation upgrade: 15 years Lighting fixture replacement: 15 years Hot-water supply replacement: 15 years Solar power generation: 20 years	
Daiwa Living		All energy-efficiency retrofits and energy-generation installation projects of the Rental housing renovation business	Calculation of power generated/energy-saving effect: Assumes that all the energy-efficiency retrofits and energy-generation installations for the fiscal year share the same regional classification and plan as the comparable dwelling unit. The effect of each energy-efficiency measure is calculated with the Energy Consumption Performance Calculation Program, and the reduction effect is multiplied by the number of units constructed during the year.	* Energy consumption efficiency classification		
Daiwa House Chintai Reform						
Cosmos Initia*	Condominium business	All housing starts of condominium business	Calculation method: Flow base method ①-③ Calculation tool used: Energy Consumption Performance Calculation Program	Building Energy Efficiency Act /Buildings compliant with the 2016 standard specifications	Condominiums: 60 years Solar power generation: 20 years	
Daiwa Energy, Eneserve	Environment and energy business	All Power Producer and Supplier (PPS) business	Calculation method: Flow base method ⑤	Alternative values to the emission factors by electricity business operator based on the national “GHG emissions accounting, reporting and disclosure system (the SHK system)”	—	
		All energy-efficiency and energy-generation solution projects	Calculation method: Flow base methods ③-④, existing home base method (ESCO projects only) Calculation of power generated/energy-saving effect: Calculated with our unique simulation (in combination with trial calculations by the manufacturer).	Example of energy-efficiency solutions: Before implementation of energy-efficiency retrofit Example of energy-generation solution: Before introduction of energy-generating facility	Lighting fixture replacement: 15 years Air conditioner replacement: 15 years Solar power generation: 20 years	

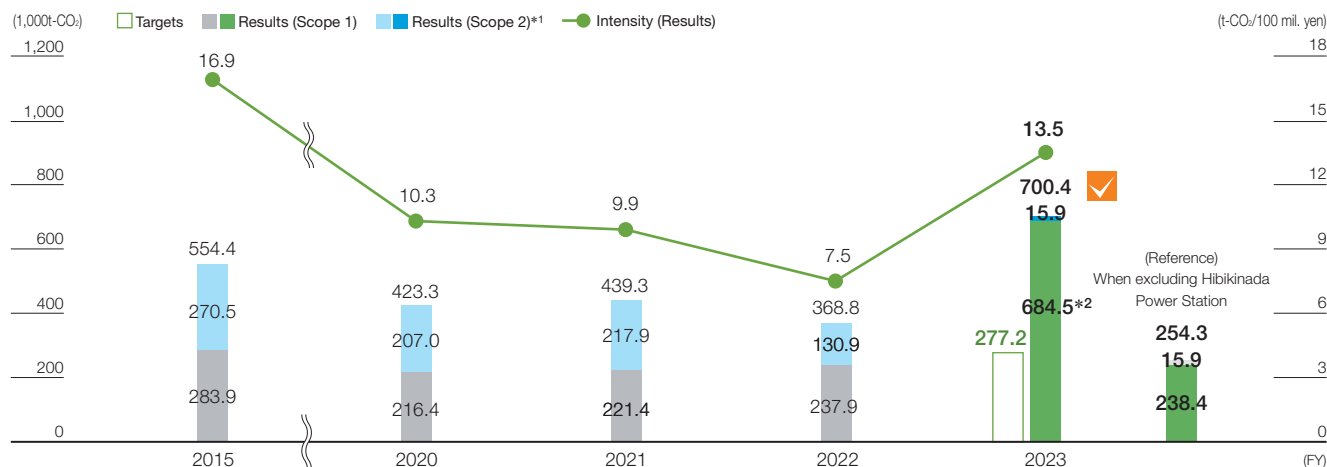
* Results through February 2024 for consolidated companies

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(2) Challenge ZERO for CO₂ in business activities

GHG emissions

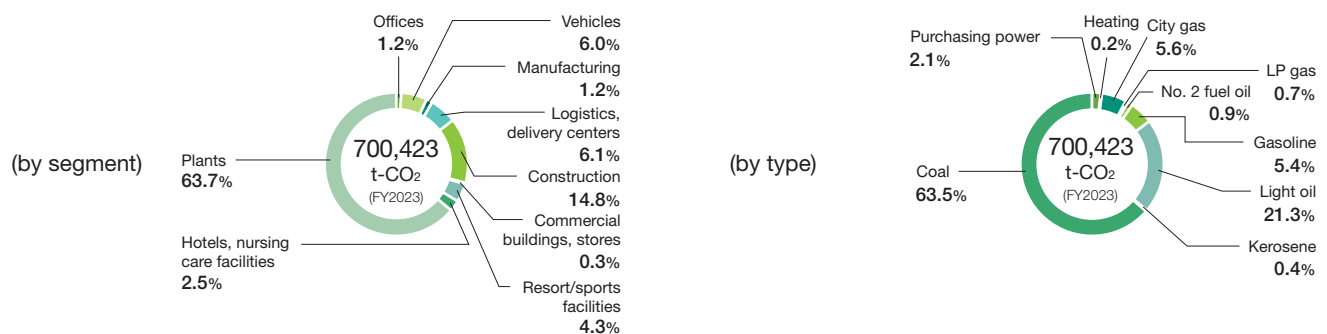
GHG emissions and intensity



*1 Since FY2022, the Scope 2 calculation method has been revised to a market-based method.

*2 Scope 1 emissions increased in fiscal 2023 due to converting Hibikinada Thermal Power Station into a Group company in January 2023. In order to switch from co-burning of coal and biomass fuel (wood pellets) to solely biomass, the plant was idled in March 2024.

Breakdown of GHG emissions



GHG emissions (by segment)

Unit: t-CO₂

	2015	2020	2021	2022	2023
Offices	36,619	29,607	29,576	13,916	8,289
Vehicles	55,265	41,393	47,075	43,707	42,244
Manufacturing	36,094	26,795	28,647	9,469	8,386
Logistics, delivery centers	37,426	33,978	33,594	32,004	42,392
Construction	148,840	113,091	98,752	96,705	103,416
Commercial buildings, stores	69,072	53,075	58,797	36,787	1,940
Resort/sports facilities	137,337	86,023	94,810	92,982	30,425
Hotels, nursing care facilities	30,954	36,508	45,120	42,273	17,247
Parking lots	2,790	2,853	2,943	957	0
Plants	—	—	—	—	446,083

GHG emissions (by type)

Unit: t-CO₂

	2015	2020	2021	2022	2023
Scope 2					
Purchasing power	270,504	206,402	217,318	130,049	14,637
Heating	0	553	548	854	1,304
Scope 1					
City gas	34,522	33,528	39,592	44,227	39,051
LP gas	9,147	6,382	6,929	7,976	4,946
No. 2 fuel oil	25,348	13,911	16,208	17,645	5,954
Gasoline	55,765	40,053	40,531	39,929	37,822
Light oil	153,894	120,394	115,968	125,777	148,865
Kerosene	5,216	2,099	2,220	2,341	2,806
Coal	—	—	—	—	445,038

GHG emissions (Japan, outside Japan)

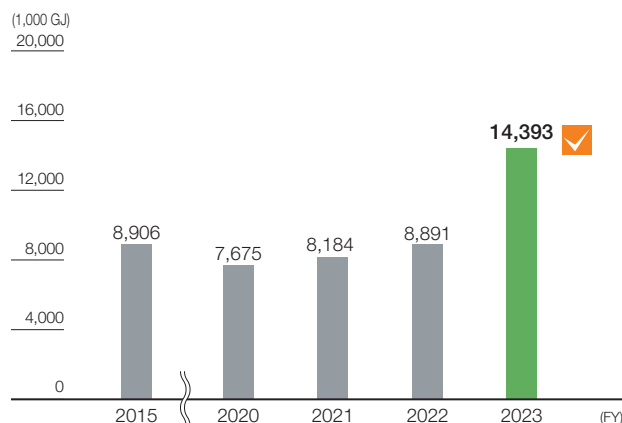
Unit: t-CO₂

	2015	2020	2021	2022	2023
Japan	538,663	411,963	421,217	352,352	682,296
Outside Japan	15,734	11,358	18,096	16,447	18,127

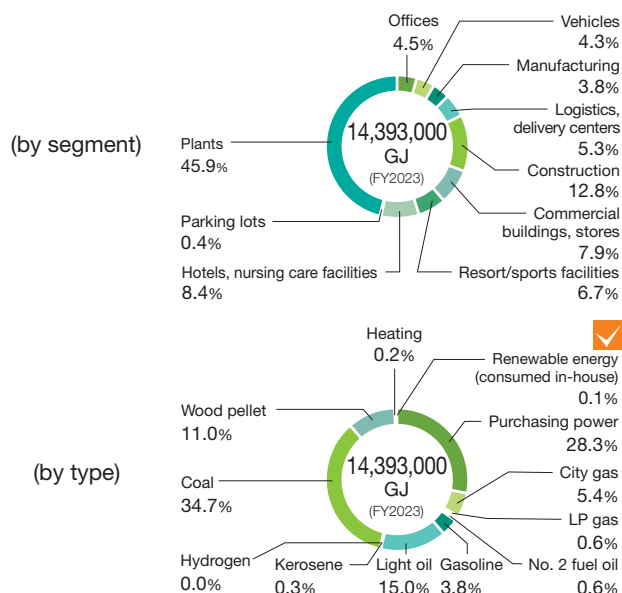
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Energy consumption

■ Energy consumption



■ Breakdown of energy consumption



■ Energy consumption (by segment)

Unit: 1,000 GJ

	2015	2020	2021	2022	2023
Offices	628	616	644	735	654
Vehicles	823	616	699	650	619
Manufacturing	604	538	592	619	546
Logistics, delivery centers	570	556	556	505	764
Construction	2,227	1,762	1,533	1,746	1,838
Commercial buildings, stores	1,179	1,102	1,263	1,369	1,138
Resort/sports facilities	2,288	1,676	1,880	1,974	957
Hotels, nursing care facilities	541	750	953	1,225	1,205
Parking lots	47	59	63	66	62
Plants	—	—	—	—	6,609

■ Energy consumption (by type)

Unit: 1,000 GJ

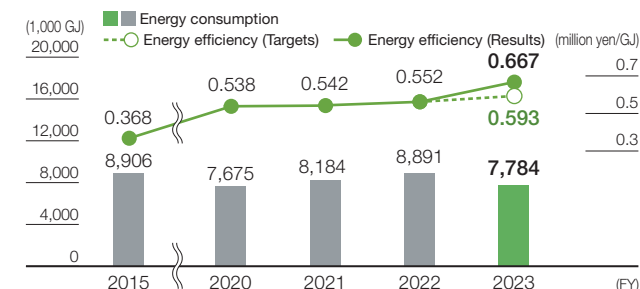
	2015	2020	2021	2022	2023
Purchasing power	4,534	4,286	4,682	5,111	4,067
City gas	692	672	794	887	783
LP gas	155	108	117	135	83
No. 2 fuel oil	366	201	234	255	84
Gasoline	831	597	604	595	552
Light oil	2,244	1,756	1,691	1,834	2,160
Kerosene	77	31	33	35	41
Hydrogen	—	—	—	—	0
Coal	—	—	—	—	4,994
Wood pellet	—	—	—	—	1,584
Heating	0	13	13	20	27
Renewable energy (consumed in-house)	7	10	15	19	19

■ Energy consumption (Japan, outside Japan)

Unit: 1,000 GJ

	2015	2020	2021	2022	2023
Japan	8,683	7,481	7,880	8,599	14,086
Outside Japan	223	193	303	292	307

■ Energy efficiency (EP100)



Calculation method and scope of coverage of environmental data

■ GHG emissions

◇ Overview

GHG emissions refers only to CO₂ emissions originating from energy. The emissions are calculated by multiplying the CO₂ emission factor for each type of energy based on purchasing data for electricity and fuel, respectively. It also includes a partial estimate for the construction segment.

◇ Calculation formula

$$\text{GHG emissions (t-CO}_2\text{)} = \sum \{ (\text{Annual consumption of electricity and fuel}) \times (\text{CO}_2 \text{ emission factor for each type of energy}) \}$$

$$\text{GHG emissions intensity (t-CO}_2\text{/100 mil. yen)} = \frac{\sum (\text{GHG emission})}{\div \text{consolidated net sales}}$$

◇ Scope of coverage

See P134.

■ Energy consumption

◇ Overview

Energy consumption is calculated on a heat quantity basis and is calculated by multiplying the heat quantity conversion factor for each type of energy based on purchasing data for electricity and fuel, respectively. It also includes a partial estimate for the construction segment.

◇ Calculation formula

$$\text{Energy consumption (GJ)} = \sum \{ (\text{Annual consumption of electricity and fuel}) \times (\text{Energy conversion factor for each type of energy}) \}$$

◇ Scope of coverage

See P134.

■ Energy efficiency (EP100)

◇ Calculation formula

$$\text{Energy consumption (GJ)} = \sum \{ (\text{Annual consumption of electricity and fuel}) \times (\text{Energy conversion factor for each type of energy}) \}$$

$$\text{Energy efficiency (million yen/ GJ)} = \frac{\text{Net sales}^*1}{\div \sum (\text{Energy consumption})}$$

*1 Figure excludes sales for the power generation business from consolidated sales.

◇ Scope of coverage

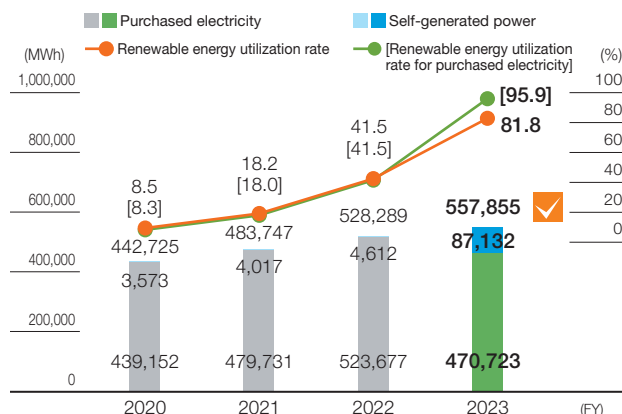
See P134 (but excludes power plant department*2)

*2 Due to the nature of the energy efficiency (EP100) indicator, power producers selling energy to other companies are not included.

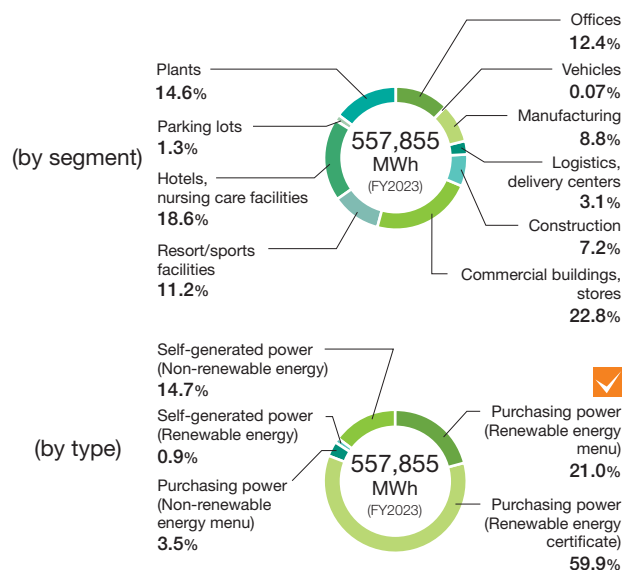
Environmental Data | Mitigating and adapting to climate change

Electricity consumption

■ Electricity consumption and renewable energy utilization rate (RE100), renewable energy utilization rate for purchased electricity



■ Breakdown of electricity consumption



■ Electricity consumption (by segment)

Unit: MWh

	2020	2021	2022	2023
Offices	55,310	58,117	66,342	69,199
Vehicles	0	0	9	373
Manufacturing	43,939	48,060	49,412	49,091
Logistics, delivery centers	20,442	20,978	12,361	17,253
Construction	38,688	29,226	36,189	40,156
Commercial buildings, stores	108,071	124,392	136,251	127,339
Resort/sports facilities	107,265	118,030	123,780	62,350
Hotels, nursing care facilities	62,940	78,448	97,197	103,622
Parking lots	6,070	6,496	6,748	7,189
Plants	—	—	—	81,282

■ Electricity consumption (by type)

Unit: MWh

		2020	2021	2022	2023
Purchasing power	Renewable energy menu	36,642	81,940	118,043	117,298
	Renewable energy certificate*	0	4,650	99,345	333,947
	Non-renewable energy	402,511	393,141	306,288	19,478
Self-generated power	Renewable energy	1,075	1,558	1,925	5,102
	Non-renewable energy	2,498	2,459	2,687	82,030

* Non-fossil certificates with tracking (purchased by consumers)

■ Electricity consumption (Japan, outside Japan)

Unit: MWh

	2020	2021	2022	2023
Japan	433,692	472,709	514,593	542,173
Outside Japan	9,033	11,038	13,696	15,682

Calculation method and scope of coverage of environmental data

■ Electricity consumption

◇ Calculation formula

Electricity consumption (MWh) = Σ {Annual purchased electricity + electricity generated by self-consumption generation (including renewable energy)}

Amount of electricity purchased (MWh) = Σ {annual electricity purchase amounts}

Renewable energy utilization rate (%) = $\frac{\text{renewable energy utilization}^*1}{\text{electricity consumption}}$

Renewable energy utilization rate for purchased electricity (%) = $\frac{\text{renewable energy consumption}^*2}{\text{amount of electricity purchased}}$

*1 For electricity consumption, total of self-generated electricity (renewable energy), purchased electricity (renewable energy plans, on-site PPA, off-site PPA) and purchased electricity (renewable energy certificates)

*2 For purchased electricity, total of electricity purchased (renewable energy plans, on-site PPA, off-site PPA) and purchased electricity (renewable energy certificates)

◇ Scope of coverage

See P134.

Environmental Data | Mitigating and adapting to climate change

■ GHG emissions/ energy consumption/ electricity consumption

◇ Scope and calculation criteria (Japan)

Segment	Target	Scope (Number of locations as of end- March, 2024)				Calculation criteria
Offices	Daiwa House Group	All offices (Head Office, affiliates, branches and sales offices), research labs, training centers and housing exhibition		Total	1,075 locations	At each site, we use the monthly invoice from the electric power and fuel suppliers to identify the energy consumption and multiply it by the respective CO ₂ emission factor.
				Offices	910 locations	
				Research laboratories	2 locations	
				Training centers	4 locations	
				Housing exhibition	159 locations	
Vehicles	Daiwa House Group	All company vehicles and privately owned permitted vehicles		Total	12,785 vehicles	At each site, we use gasoline credit card billing data or refueling receipts to determine the amount of gasoline consumed and multiply it by the respective CO ₂ emission factor.
Manufacturing	Daiwa House Group	All production sites		Total	27 locations	At each site, we use the monthly invoice from the electric power and fuel suppliers to identify the energy consumption and multiply it by the respective CO ₂ emission factor.
Logistics, delivery centers	Daiwa House Group	Transport	All transportation in the logistics business (our company vehicles only)	Transport	769 vehicles	At each site, we use the monthly bill from the fuel supplier to identify the energy consumption and multiply it by the respective CO ₂ emission factor.
		Delivery center	All delivery centers required for transporting materials (our company operations only)	Delivery center	93 locations	At each site, we use the monthly invoice from the electric power and fuel suppliers to identify the energy consumption and multiply it by the respective CO ₂ emission factor.
Construction	Daiwa House Group	Construction sites for new houses and buildings and civil engineering works (excluding demolition/renovation)		Construction area: Total	6,029,000 m ²	We estimate* the overall situation by multiplying the sales floor area (sales amount) in the data collection period by the energy consumption per sales floor area (or sales amount) at a sample property. From this figure, we estimate the energy consumption by subtracting the energy consumption reduction estimated based on the implementation rate of energy-efficiency initiatives. This is calculated by multiplying the above energy consumption by the respective CO ₂ emission factor. * We estimate data by application
				Housing construction	2,061,000 m ²	
				Building construction	3,968,000 m ²	
				Number of civil engineering sites	146 locations	
Commercial buildings, stores	Daiwa House Group	Commercial buildings and shops operated by our company		Total	897 locations	At each site, we use the monthly invoice from the electric power and fuel suppliers to identify the energy consumption and multiply it by the respective CO ₂ emission factor. Note: Excludes the tenants' portion.
				Commercial buildings	835 locations	
				Home improvement centers	62 locations	
Resort/sports facilities	Daiwa House Group	Resort hotels, golf courses, fitness clubs, warm bathing facilities and restaurants operated by our company		Total	84 locations	At each site, we use the monthly invoice from the electric power and fuel suppliers to identify the energy consumption and multiply it by the respective CO ₂ emission factor. * Due to Daiwa Resorts (28 hotels) removed from the scope of consolidation in July 2023, results for Daiwa Resorts are for only Apr-Jun 2023. As of March 31, 2024, just one resort hotel.
				Resort hotels*	29 locations	
				Golf courses	10 locations	
				Fitness clubs	70 locations	
				Warm bath facilities, Restaurants	3 locations	
Hotels, nursing care facilities	Daiwa House Group	Urban hotels and nursing care facilities operated by our company		Total	131 locations	At each site, we use the monthly invoice from the electric power and fuel suppliers to identify the energy consumption and multiply it by the respective CO ₂ emission factor.
				Urban hotels	121 locations	
				Nursing care facilities	10 locations	
Parking lots	Daiwa House Group	Parking lots operated by our company		Total	2,995 locations	At each site, we use the monthly invoice from the electric power and fuel suppliers to identify the energy consumption and multiply it by the respective CO ₂ emission factor.
Plants	Daiwa House Group	Thermal power plant operated by the company		Total	3 locations	At each site, we use the monthly invoice from the electric power and fuel suppliers to identify the energ consumption and multiply it by the respective CO ₂ emission factor.

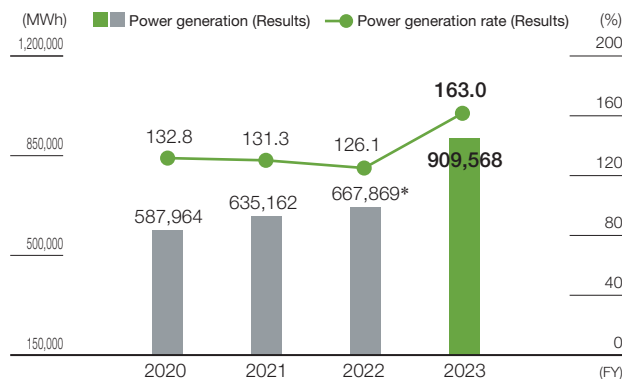
◇ Scope and calculation criteria (Outside Japan)

Segment	Target	Scope (Number of locations as of end- March, 2024)		Calculation criteria
Offices	Daiwa House Group	Offices	124 locations	At each site, we use the monthly invoice from the electric power and fuel suppliers to identify the energy consumption* and multiply it by the respective CO ₂ emission factor. * At some sites, based on estimates from amount billed and space in use
Vehicles	Daiwa House Group	Company vehicles	501 vehicles	At each site, we grasp the amount of gasoline used from invoice data or receipts issued at the time of fueling and multiply it by the CO ₂ emission factor.
Manufacturing	Daiwa House Group	All production sites	8 locations	At each site, we use the monthly invoice from the electric power and fuel suppliers to identify the energy consumption and multiply it by the respective CO ₂ emission factor.
Hotels	Daiwa House Group	All hotels	2 locations	At each site, we use the monthly invoice from the electric power and fuel suppliers to identify the energy consumption and multiply it by the respective CO ₂ emission factor.
Construction	Daiwa House Group	Construction sites for new houses and buildings (excluding demolition/renovation)	6 companies	We calculate the total estimate by multiplying the energy consumption per floor space (or per unit of sales) in domestic sample properties for each application by floor space sold for each application (sales amount). The total estimate is then multiplied by the respective CO ₂ emission factors.
Logistics, delivery centers	Daiwa House Group	All Logistics, delivery centers	3 locations	At each site, we use the monthly invoice from the electric power and fuel suppliers to identify the energy consumption and multiply it by the respective CO ₂ emission factor.

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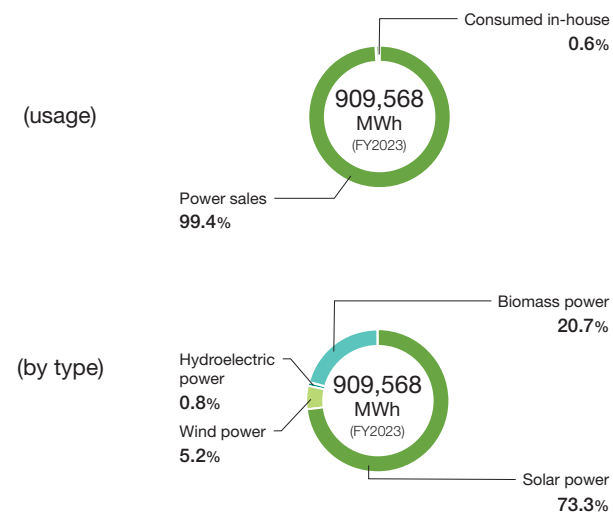
Renewable energy

Renewable energy-based power generation and renewable energy rate



* We have made a revision due to an error with calculations for fiscal 2022.

Breakdown of renewable energy-based power generation



Renewable energy-based power generation (usage)

	2020	2021	2022	2023
Power sales	586,889	633,604	665,944	904,466
Consumed in-house	1,075	1,558	1,925	5,102

Unit: MWh

Renewable energy-based power generation (by type)

	2020	2021	2022	2023
Solar power	525,598	574,083	610,568	666,846
Wind power	54,013	49,519	47,522	47,295
Hydroelectric power	8,353	11,560	9,779	6,862
Biomass power	—	—	—	188,566

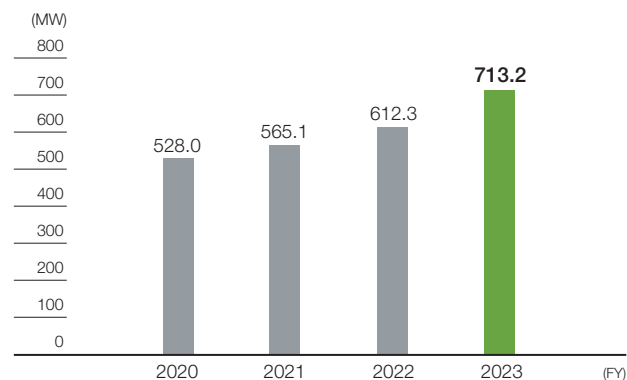
Unit: MWh

Renewable energy-based power generation (Japan, outside Japan)

	2020	2021	2022	2023
Japan	587,964	635,162	667,869	909,568
Outside Japan	0	0	0	0

Unit: MWh

Installed generation capacity of renewable energy-based power generation equipment



Installed generation capacity of renewable energy-based power generation equipment (usage)

	2020	2021	2022	2023
Power sales	524.3	560.9	601.6	699.9
Consumed in-house	3.7	4.2	10.7	13.3

Unit: MW

Calculation method and scope of coverage of environmental data

Generated volume and installed capacity of renewable energy-based power generation equipment

◇ Overview

Generated volume and Installed capacity of renewable energy-based power generation equipment is the total of 1) Power sales and 2) Consumed in-house below.

- 1) The power-generation capacity of renewable power-generation facilities (wind power, solar power, and hydroelectric power generation) that the Group manages (and operates) as a power producer as of the end of the fiscal year and the amount of power sold (including PPA model) during the fiscal year.
- 2) The power-generation capacity of equipment for in-house power consumption, as well as the power generated during the fiscal year, with renewable energy power-generation facilities (such as wind power and solar power) held (and operated) by the Group, or within such Group premises, as of the end of the fiscal year.

◇ Scope of coverage

- 1) Please refer to "Renewable energy power plants development and operating results (IPP)" on P118.
- 2) Entire Daiwa House Group

Renewable energy rate

◇ Calculation formula

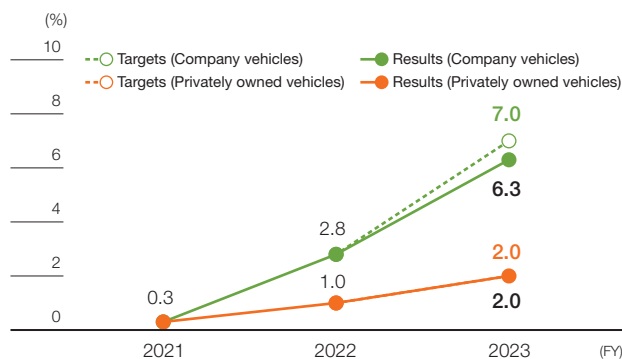
Renewable energy rate (%) = renewable energy-based power Generation ÷ electricity consumption

◇ Scope of coverage

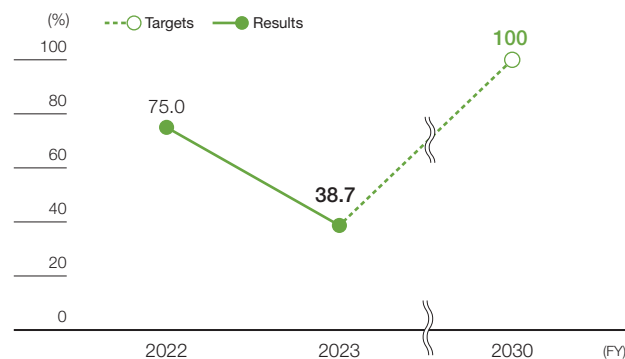
Please refer to P134 for electricity consumption. Please refer to the above for renewable energy generation.

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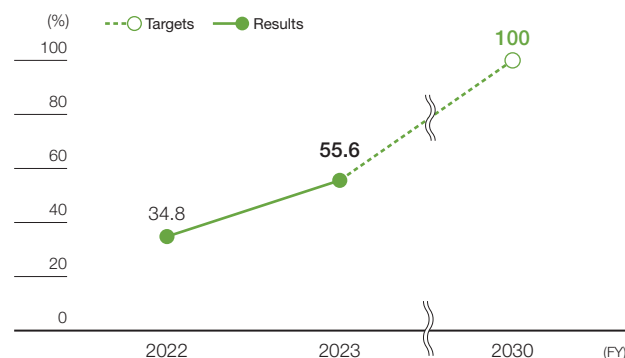
■ Introduction rate of clean energy cars



■ ZEB rate for the company's newly constructed facilities



■ Percentage of the company's newly constructed facilities with solar power generation equipment



■ ZEB conversion projects at the company and Group facilities (new construction)

Project	Date of construction start	Application	Gross floor space	Number of Stories	Environmental performance
Daiwa House Industry Ibaraki branch	November 2023	Offices, etc.	3,287m ²	Four floors	BE: 0.49 (excluding PV) ZEB Ready Large storage battery (16.2kW) LED, total heat exchangers, high efficiency air conditioning, rainwater usage, water-saving toilets, LOW-e double glazing
Wakamatsu KONPOU UNYU SOKO (provisional name) Miyanaga Refrigerated Logistics Center	August 2023	Factories, etc.	13,983m ²	Three floors	BE: 0.45 (excluding PV) "ZEB" LED, well water use

Calculation method and scope of coverage of environmental data

■ Introduction rate of clean energy cars

◇ Overview

We calculate the introduction rate of clean energy cars*1 for the domestic companies in our Group that own 30 or more company vehicles.

*1 Definition of clean energy vehicles: EVs (electric vehicles), PHVs (plug-in hybrid vehicles) and FCVs (fuel cell vehicles). Gasoline-fueled HVs (hybrid vehicles) are not included.

◇ Reporting organizations

Introduction rate of clean energy company vehicles

Daiwa House Industry and 12 Group companies (Daiwa Lease, DesignArc, Daiwa Logistics, Fujita, Daiwa House Reform, Daiwa Life Next, Daiwa Lantec, Daiwa House Real Estate, Daiwa Living, Daiwa House Parking, Eneserve, and Daiwa House Chintai Reform)

Introduction rate of clean energy privately owned vehicles

Daiwa House Industry and 7 Group companies (Daiwa House Reform, Daiwa Life Next, Daiwa Lantec, Daiwa House Real Estate, Daiwa Living, Daiwa House Parking, and Daiwa House Chintai Reform)

◇ Calculation formula

Introduction rate of clean energy company vehicles (%)

= Number of clean energy company vehicles
÷ total number of company vehicles

Introduction rate of clean energy privately owned vehicles (%)

= Number of clean energy privately owned vehicles
÷ total number of privately owned vehicles*2

*2 Type 1 privately owned permitted vehicles: Private vehicles with permission that their owners are able to continuously use them for commuting and work (in case of Daiwa House Industry)

Calculation method and scope of coverage of environmental data

■ ZEB rate for the company's newly constructed facilities, Percentage of the company's newly constructed facilities with solar power generation equipment

◇ Overview

The term "the Company's facilities" refers to facilities in which the Group conducts business operations (subject to GHG emissions reporting), and includes not only facilities owned and occupied by the Company, but also facilities that the Company rents on its own use or sub-leases to tenants. These facilities do not include asset buildings that are leased to tenants in their entirety, such as whole convenience store buildings leased to their tenants.

◇ Reporting organizations

Daiwa House Industry and 7 Group Companies (Daiwa Lease, Daiwa Logistics, Royal Home Center, Sports Club NAS, Daiwa House Realty Management, Wakamatsu KONPOU UNYU SOKO, KOUYAMAUNYU)

◇ Scope of coverage

Company facilities whose construction started in FY2023 (domestic only)
Properties with a floor area of 300 m² or more

◇ Calculation formula

ZEB rate for the Company's newly constructed facilities (%)

= ZEB property floor area (m²) ÷ Total property floor area (m²)

ZEB judgment: Properties that have achieved the requirements for the definition of ZEB ("ZEB", Nearly ZEB, ZEB Ready, and ZEB Oriented)

Percentage of the Company's newly constructed facilities with solar power generation equipment (%)

= Number of buildings with solar power generation equipment (buildings)

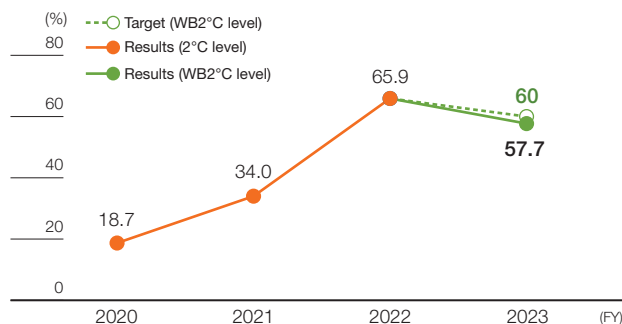
÷ Number of eligible properties with solar power generation equipment (buildings).

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(3) Challenge ZERO for CO₂ in the supply chain

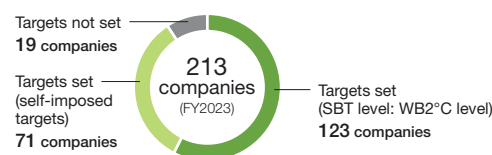
Principal suppliers' GHG emissions reduction

Principal suppliers' GHG emissions reduction target setting rate

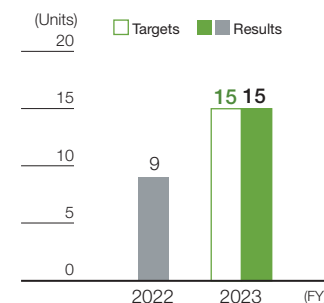


* We used the 2°C level (annual reduction in GHG emissions of 1.23% or more) for our target through fiscal 2022. However, we raised the target to the WB 2°C level (reduction of 2.5% or more) starting in fiscal 2023. (WB 2°C, or well-below 2°C, is a GHG reduction target to keep global temperature increase to well-below 2°C compared to pre-industrial temperatures.)

Breakdown of principal suppliers' GHG emissions reduction target



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



Calculation method and scope of coverage of environmental data

Setting rate of principal suppliers' SBT standard GHG reduction targets

◇ Overview

The rate of principal suppliers' SBT standard GHG reduction targets is set based on data from the following principal suppliers: the Trillion Club, which supplies our materials, the Setсуwa Club, which supplies our facility equipment, and the Gosen Club, the supply chain organization for Daiwa Lease Co., Ltd., as well as Fujita Corporation's sources of procurement.

◇ Scope of coverage

Reporting organizations	Scope of coverage
Daiwa House Industry (The Trillion Club)	Among sources of centralized purchasing, approx. 90% of companies with the top transaction amounts (78 companies)
Daiwa House Industry (The Setсуwa Club)	Companies with membership in the Setсуwa Club, excluding sales companies and those with less than 100 employees (90 companies)
Daiwa Lease (Gosen Club)	Among companies that are members in the Gosen Club, companies that account for approx. 90% of purchasing amount (20 companies)
Fujita	Companies that account for 2/3 of materials purchases of major construction types (25 companies)

◇ Calculation formula

Setting rate of principal suppliers' SBT standard GHG reduction targets (%) = Number of principal suppliers that have already set a standard SBT targets ÷ Number of principal suppliers

Calculation method and scope of coverage of environmental data

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

◇ Overview

For the members of the Trillion Club, which supplies our materials, and the Setсуwa Club, which supplies our facility equipment, we have proposed solutions to support their achievement of GHG reduction targets. We calculate the number of solutions contracts on a cumulative basis.

◇ Reporting organizations

Daiwa House Industry, Daiwa Energy and Eneserve

◇ Calculation criteria

Number of solutions contracts to help principal suppliers to reduce GHG emissions

Reporting organizations	Scope of coverage
Daiwa House Industry (The Trillion Club)	Among sources of centralized purchasing, approx. 90% of companies with the top transaction amounts (78 companies)
Daiwa House Industry (The Setсуwa Club)	Companies with membership in the Setсуwa Club, excluding sales companies and those with less than 100 employees (90 companies)

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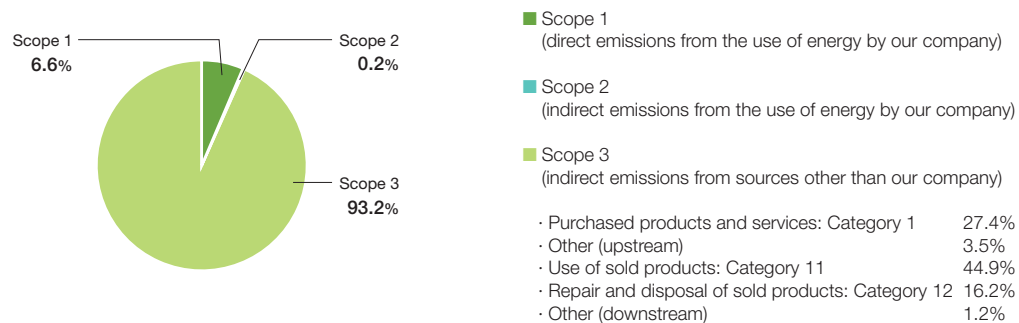
GHG emissions in our value chain Scope 1, 2 & 3 GHG emissions

Unit: 1,000 t-CO₂

Category			FY2020	FY2021	FY2022	FY2023	Percentage of total	
Scope 1			216	221	238	684	6.6%	
Scope 2*			207	218	131	16	0.2%	
			13,813	12,969	11,858	9,595	93.2%	
Scope 3	Upstream	1	Purchased goods and services	3,347	3,479	3,312	2,822	27.4%
		2	Capital goods	286	301	368	157	1.5%
		3	Fuel- and energy-related activities (not included in scope 1 or scope 2)	41	43	41	42	0.4%
		4	Upstream transportation and distribution	31	34	33	32	0.3%
		5	Waste generated in operations	130	130	101	101	1.0%
		6	Business travel	4	5	11	16	0.2%
		7	Employee commuting	9	8	13	7	0.1%
		8	Upstream leased assets	0.3	0.3	0.3	0.3	0.003%
	Downstream	9	Downstream transportation and distribution	—	—	—	—	—
		10	Processing of sold products	—	—	—	—	—
		11	Use of sold products	7,747	6,830	5,872	4,623	44.9%
		12	End-of-life treatment of sold products	1,963	2,006	1,976	1,667	16.2%
		13	Downstream leased assets	255	133	131	128	1.2%
		14	Franchises	—	—	—	—	—
		15	Investments	—	—	—	—	—
Total			14,236	13,408	12,226	10,295	100.0%	

* Since FY2022, the Scope 2 calculation method has been revised to a market-based method.

Breakdown of GHG emissions (FY2023)



Adapting to climate change

Examples of climate change measures at Group companies

Company	Main initiatives
Daiwa Lease	Adoption of air-conditioned clothing in depots and factories, installation of vending machines selling products priced at 50 yen
DesignArc	Installation of double-folded plate insulated roofs at factories
Daiwa Logistics	Distribution of goods preventing heatstroke (neck cooler)
Royal Home Center	Rental of air-conditioned clothing at outside sales areas Standardizing flood countermeasures in store design (installation of equipment in high locations)
Daiwa Royal Golf	Sales of items preventing heatstroke at golf facilities
Fujita	Development/verification of soft technology for water damage countermeasures, trials of technology to determine the status of heavy rain damage via satellite SAR analysis

Environmental Data | Mitigating and adapting to climate change

Calculation method and scope of coverage of environmental data

■ GHG emissions in our value chain

◇ Overview

As for Scope 1 and Scope 2, refer to pages 132 and 134. Scope 3 is calculated based on the calculation standard shown on the right. Primary data based on actual results of subject companies is used for activity volume, and highly reliable secondary data is used for GHG emissions per activity volume*. The secondary data is the latest version available every year, and no retroactive revisions are made.
* Actual measurement data is used only for Category 13.

◇ Target businesses (scope 3)

Construction and real estate businesses of the Company and its Group companies

◇ Calculation formula

$$\text{GHG emissions (t-CO}_2\text{)} = \sum \{(\text{Amount of activity}) \times (\text{CO}_2 \text{ emissions per amount of activity})\}$$

◇ Source (Secondary data used)

- ① Emission intensity database (ver. 3.4, Ministry of Economy, Trade and Industry, Ministry of the Environment) for calculation of greenhouse gas emissions of the organization throughout its supply chain
- ② LCI database IDEAv2 (for calculating greenhouse gas emissions in the supply chain) (Sustainable Management Promotion Organization (SuMPO))
- ③ The Comprehensive Assessment System for Built Environment Efficiency System (CASBEE) Single-family Houses (Newly Built) and Buildings (Newly Built), LCCO₂ Calculation Tool, 2021 edition (Japan Sustainable Building Consortium)

◇ Scope and calculation criteria

Category	Scope 3 target categories	Scope [Explanation of non-applicable categories (◆)]	Calculation criteria [Emissions = Activity × CO ₂ emissions per activity (intensity)]	
			Activity	Intensity (source)
Upstream	1 Purchased goods and services	Extraction, manufacture, and transportation of materials required for the construction of detached houses, rental housing, condominiums, and non-residential buildings (inside Japan)	Area supplied by use and structure	Specific energy consumption per area by use and structure (Source ③)
	2 Capital goods	Collection, manufacture, and transportation of purchased or acquired capital goods	Capital investment	Intensity per amount of capital investment (Source ①)
	3 Fuel- and energy-related activities (not included in scope 1 or 2)	Collection, production, and transportation of purchased or acquired energy (those not included in scope 1 or 2)	Purchased energy consumption	Intensity per unit of energy used in collection, production, and transportation stages (Source ①, ②)
	4 Upstream transportation and distribution	Procurement and transfer of cargo owned by our company; transportation of waste responsible for emissions (domestic only)	Heat output of fuel related to shipper's transport	Intensity per unit of heat generated (according to Energy Efficiency Act)
	5 Waste generated in operations	Disposal and treatment of industrial waste generated at production sites and construction/demolition sites (domestic only)	Waste emissions per item	Intensity of the disposal/treatment stage by item (Source ①)
	6 Business travel	Employee travel & accommodations for business reasons (inside or outside Japan)	Business trip expenses by means of travel and travel/transportation expenses	Intensity per transportation expense by means of travel (Source ①)
	7 Employee commuting	Employee travel between home and work locations	Commuting expenses by means of travel	Intensity per transportation expense by means of travel (Source ①)
	8 Upstream leased assets	Operation of data center and document management warehouse on leased property	Occupation area (warehouse/data center)	Intensity per area (Source ③)
Downstream	9 Downstream transportation and distribution	◆ Because there is no process of transportation/distribution of products (houses, buildings) sold, there is no CO ₂ emission corresponding to this category.	Not applicable	Not applicable
	10 Processing of sold products	◆ Because there is no processing of products (houses and buildings) sold, no CO ₂ emissions apply to this category.	Not applicable	Not applicable
	11 Use of sold products	Lifetime use of single-family houses, rental houses, condominiums, and non-residential buildings (inside Japan, Single-family houses/Rental housing/Sale of goods/Food stores/Factories/Warehouses: 30 years, Other: 60 years) We include the use of products provided together with the lease. CO ₂ emissions associated with repair and renovation are included in Category 12.	Design primary energy consumption × CO ₂ emission factor for each energy type × useful life * Same as "GHG emissions derived from use of products" on p. 125	
	12 End-of-life treatment of sold products	Repair, renovation, demolition, disposal of single-family houses, rental houses, condominiums, and non-residential buildings in their service life (inside Japan)	Supply area by application	Intensity per area (Source ③)
	13 Downstream leased assets	Operation of rental buildings owned by our Company	Calculated from measured data of electricity and fuel consumption of subject properties	
	14 Franchises	◆ Since we operate no franchising system, no CO ₂ emissions correspond to this category.	Not applicable	Not applicable
	15 Investments	◆ In terms of scope 1 and 2 emissions at the investment destination, as a result of estimates based on partial actual data, emissions total a maximum of 2% of total Scope 3 emissions. In light of the difficulty of collecting data, it is determined that the emissions are low enough to disregard.	Not applicable	Not applicable

Environmental Data | Harmony with the natural environment Biodiversity Declaration

Biodiversity Declaration

(Adopted October 2010)

Philosophy of Biodiversity

As a global corporate citizen cognizant of the natural blessings granted by biodiversity while remaining committed to eco-friendly business operations, we shall contribute to the sustainable development of society in order to "Co-creating a Brighter Future" for humanity and the natural world.

Biodiversity Action Guidelines

1. We shall promote business operations that enable people to live in harmony with nature.

Recognizing the importance of nature's blessings, we aim to ensure our business operations are in harmony with the air, water, earth, living creatures, and other aspects of nature's circulation functions.

2. We shall introduce communities co-created by humanity and the natural world.

We shall recognize how biodiversity is affected by construction and shall strive to avoid and reduce any damage while proposing ecofriendly city planning.

3. We shall use natural resources with care, mindful of any impact on the ecosystem.

To maintain high ethical standards, we shall collaborate with suppliers to ensure we utilize only sustainable resources and shall not merely comply with laws and regulations concerning biodiversity.

4. We shall contribute to biodiversity through research and development.

We shall promote R&D related to biodiversity preservation from a global perspective and share the results with society.

5. We shall maintain open communication and collaborate with our stakeholders.

We shall broaden the range of initiatives related to biodiversity preservation in terms of both our business operations and social contribution initiatives through communication and collaboration with local government, NGOs, and other stakeholders.

Supply Chain Sustainability Guidelines

(Revised April 1, 2023)

(1) Business Partner Code of Conduct

(2) Corporate Activity Guidelines

(3) Guidelines for Products

Chemical Substance Management Guidelines [Basics]

Biodiversity Guideline [Timber Procurement]

- (1) Confirmation of legality
- (2) Confirmation of sustainability

Biodiversity Guideline [Development & Community Creation]

 P055 Implementation of the Chemical Substance Management Guidelines

 Supply Chain Sustainability Guidelines

Biodiversity Guideline [Timber Procurement]

"To achieve zero deforestation, we procure timber, whose legality and sustainability are confirmed by us, or 100% recycled timber from suppliers that have a zero-deforestation policy and human rights and labor policies"

(1) Confirmation of legality

- (a) Ensure the source of supply has been clearly identified (traceable to the logging site).
- (b) Confirm that the cutting rights have been secured.
- (c) Confirm compliance with forestry laws and other relevant rules.

(2) Confirmation of sustainability

- (d) The logging method avoids large-scale logging of natural forests.
- (e) The logged timber is not an endangered species.
- (f) Endangered species and natural environment in the logging areas and surrounding areas have been considered for conservation.
- (g) The timber is not produced in a disputed region.
- (h) Working conditions are in compliance with the local government.
- (i) The forest reserves can be maintained
- (j) The timber is Japanese domestic timber.

Biodiversity Guideline [Development & Community Creation]

1. Ascertain the potential of the natural environment

We will identify the local characteristics related to the biological environment, including the site and its surroundings, and will adopt a policy concerning preservation and creation of the biological environment on which it is based.

2. Preserve and plant greenery

We will actively incorporate indigenous species and make efforts to ensure the quantity and quality of greenery, and we will propose the development of green spaces with consideration for the habitat of small wild animals and planting conditions.

3. Be careful to preserve a sufficient natural environment as a habitat for small animals

We will make efforts to consider preserving the habitat and natural environment by improving green spaces and water areas that promote the habitat behavior of small wild animals and other creatures.

4. Take care to create a connected network of habitable environments for the ecosystem

In emphasizing the interconnection of ecosystems, we strive to ensure the continuity of green space arrangements and land use by considering adopting indigenous species in the area and taking the scope of travel of living creatures into account.

5. Take steps to minimize the environmental impact of construction work

We will consider the plants and animals inhabiting the surroundings as we strive to reduce the impact of noise, vibration, exhaust, and other such factors.

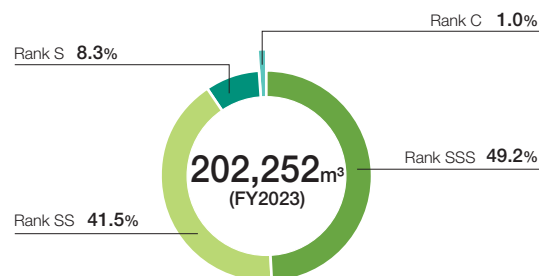
6. Pay adequate consideration to ecological maintenance and management

In order to maintain a good biological environment, we will plan and propose facilities and management policies necessary for maintaining and managing green spaces.

Environmental Data | Harmony with the natural environment

(4) Challenge ZERO Deforestation Eco-friendly timber procurement

■ Rate of C-ranked timber in procurement

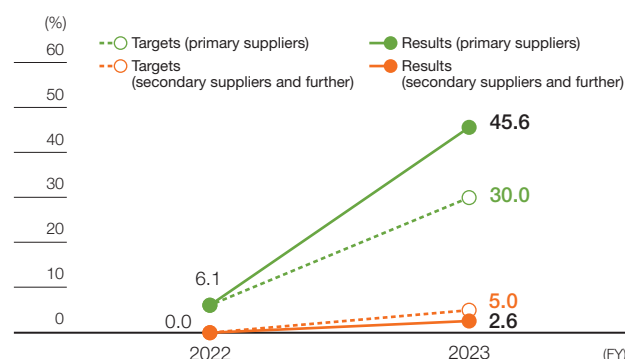


■ Volume of timber procured

Unit: m³

	2020	2021	2022	2023
Single-family housing business, Rental housing business (low-rise rental housing)	185,317	172,687	159,734	163,189
Rental housing business (medium-rise rental houses)	—	—	13,893	3,867
Condominium business	5,416	13,394	4,263	1,731
Commercial and office buildings business	52,629	52,440	51,245	11,432
Existing homes business	—	146	266	231
Other	39,097	31,148	24,446	21,801
Total	282,458	269,815	253,848	202,252

■ Setting rate of zero deforestation policy



■ Companies endorsing Challenge ZERO Deforestation

· Aimokusha	· IPC Co., Ltd.	· Asunaro Aoki Construction Co., Ltd.
· Akashimokuzai Co., Ltd.	· Asanuma Corp.	· AwajiGiken Co., Ltd.
· Ikeda Mokuzai Co., Ltd.	· SY Co., Ltd.	· Oosako Co., Ltd.
· Oshima Flooring Co., Ltd.	· OAK Co., Ltd.	· Kodai Co., Ltd.
· KOUWAKENSHO Co., Ltd.	· KOKUYO Tohoku Sales Co., Ltd.	· Kodama Naiso LLC.
· Sanyo UD Co., Ltd.	· Jumbo Co., Ltd.	· Syuhoku Co., Ltd.
· Showa Lumber Co., Ltd.	· Shinei, Inc.	· Sumitakenso LLC.
· Senda Kogyo Co., Ltd.	· SOJITZ BUILDING MATERIALS CORPORATION	· Takumi Corporation
· TASK Co., Ltd.	· Chugoku Mokuzai Co., Ltd.	· TWO-KEN INDUSTRIES Inc.
· Tsuda Sangyo Co., Ltd.	· Tsuchiura Mokuzai Co., Ltd.	· DIY Centuryl Co., Ltd.
· Ta Build & Material Co., Ltd.	· TEC-CELL Co., Ltd.	· TOHKAI Co., Ltd.
· Tokyo Central Timber Market Co., Ltd.	· Tokyo Board Industries Co., Ltd.	· Tohsen Ltd.
· Toho Mokuzai Co., Ltd.	· Toyo Materia Corporation	· Nishiuragumi Co., Ltd.
· Nippon Paper Lumber Co., Ltd.	· NIHON FLUSH CO., LTD.	· Numata Koumuten Co., Ltd.
· Hatano Co., Ltd.	· barco Co., Ltd.	· Matsumoto Shoten Co., Ltd.
· Maluko Co., Ltd.	· Mitsuya Co., Ltd.	· Miwaki Co., Ltd.
· Mobiria Co., Ltd.	· Morikenso Co., Ltd.	· Yamamotokoumuten Co., Ltd.
· Yamaike Co., Ltd.	· UFG Co., Ltd.	· Waklus Co., Ltd.
· Watazai Co., Ltd.		

Total 55 companies (as of April 30, 2024; Japanese alphabet order)

Calculation method and scope of coverage of environmental data

■ Rate of C-ranked timber in procurement

◇ Overview

We have established the assessment criteria for legality and sustainability based on the Biodiversity Guideline [Timber Procurement]. Once a year, we conduct a factfinding survey of delivered timber to our timber suppliers to confirm conformity to the assessment criteria, and rate the timber on four levels: SSS, SS, S, and C grades.

◇ Calculation formula

Rate of C-ranked timber (%) = amount of C-ranked timber procured (m³) ÷ Total amount of timber procured (m³)

Note: Statistics for SSS, SS, and S-ranked timber are also calculated in the same way.

◇ Scope of coverage

Segment*1	Target	Scope of coverage*2
Single-family housing business	Daiwa House Industry	Single-family houses constructed (steel frame/wooden construction)
Rental housing business	Daiwa House Industry	Industrialized rental housing constructed (steel frame), medium-rise rental housing (RC/steel frame)
Condominium business	Daiwa House Industry, Cosmos Initia	Condominiums sold
Commercial and office buildings business	Daiwa House Industry, Daiwa Lease, Fujita	Wooden buildings, medical/nursing care & residential buildings constructed
Existing homes business	Daiwa House Reform	Flooring materials installed
Other	Royal Home Center	Timber products sold
	DesignArc	Wooden building materials manufactured

*1 Each department covers only domestic operations

*2 Target materials include construction materials, framing/crosspieces, wood used below grade, plywood, and flooring.

■ Setting rate of zero deforestation policy

◇ Overview

For primary suppliers (timber suppliers, general contractors, and builders) with an annual timber procurement volume of 50 m³ or more, and their domestic secondary suppliers and beyond, we calculate the rate of suppliers establishing zero deforestation policies or suppliers agreeing to Challenge ZERO Deforestation.

◇ Scope of coverage

Same as the scope of coverage for the rate of C-ranked timber

◇ Calculation formula

Setting rate of zero deforestation policy (primary suppliers) (%)
= Number of primary suppliers that have established a zero-deforestation policy with minimum procurement of 50 m³/year ÷ Number of primary suppliers with minimum procurement of 50 m³/year

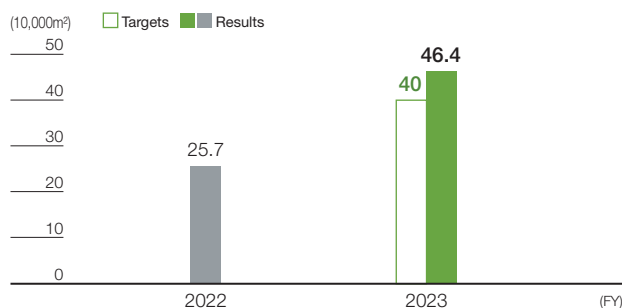
Setting rate of zero deforestation policy (secondary suppliers and further) (%)
= Number of primary suppliers that have completed the formulation of zero deforestation policy for their secondary suppliers and further ÷ Number of primary suppliers with minimum procurement of 50 m³/year

Environmental Data | Harmony with the natural environment

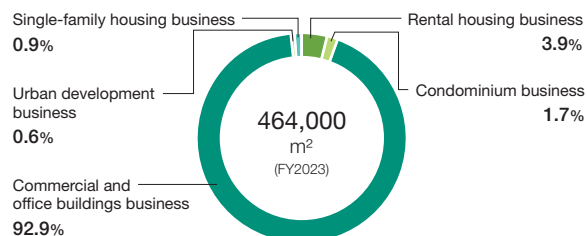
(5) Challenge ZERO Harm to Biodiversity

Preservation of biodiversity in development and community development

■ Eco-friendly surface area of green spaces (cumulative)



■ Breakdown of Eco-friendly surface area of green spaces



Calculation method and scope of coverage of environmental data

■ Eco-friendly surface area of green spaces (cumulative)

◇ Overview

Eco-friendly surface area of green spaces, where more than half of the new trees (tall trees and shrubs) are planted with indigenous species that match the nature of each region, or the horizontal crown projection area of indigenous tree species, in the greening of the outer structures that the Company Group conducts in conjunction with the sale of built-for sale houses and implementation of construction contracts.

◇ Calculation formula

Eco-friendly surface area of green spaces (m²)

= $\sum$ (Eco-friendly surface area of green spaces of target properties in each project (m²))

◇ Scope of coverage

Segment	Target	Scope of coverage*1
Single-family housing business	Daiwa House Industry	All unit sales of built-for-sale houses
Rental housing business	Daiwa House Industry	[With greening regulations] All new buildings [Without greening regulations] Site area of at least 1,000 m²
Condominium business	Daiwa House Industry	All construction starts (excluding JV non-managed units)
	Cosmos Initia*2	All construction starts (excluding JV non-managed units)
Commercial and office buildings business	Daiwa House Industry	[With greening regulations] All construction starts [Without greening regulations] Site area of at least 3,000 m²
	Daiwa Lease	[With greening regulations] All construction starts
	Fujita	[With greening regulations] All construction starts
Urban development business	Daiwa House Industry	All construction starts

*1 Domestic properties only

*2 Results through February 2024 for consolidated companies

Environmental Data | Harmony with the natural environment

(5) Challenge ZERO Harm to Biodiversity

■ Biodiversity assessments for Daiwa House Group sites

	Number of locations	Surface area (ha)
Business activity area (sites subject to initial screening)	1,588	—
Including sites subject to biodiversity impact evaluation	69	4,239
Including sites in close proximity to important biodiversity	35	2,994
Including sites that have biodiversity management plans	4	135

Calculation method and scope of coverage of environmental data

■ Biodiversity assessments for Daiwa House Group sites

◇ Overview

For our business activity areas (sites)*1, we determine the degree of impact on biodiversity*2 and conduct self-evaluations of our ecological management*3.

*1 Business activity areas include the Company's branch offices, factories, research centers, training centers, commercial buildings, and delivery centers, as well as all sites owned by the Company and forest housing under sale by the Company at the end of FY2022, and golf courses and other business sites operated by the Group.

*2 For our determination method, we reference certification standards for natural symbiosis sites being advanced by the Ministry of the Environment, and determine key sites for biodiversity using the Environmental Impact Assessment Database System (EADAS; Ministry of the Environment).

*3 The evaluation method for ecological management is based on the assignment of scores for management and preservation using a checklist referencing ABINC certification and the formulation/implementation of conservation and management plans having no adverse impact on biodiversity.

◇ Scope of coverage

Target	Scope of coverage*
Daiwa House Group	Sites that the Company directly operates under a central manager

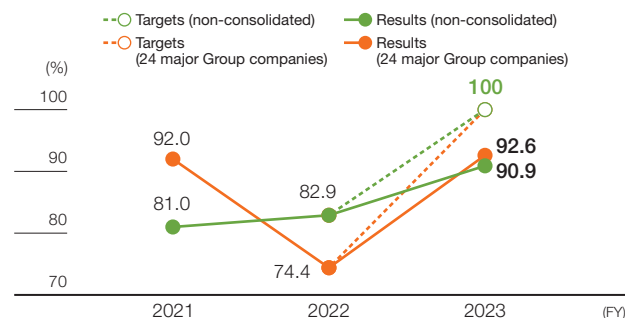
* Domestic sites only; does not include unit ownership, tenancies, etc.

Breakdown of application by target company

Target company	Application
Daiwa House Industry, Group companies	Sites (Head Office, branches, offices) Factories, research laboratories, training centers, solar power plants Forest housing areas, company-owned forest sites
Fujita	Technological Center
Daiwa Lease	Factories, commercial facilities, solar power generation plants
DesignArc	Factories, delivery centers
Daiwa Energy	Solar power generation plants
Daiwa Royal Golf	Golf courses
Daiwa Logistics	Delivery centers
Wakamatsu KONPOU UNYU SOKO	Delivery centers
KOUYAMAUNYU	Delivery centers, solar power generation plants

Promotion of the Daiwa Plastics Smart Project

■ Rate of replacement of plastic goods for distribution (offices, etc.)



■ Plastics Usage Guidelines (revised January 2024)

1	In principle, Daiwa House Group companies do not use disposable plastics for office items and promotional goods distributed for free to external parties, novelty goods packaging, catalog bags, cutlery, and the like.
2	In cases where it is difficult to replace disposable plastics due to functional restrictions, environmentally friendly materials such as biomass plastic and recycled plastic will be used as much as possible. Efforts will be made to limit the amounts used and disposed to the necessary minimum, including setting limits on their use, distribution to only those making requests, and recycling post distribution.
3	As for office supplies used repeatedly in the company, environmentally friendly products such as green procurement will be adopted, and efforts will be made to use them carefully for a long period of time, and when disposing of them, they will be sorted and disposed of in a manner that ensures recycling.
4	The department that adopts or purchases such products shall take the lead in promoting the replacement or reduction of disposable plastics.

Supplementary explanation

- Disposable plastics are those that are not designed for repeated use, or those that are discarded after one or a few uses, or those that the Company distributes only once, leaving the repeated use to the user, and have a high risk of being released at the distribution site.
- For novelty and promotional goods, efforts will be taken to not use packaging or consideration given to using packaging other than disposable plastic.
- Plastic bags and polyethylene terephthalate (PET) bottles that fall under the Containers and Packaging Recycling Law should be collected appropriately so that they are not released into the environment, and efforts should be made to recycle them according to the sorted collection system of each municipality. In addition, the company will encourage resource recycling and weight reduction efforts for containers and packaging, etc., in response to societal demands.

Calculation method and scope of coverage of environmental data

■ Rate of replacement of plastic goods for distribution (offices, etc.)

◇ Overview

We surveyed 15 single-use plastic products that are expected to be provided free of charge to customers at domestic sites in four sectors (offices, restaurants, stores, and hotels) to determine if they are replaced with plastic-free ones in accordance with the Plastics Usage Guidelines.

◇ Scope of coverage

Target	Scope of coverage
Daiwa House Industry and 24 major Group companies*.	15 single-use plastic products provided free of charge to customers. (1) Vinyl cases for company use (2) Paper bags for company use (3) Window envelopes (4) Vinyl envelopes for DM (5) Clear folders (6) Slide bar files for proposals (7) Transparent bags for flyers, etc. (8) Single-use ballpoint pens/pencils (9) Character balloons (10) Insert cups and holders (11) Plastic lids for hot beverages (12) Forks, spoons, and table knives (13) Plastic stirrers (14) Plastic straws (15) Laundry bags (Not applicable in the office and restaurant sectors)

* Daiwa House Industry and 24 Group companies: Daiwa Lease, DesignArc, Daiwa Logistics, Royal Home Center, Daiwa House Realty Management, Sports Club NAS, Fujita, Daiwa House Reform, Daiwa Life Next, Daiwa Energy, Daiwa Royal Golf, Daiwa Lantec, Nihon Jyutaku Ryutu, Daiwa Living, Daiwa House Life Support, Daiwa House Parking, Eneserve, Nishiwaki Royal Hotel, Cosmos Initia, Wakamatsu KONPOU UNYU SOKO, Daiwa House Chintai Reform, KOUYAMAUNYU, Hibikinada Thermal Power Station, Osaka Marubiru

◇ Calculation formula

· Daiwa House Industry
Rate of replacement of plastic goods for distribution with plastic-free materials (%)
= $\frac{\sum (\text{number of items with completed replacement per site})}{\sum (\text{number of target items per site})}$

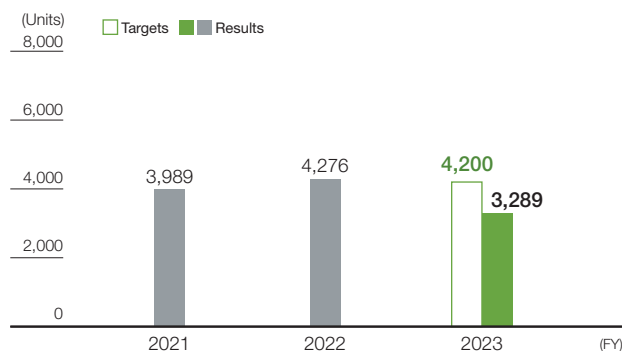
· 24 major Group companies
Rate of replacement of plastic goods for distribution with plastic-free materials (%)
= $\frac{\sum (\text{number of items with completed replacement per company})}{\sum (\text{number of target items per company})}$

* Four sectors

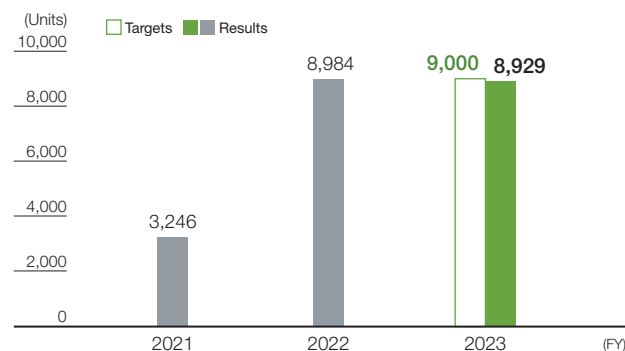
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(6) Challenge ZERO Waste and Reuse

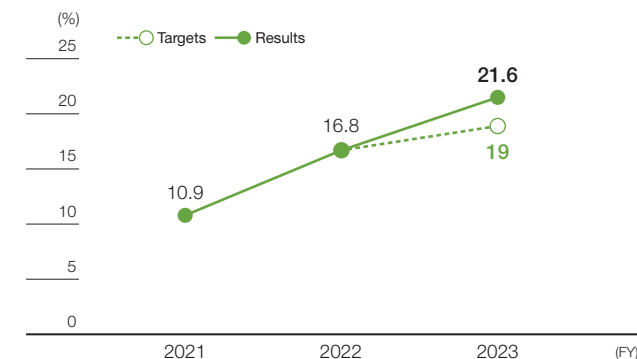
■ Number of assets subject to effective use



■ Number of buildings subject to durability extension



■ Recycling rate of waste plastics material (Manufacturing)



Calculation method and scope of coverage of environmental data

■ Number of assets subject to effective use

◇ Overview

The number of buying single-family houses and rental houses for resale and reselling them and mediating purchase and sales of them in Japan is calculated.

◇ Scope of coverage

Target	Scope of coverage
Daiwa House Industry	The number of buying single-family houses and rental houses for resale and reselling them and mediating purchase and sales of them in Japan
Daiwa House Real Estate	
Daiwa LifeNext	
Cosmos Initia*	

* Results through February 2024 for consolidated companies

◇ Calculation formula

Number of assets subject to effective use (No.)
= Purchase for resale and resale (No.) + Mediating purchases and sales (No.)

■ Number of buildings subject to durability extension

◇ Overview

We calculate the number of construction projects required to extend the warranty periods with respect to "structural strength," "prevention of rainwater infiltration," and "termite protection" for domestic single-family houses and rental housing constructed by the Company, as well as the number of other domestic seismic reinforcement and waterproofing projects.

◇ Scope of coverage

Target	Scope of coverage
Daiwa House Reform	Work to extend the warranty periods on existing single-family houses and rental housing constructed by the Company in Japan, and other work related to seismic reinforcement and waterproofing of existing single-family houses and rental housing in Japan
Daiwa House Chintai Reform	
Daiwa House Real Estate	
Daiwa LifeNext	

◇ Calculation formula

Number of buildings subject to durability extension (No.)
= Number of construction projects for warranty extension (No.)
+ Number of other construction projects than those for warranty extension related to seismic reinforcement and waterproofing (No.)

■ Recycling rate of waste plastics material (Manufacturing)

◇ Overview

The recycling rate of waste plastics material byproducts from the manufacturing sector is calculated on a weight basis. RPF (Refuse derived paper and plastics densified fuel) is not considered recycled waste plastics material.

◇ Scope of coverage

Target	Scope of coverage
Daiwa House Industry	Waste plastics discharged in the production process at domestic factories and waste plastics discharged at construction sites of new single-family houses and apartment complexes (collected by the Factory Depot system)
Daiwa Lease	Waste plastics discharged in the production process of domestic factories
DesignArc	Waste plastics discharged in the production process of domestic factories

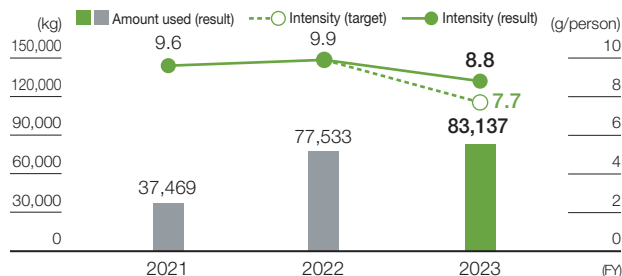
◇ Calculation formula

Recycling rate of waste plastics material (%)
= Amount of recycled plastic waste and valuable resources (kg)
÷ Total amount of discharged plastic waste and valuable resources (kg)

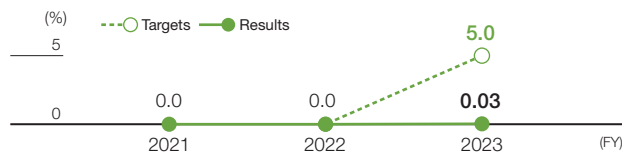
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(6) Challenge ZERO Waste and Reuse

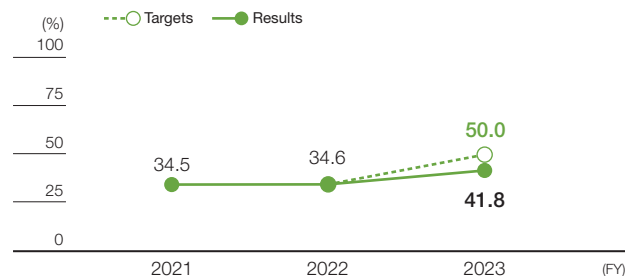
■ Purchase amount and intensity of amenities that are plastic-containing products specified in law (hotels)



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



■ Setting rate of zero waste emissions targets by principal suppliers



Materials

■ Paper consumption

	2020	2021	2022	2023
Daiwa House Industry	861	849	662	590

Unit: t

■ Steel consumption

	2020	2021	2022	2023
Daiwa House Industry	171,024	177,438	179,566	176,867

Unit: t

Calculation method and scope of coverage of environmental data

■ Purchase amount and intensity of amenities that are plastic-containing products specified in law (hotels)

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

◇ Overview

Of the five single-use plastic amenity products that are designated as specified plastic products for the lodging industry under the Plastic Resource Circulation Act, we calculated the intensity reduction rate per guest (compared to FY2021) and the recycling rate for the products that are distributed free of charge at our domestic sites.

◇ Scope of coverage

Target	Scope of coverage
Nishiwaki Royal Hotel	Single-use products among the five products (hairbrushes, combs, razors, shower caps, and toothbrushes) designated as products using specified plastics, which will be distributed free of charge at domestic bases.
Daiwa House Realty Management	
Cosmos Initia	
Housing Complex Business Division (Daiwa Living)	

◇ Calculation formula

Annual purchases intensity of amenities that are plastic-containing products specified in law (g/person)

$$= \frac{\sum (\text{annual purchases of amenities that are plastic-containing products specified in law})}{\sum (\text{annual number of overnight guests})}$$
 Recycling rate of amenities that are plastic-containing products specified in law (%)

$$= \frac{\sum (\text{weight of recycled waste plastic material})}{\sum (\text{weight of the 5 distributed items})}$$

■ Setting rate of zero waste emissions targets by principal suppliers

◇ Overview

The zero waste emission target rates by principal suppliers are set based on data from the following principal suppliers: The Trillion Club, which supplies our materials, the Setсуwa Club, which supplies our facility equipment, and the Gosen Club, the supply chain organization for Daiwa Lease Co., Ltd., a Group company, as well as Fujita Corporation's sources of procurement.

◇ Scope of coverage

Target	Scope of coverage
Daiwa House Industry (The Trillion Club)	Among sources of centralized purchasing, approx. 90% of companies with the top transaction amounts (78 companies)
Daiwa House Industry (The Setсуwa Club)	Companies with membership in the Setсуwa Club, excluding sales companies and those with less than 100 employees (90 companies)
Daiwa Lease (Gosen Club)	Among companies that are members in the Gosen Club, companies that account for approx. 90% of purchasing amount (20 companies)
Fujita	Companies that account for 2/3 of materials purchases of major construction types (25 companies)

◇ Calculation formula

Zero waste emissions target setting rate (%)

$$= \frac{\text{Number of principal suppliers that have set zero emission targets}^*}{\text{Number of principal suppliers}}$$
 * Targets set for zero emissions or recycling rate of 99% or higher (includes targets already achieved)

■ Paper consumption

◇ Overview

Regarding our paper consumption, we calculate the actual value of the paper purchased (m²) using the weight conversion method.

◇ Calculation formula

Paper consumption (t)

$$= \sum (\text{Purchased paper per type (m}^2\text{)} \times \text{weight per unit area (t/m}^2\text{)})$$

◇ Scope of coverage

Segment	Target	Scope of coverage
Office work	Daiwa House Industry	All offices (Head Office, branches, offices, sales offices) and research centers in Japan

■ Steel consumption

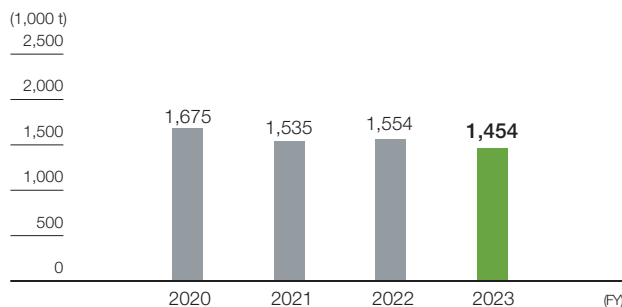
◇ Scope of coverage

Segment	Target	Scope of coverage
Manufacturing	Daiwa House Industry	All production sites in Japan

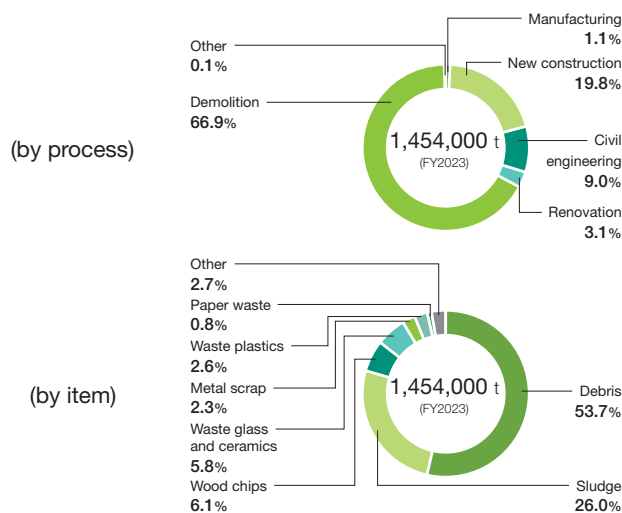
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Construction waste emissions, Recycling rates

Overall Construction/demolition waste emissions



Overall Breakdown of construction/demolition waste emissions



Overall Construction/demolition waste emissions (by process)

Unit: 1,000 t

	2020	2021	2022	2023
Manufacturing	10	10	15	15
New construction	127	113	286	288
Civil engineering	243	209	161	131
Renovation	52	46	49	46
Demolition	884	996	1,040	972
Other	360	161	3	2

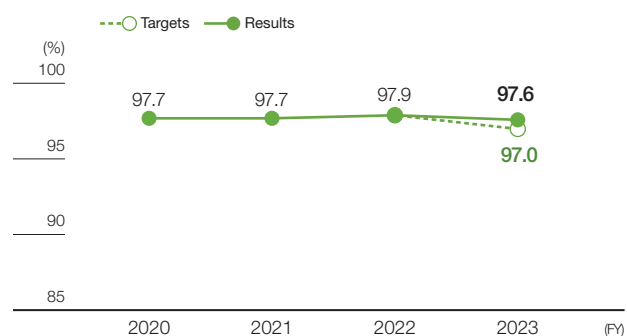
* The classification method per stage was partly changed in FY2022.

Overall Construction/demolition waste emissions (by item)

Unit: 1,000 t

	2020	2021	2022	2023
Debris	848	879	848	780
Sludge	513	328	360	378
Wood chips	86	88	98	89
Waste glass and ceramics	92	89	88	85
Metal scrap	54	47	47	33
Waste plastics	35	36	39	38
Paper waste	13	12	13	11
Other	34	56	59	39

Overall Recycling rate of construction waste



Overall Recycling rate of construction waste (by treatment)

Unit: %

		2020	2021	2022	2023
Recycling	Material recycling	95.9	95.2	93.9	94.7
	Thermal recycling	1.6	2.1	3.0	2.9
	Neutralization treatment	0.1	0.4	1.0	0.0
Final disposal	Simple incineration	0.004	0.003	0.003	0.0
	Landfill	2.3	2.3	2.1	2.4

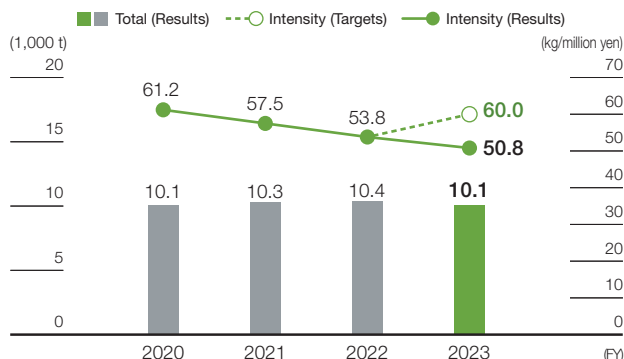
Overall Specially controlled industrial waste emissions (Daiwa House Industry)

Unit: t

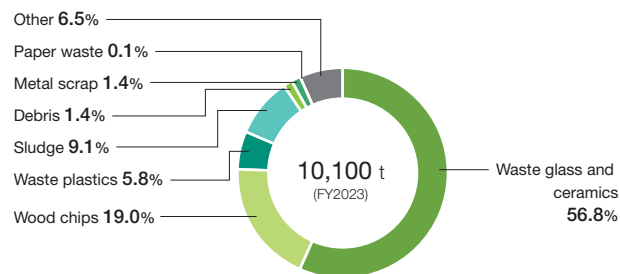
	2020	2021	2022	2023
Combustible waste oil	128	110.6	118.67	111.27
Corrosive waste acid, waste alkali	26.7	23.9	32.84	29.53
Specified hazardous industrial waste (e.g. waste asbestos, waste PCB)	252.9	197.9	95.38	47.91

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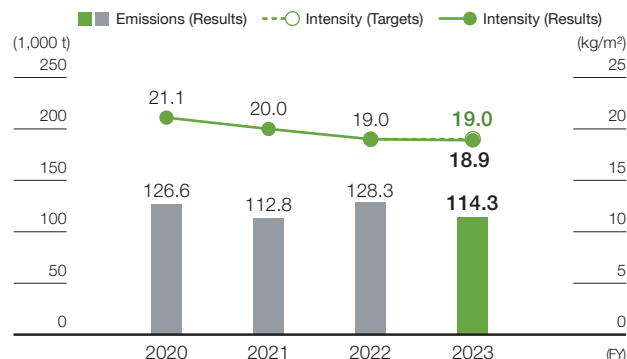
■ Manufacturing Construction waste emissions and intensity



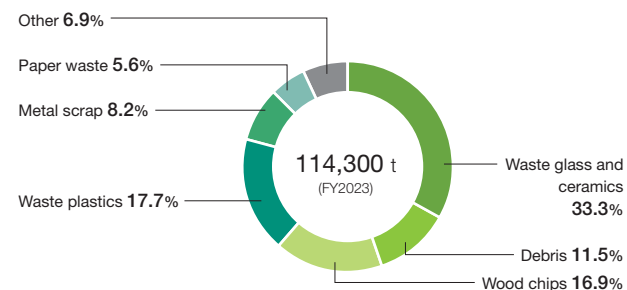
■ Manufacturing Breakdown of Construction waste emissions (by item)



■ New construction Construction waste emissions and intensity



■ New construction Breakdown of Construction waste emissions (by item)



Calculation method and scope of coverage of environmental data

■ Construction waste emissions, Recycling rates

◇ Overview

Construction byproducts generated in factories and at construction sites, excluding those that have been sold as valuable resources, are defined as "construction waste." Construction waste is defined as waste generated from the start of construction to the completion of the projects that were completed during the fiscal year. Moreover, even at the same construction site, waste associated with demolition is distinguished as "demolition waste." Furthermore, "construction-generated soil" and "construction sludge" accompanying ground preparation are excluded from calculations of "construction waste." In addition, the total "sales" of each factory are used as the intensity denominator of the production division of the manufacturing segment, and the total "sales area" of each site is used as the basic denominator of the construction segment.

◇ Calculation formula (Emissions)

Manufacturing Construction waste emissions (t)
= (Construction byproducts generated (t)
- Sales of valuable resources (t))

New construction Construction waste emissions (t)
= Construction byproducts generated (t)
- Sales of valuable resources (t)
- Construction sludge generated (t)

◇ Calculation formula (Intensity)

Manufacturing Intensity (kg/million yen)
= Construction waste emissions (kg) ÷ Factory sales (million yen)
New construction Intensity (kg/m²)
= Construction waste emissions (kg) ÷ Floor area (m²)

◇ Calculation formula (Recycling rate)

Recycling rate of construction waste (%)
= {Amount of material recycled (t) + Amount thermally recycled (t)
+ Neutralization treatment amount (t)} ÷ Construction waste emissions (t)
Note: Construction sludge is included in the calculation of the recycling rate.

◇ Scope of coverage

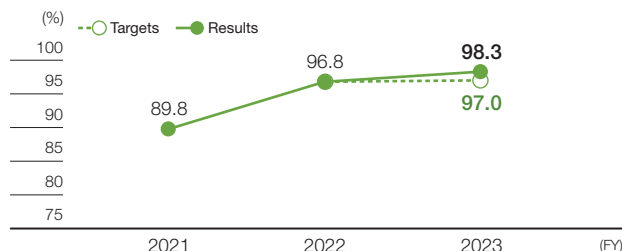
Segment	Target	Scope of coverage
Manufacturing	Daiwa House Group	All production sites in Japan
New construction	Daiwa House Group	All new construction sites in Japan
Civil engineering	Fujita	All civil engineering sites in Japan
Renovation	Daiwa House Group	All renovation sites in Japan (except for some small-scale sites)
Demolition	Daiwa House Group	All demolition sites in Japan

Environmental Data | Closed-loop resource sourcing and conservation of aquatic environments

(7) Challenge ZERO Water-Associated Risks

Water-saving device adoption rate

Water-saving device adoption rate



Water-saving device adoption rate by department (FY2023)

Department	Adoption rate
Single-family housing business	100.0%
Rental housing business	98.4%
Existing homes business	100.0%
Condominium business	100.0%
Commercial and office buildings business*	93.3%

* Only the hotel and residential care facilities

Calculation method and scope of coverage of environmental data

Water-saving device adoption rate

◇ Overview

We consider the adoption rate to be the rate of water-saving devices installed in the bathroom showers, kitchens and toilets of the single-family housing, rental housing, condominiums, hotels, residential care facilities, and existing homes business we have provided to customers.

◇ Calculation formula

Water-saving equipment adoption rate (%)

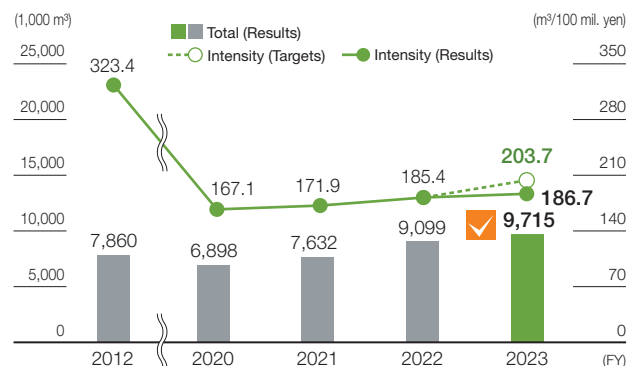
$$= \frac{\sum (\text{No. of installed water-saving equipment (showers + kitchen faucets + toilets)})}{\sum (\text{No. of relevant facilities installed (showers + kitchen faucets + toilets)})}$$
 Water-saving equipment: Building energy consumption performance standards:
 Hot water-saving A1, Hot water-saving B1
 The Japan Valve Manufacturers' Association's voluntary standards: Hot water-saving A, Hot water-saving B
 Water-saving faucets in the low-carbon building certification standards

Segment	Target	Scope of coverage
Single-family housing business	Daiwa House Industry	All properties in Japan
Rental housing business	Daiwa House Industry	All properties in Japan
Condominium business	Daiwa House Industry, Cosmos Initia*	All properties in Japan
Commercial and office buildings business	Daiwa House Industry, Fujita	Only for hotels and residential care facilities in Japan
Existing homes business	Daiwa House Reform	All properties in Japan

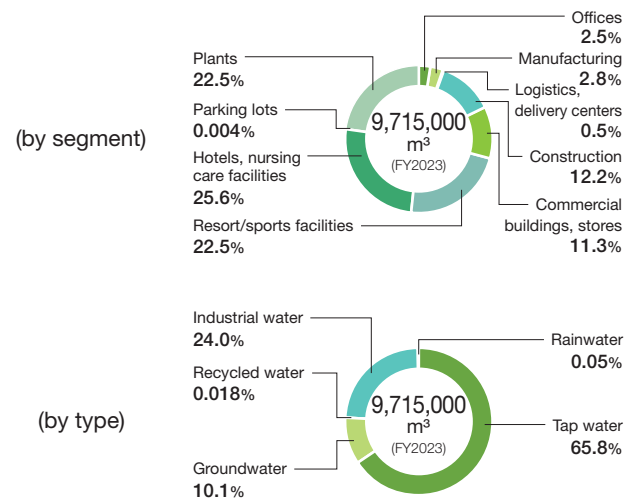
* Results through February 2024 for consolidated companies

Water consumption

Trend in water consumption (water intake) and intensity



Breakdown of water consumption (water intake)



Water consumption (water intake) (by segment)

Unit: 1,000 m³

	2020	2021	2022	2023
Offices	276	284	266	289
Manufacturing	273	288	292	273
Logistics, delivery centers	46	38	31	64
Construction	1,706	1,376	1,587	1,276
Commercial buildings, stores	858	1,029	1,090	1,070
Resort/sports facilities	2,886	3,354	3,826	2,193
Hotels, nursing care facilities	853	1,264	2,007	2,426
Parking lots	0.3	0.3	0.4	0
Plants	—	—	—	2,124

Water consumption (water intake) (by type)

Unit: 1,000 m³

	2020	2021	2022	2023
Tap water	5,607	6,092	7,458	6,471
Groundwater	1,101	1,318	1,448	955
Hot springs	26	55	31	2
Industrial water	161	164	161	2,283
Rainwater	3	3	3	5

Water consumption (water intake) (Japan, outside Japan)

Unit: 1,000 m³

	2020	2021	2022	2023
Japan	6,678	7,416	8,900	9,459
Outside Japan	220	217	199	257

Calculation method and scope of coverage of environmental data

Water consumption

◇ Overview

This represents the total annual water consumption from the water supply, groundwater, industrial-use water, recycled water and rainwater, and is calculated based on purchasing data at each location (from measurements when purchasing data is unavailable). For the construction segment, we estimate the total consumption by multiplying the water usage for the sales floor area as determined by a sample survey of the sales floor area during the counting period.

◇ Scope of coverage

Same as the scope of coverage of "GHG Emissions, Energy Use, and Electricity Consumption" on p. 134.

Environmental Data | Closed-loop resource sourcing and conservation of aquatic environments

Water conservation measures at each facility (FY2023)

Segment	Company name	Scale	Water conservation
Hotels	Daiwa House Realty Management	2 facilities	Change bathroom faucets to mixed faucets that shut off water at set volumes
	Sports Club NAS	2 stores	Installed water-saving devices for showers
Sports facilities	Daiwa Royal Golf	7 Golf courses	Installed water-saving showerheads and water-saving equipment in bathrooms and water-saving equipment in kitchens
Nursing care facilities	Daiwa House Life Support	6 facilities	Installed water-saving device in bathroom shower
Manufacturing	Daiwa Lease	2 factories	Installed rainwater tanks
	Royal Home Center	1 factory	Upgrades to water-saving toilets
Commercial buildings, stores	Daiwa House Industry	2 stores	Upgrades to water-saving toilets

Drainage discharge

Drainage discharge (by point of discharge) (Japan)

Unit: 1,000 m³

	2020	2021	2022	2023
Rivers and lakes	701	762	900	491
Brackish water intake source/sea	205	253	360	941
Sewer system	3,861	4,566	5,603	5,245
Discharge to other areas	0	0	0	0

Drainage discharge (by point of discharge) (Outside Japan)

Unit: 1,000 m³

	2020	2021	2022	2023
Rivers and lakes	0	0	0	0.2
Brackish water intake source/sea	0	0	0	0
Sewer system	33	40	40	133
Discharge to other areas	0	0	0	0

Water data for key sites located in water risk areas* (FY2023)



	Unit	Daiwa House Industry		
		Tochigi Ninomiya Factory	Nara Factory	Osaka Head Office
Water intake	Total amount	66,410	25,822	32,335
Drainage discharge	Total amount	22,868	25,052	24,861
	pH	7.3	7.2	—
	BOD	3.6	14	—
	COD	13.8	11	—
	Suspended solids	22.8	12	—
	Normal hexane extracted substance content [mineral Oil]	ND	ND	—
	Normal hexane extracted substance content [animal and vegetable oils]	ND	ND	—
	Phenols content	ND	—	—
	Copper content	ND	—	—
	Zinc content	0.06	0.23	—
	Soluble iron content	ND	0.03	—
	Soluble manganese content	ND	0.07	—
	Chromium content	ND	—	—
	Coliform group count	480	—	—
	Nitrogen content	4.8	27	—
	Phosphorus content	0.3	0.61	—
	Boron and its compounds	—	ND	—
	Fluorine and its compounds	ND	ND	—
	Ammonia, ammonium compounds, nitrite compounds, nitrate compounds	4.4	14	—
	Lead	ND	—	—
	Arsenic	ND	—	—
	Hexavalent chromium	ND	—	—

* Inundation areas on hazard maps

—: No measurement is required.
ND: Below the lower limit of determination

Calculation method and scope of coverage of environmental data

Drainage discharge

◇ Overview

The total annual wastewater discharged to rivers and lakes, blackish water intake sources/seas, sewers, and other organizations. The amount is calculated based on measured data at each site, purchasing data, and, in the absence of data, estimates based on water intake. For the construction segment, all water used is assumed to evaporate or percolate into the ground, and the amount of wastewater discharged is assumed to be zero.

◇ Scope of coverage

Same as the scope of coverage of "GHG Emissions, Energy Use, and Electricity Consumption" on p. 134.

Water data for key sites located in water risk areas

◇ Overview

We measure water intake, wastewater discharge, and wastewater concentration at each site (the maximum value for the current FY) at our factories and the Osaka Head Office building located in water risk areas.

◇ Scope of coverage

Daiwa House Industry (Tochigi Ninomiya Factory, Nara Factory, Osaka Head Office)

Environmental Data | Closed-loop resource sourcing and conservation of aquatic environments

Water recycling

Water recycling in each facility (FY2023)

Facility name	Recycling method	Recycled water volume (Recycling rate)
Daiwa House Industry Osaka Head Office	Reusing wastewater from air conditioners, etc. and rainwater for washing toilets after treating them for recycling.	5,220m ³ (13.9%)
Hibikinada Thermal Power Station	Recycling of boiler coolant water	2,387,313m ³ (52.9%)

Number of regulatory violations concerning water

Number of regulatory violations concerning water

	2020	2021	2022	2023
Number of violations	0	0	0	0

Calculation method and scope of coverage of environmental data

Number of regulatory violations concerning water

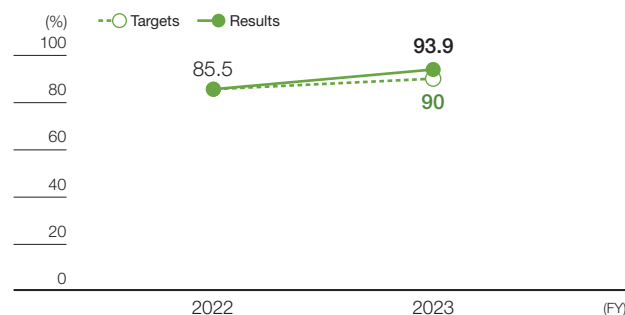
◇ Overview

Wastewater is regularly measured for its quality at Daiwa House Industry factories. The results state the number of cases for which we received fines, penalties, and injunctions for exceeding and violating the control values for laws and bylaws.

◇ Scope of coverage

Segment	Target	Scope of coverage
Manufacturing	Daiwa House Industry	Total of 9 production sites in Japan

Implementation rate of water risk surveys by principal suppliers



Calculation method and scope of coverage of environmental data

Implementation rate of water risk surveys by principal suppliers

◇ Overview

In order to identify water risks (water depletion, water pollution, water damage, etc.) in the supply chain and implement countermeasures, the following are surveyed

[Survey targets]

Water intake, wastewater discharge, water-related issues, legal compliance status, water targets, results of hazard map checks at suppliers' domestic plants and status of water damage and countermeasures, results of assessment by the assessment tool Water Risk Filter for overseas plants, water-related issues, and improvement plans

◇ Scope of coverage

Target	Scope of coverage
Daiwa House Industry (The Trillion Club)	Among sources of centralized purchasing, approx. 90% of companies with the top transaction amounts (78 companies)
Daiwa House Industry (The Setsuma Club)	Companies with membership in the Setsuma Club, excluding sales companies and those with less than 100 employees (90 companies)
Daiwa Lease (Gosen Club)	Among companies that are members in the Gosen Club, companies that account for approx. 90% of purchasing amount (20 companies)
Fujita	Companies that account for 2/3 of materials purchases of major construction types (25 companies)

◇ Calculation formula

Percentage of principal suppliers subject to water risk survey (%)

= Number of suppliers that responded to the water risk survey (cumulative) ÷ Number of principal suppliers.

Results of Comprehensive Water Risk Assessment at Group Facilities

Segment	Country	Risk*1				
		(Low)			(High)	
Factories	Japan	4	21	—	—	—
Golf courses	Japan	—	10	—	—	—
Total water consumption for each risk level		4,000 m ³	449,000 m ³ *2	—	—	—

*1 For total risk for all areas, including the status of drought, flood, water quality, and biodiversity services for factories and golf courses, we confirmed Basin Risk for 2023 and Operational Risk for 2022 in Water Risk Filter 6.0, developed by WWF and DEG.

Risk levels. 1: Very low risk, 2: Low risk, 3: Moderate risk, 4: High risk, 5: Very high risk

*2 As of end- March, 2024

Water Usage in Water Stress Areas (Water Intake)

Water stress		Total	Worksites, etc.	Hotels	Production	Construction
High (40-80%)	Number of sites	4	3	0	0	1
	Water intake (1,000 m ³)	7.1	0.3	0	0	6.8
Extremely High (>80%)	Number of sites	12	9	1	1	1
	Water intake (1,000 m ³)	39.2	5.5	22.2	11.5	0.008
Water stress area total	Water intake (1,000 m ³)	46.3	5.8	22.2	11.5	6.8
	Percentage of total water intake	0.5%				
Group water intake (1,000 m ³)		9,715				

Sites in water stress areas with water intake of over 10,000 m³: 2 sites (production factory in Thailand, hotel in Mexico). For water stress for worksites, commercial buildings, hotels and production sites in FY2023, confirmed with WRI Aqueduct 4.0. For construction, for countries where management bases are located, we confirmed with Aqueduct 4.0 Country Rankings and listed the number of management bases.

Water risk assessment results in timber-producing countries

	Japan	China	Finland	Indonesia	Sweden	Other 17 countries	Other 3 countries	Unknown (recycled materials, etc.)
Ratio of procured timber	36.5%	14.9%	12.1%	8.1%	5.1%	6.3%	0.5%	16.5%
Risk level	Present	1	2	0	2	0		
	2030	1	2	0	2	0	Less than 3	3 or more
	2050	1	2	0	2	0		
	2080	1	2	1	2	0		

For water stress in countries producing procured timber for FY2023, we made evaluations with Aqueduct 4.0 Current and Future Country Rankings

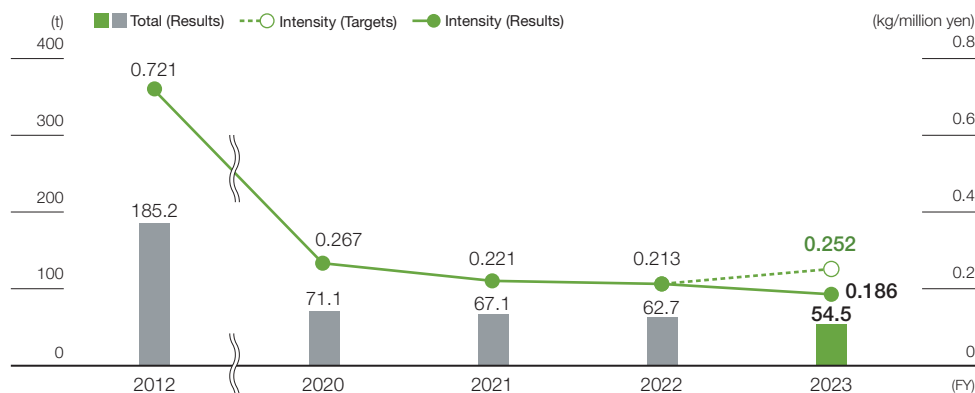
Risk levels. 0: low, 1: low to medium, 2: medium to high, 3: high, 4: very high

Environmental Data | Prevention of chemical pollution

Business operations

Release and transfer of PRTR-listed substances

■ Release and transfer of PRTR-listed substances and intensity



■ Change in release of PRTR-listed substances (by company/segment)

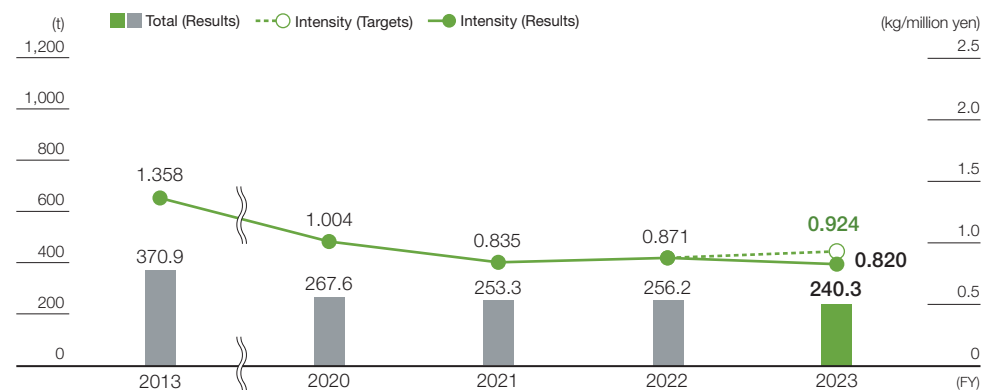
Breakdown by segment	2020	2021	2022	2023
Daiwa House Industry (housing)	17.0	16.9	17.6	17.3
Daiwa House Industry (construction)	11.1	11.0	8.7	6.7
Daiwa Lease	24.7	17.8	16.6	12.6
DesignArc	4.0	4.7	5.6	4.1

■ Change in transfer of PRTR-listed substances (by company/segment)

Breakdown by segment	2020	2021	2022	2023
Daiwa House Industry (housing)	7.9	11.3	9.1	8.9
Daiwa House Industry (construction)	5.8	4.9	4.7	4.6
Daiwa Lease	0.7	0.5	0.4	0.4
DesignArc	0.002	0.004	0.002	0.003

VOC emissions

■ VOC emissions and intensity



■ Change in release of VOC emissions (by company/ segment)

Breakdown by segment	2020	2021	2022	2023
Daiwa House Industry (housing)	128.3	130.7	118.4	110.9
Daiwa House Industry (construction)	20.6	26.6	32.0	21.8
Daiwa Lease	112.5	88.4	96.7	100.6
DesignArc	6.2	7.6	9.1	7.0

■ NOx and SOx emissions in the manufacturing phase

	2020	2021	2022	2023
NOx emissions	0.2	0.15	0.14	0.16
SOx emissions	0.02	0.02	0.0000	0.0005

Environmental Data | Prevention of chemical pollution

Material balance of chemical substances subject to PRTR

■ Release and transfer of PRTR-listed substances (by type)

Unit: kg

Target chemical substance	Amount handled	Amount consumed	Amount transferred			Emissions			Amount subjected to chemical removal processes
			Total transferred to sewer	Amount of (waste) transferred out of our worksites	Total amount transferred	Emissions into the atmosphere	Discharged to public water bodies	Total emissions	
Manganese and its compounds	38,851	27,493	0	10,033	10,033	1,326	0	1,326	0
Ethylene glycol monobutyl ether	31,486	0	0	472	472	31,013	0	31,013	0
Xylene	13,964	0	0	183	183	13,724	0	13,724	58
Trimethylbenzene	13,573	0	0	199	199	13,317	0	13,317	56
Methylenebis (4,1-phenylene) = diisocyanate	13,089	12,988	0	101	101	0	0	0	0
Ethylbenzene	9,574	0	0	128	128	9,445	0	9,445	1
Toluene	7,921	0	0	104	104	7,715	0	7,715	103
Water-soluble zinc compounds	6,948	5,403	24	1,377	1,402	0	143	143	0
Methyl isobutyl ketone	4,765	0	0	71	71	4,694	0	4,694	0
Molybdenum and its compounds	3,063	1,810	0	1,254	1,254	0	0	0	0
Polymethylenepolyphenyl polyisocyanate	1,525	1,496	0	23	23	6	0	6	0
N-Methyl-2-pyrrolidone	1,050	0	0	16	16	1,034	0	1,034	0
3-Glycidyloxypropyltrimethoxysilane	1,011	597	0	413	413	0	0	0	0
46 other substances	5,319	1,129	0	1,283	1,283	2,048	401	2,449	458
Grand total	152,140	50,916	24	15,656	15,680	84,322	544	84,867	676


[Supply Chain Sustainability Guidelines](#)

Calculation method and scope of coverage of environmental data

■ Release and transfer of PRTR-listed substances and intensity

◇ Overview

Purchasing data at each site is used to calculate the amount released/transferred of 462 Class-I Designated Chemical Substances*1 prescribed by the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (PRTR Law).

*1 Subject substances for fiscal 2023 were revised following amendments to the PRTR Law. However, in "Release and transfer of PRTR-listed substances and intensity" (P151), calculations are based on the benchmark for the base year (fiscal 2012) and similarly PRTR-listed substances. For fiscal 2024 onward, fiscal 2023 will be the new base year, with revised PRTR-listed substances subject to assessments. The material balance for revised PRTR-listed substances (515 substances) is listed.

◇ Scope of coverage

Segment	Target	Scope of coverage
Manufacturing	Daiwa House Group	All production sites in Japan (Total 29 locations*2)

*2 Factories that are required to make release and transfer registration according to the PRTR law

■ VOC emissions and intensity

◇ Overview

Emissions of 100 volatile organic compounds selected by the Ministry of the Environment and calculated based on purchasing data at each site.

◇ Scope of coverage

Segment	Target	Scope of coverage
Manufacturing	Daiwa House Group	All production sites in Japan (Total 29 locations*)

* Factories that are required to make release and transfer registration according to the PRTR law

■ NOx emissions/ SOx emissions

◇ Overview

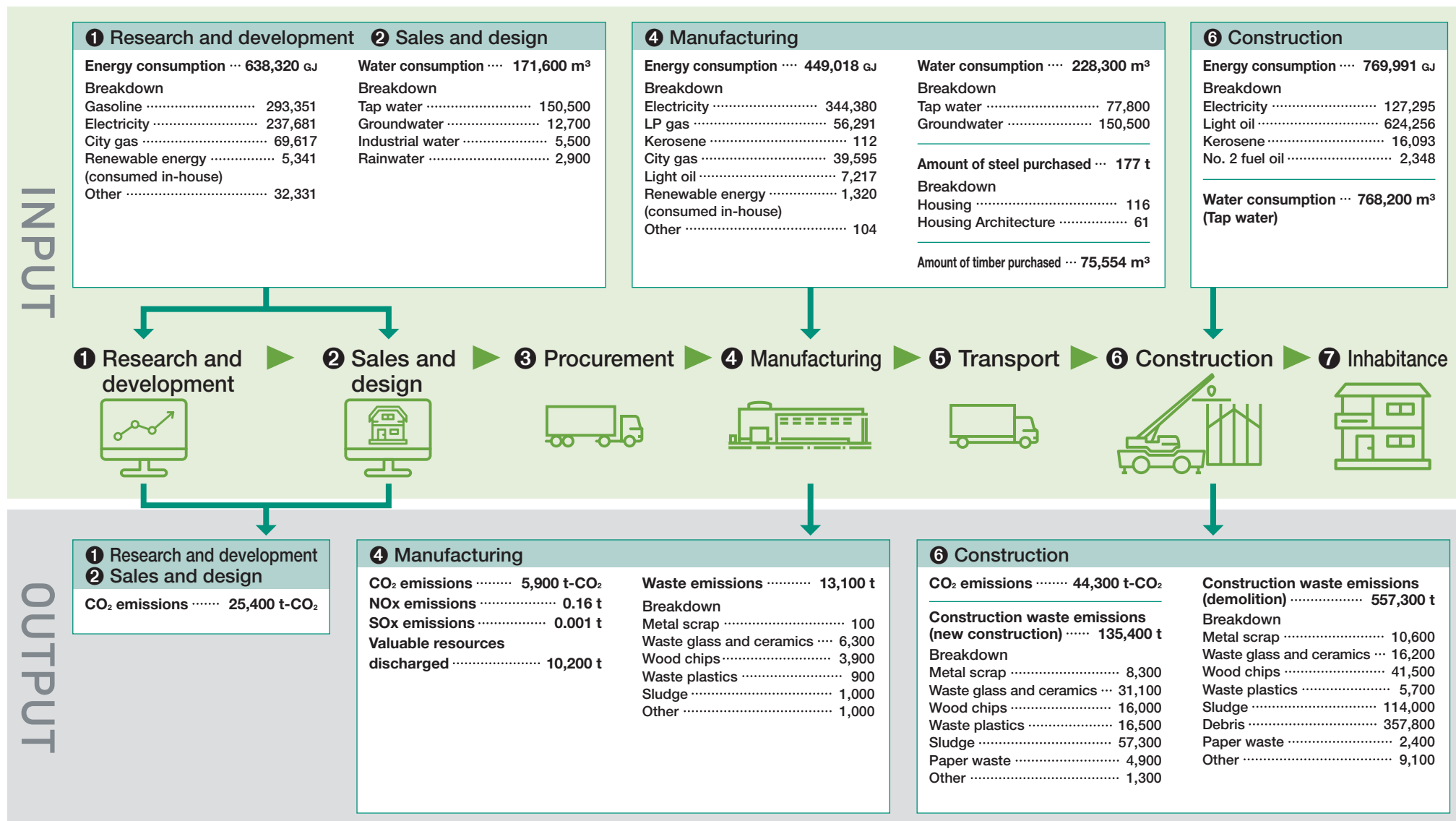
Calculated based on "Environmental Report Guidelines (2018 edition)" by the Ministry of the Environment.

◇ Scope of coverage

Segment	Target	Scope of coverage
Manufacturing	Daiwa House Industry	All production sites in Japan (Total 4 locations*)

* Factories that are included in soot generation facilities specified in the Air Pollution Control Act

Environmental Data | Flow of materials imparting environmental load



Environmental Data | Environmental accounting

① Environmental preservation costs (Amount invested)

Unit: 1,000 yen

Item	Major content	FY2020	FY2021	FY2022	FY2023
		Amount invested			Amount invested
Cost within business area	Cost of measures to control pollution related to air, water, and noise	51,719	6,215	12,244	8,929
	Cost of prevention of global warming (energy efficiency)	163,427	154,457	32,629	59,217
	Cost of waste reduction measures	4	2,038	2,237	5,623
	Cost of reducing water consumption	1,885	1,175	3,345	7,623
Upstream/downstream costs	Green purchasing fees, cost of purchasing returnable boxes	4,230	115,923	88,067	2,315
Administrative costs	Environmental education costs, EMS maintenance expenses, etc.	376	11	0	58
Total		221,641	279,819	138,522	83,764

② Environmental preservation effect

Effect		Item	Unit	FY2020	FY2021	FY2022	FY2023
Business area	Effect on input resources	Energy consumption, calorie equivalent (production system)	GJ	480,196	506,958	513,023	447,698
		Energy consumption, calorie equivalent (distribution system)	GJ	453,484	501,727	476,951	470,832
	Effect on environmental load and waste	Waste generated	t	10,243	10,547	12,260	13,146
		CO ₂ emissions (production system)	t-CO ₂	23,964	24,572	6,674	5,851
		CO ₂ emissions (distribution system)	t-CO ₂	31,082	34,379	32,665	32,410
		Water resource consumption	m ³	246,981	253,559	254,384	228,339

③ Economic effects of environmental preservation

Unit: 1,000 yen

Content		FY2020	FY2021	FY2022	FY2023
Revenue	Sales of valuable resources*	1,436	1	5,764	1,037
Cost savings	Cost savings from energy-efficiency efforts	58,858	54,825	16,736	47,468
	Cost savings from waste-reduction efforts	12,615	16,067	13,858	26,825
	Cost savings from water resource reduction efforts	3,382	69	5,451	5,239
	Total	76,291	70,961	41,809	80,569

* Revenue obtained from effects of environmental conservation implemented during the fiscal year

Calculation method and scope of coverage of environmental data

■ Flow of materials imparting environmental load

◇ Report period

April 1, 2023 to March 31, 2024

◇ Reporting organizations

Daiwa House Industry Co., Ltd. (Non-consolidated): Inside Japan only

◇ Scope of coverage

- ① Research and development: All offices (Head Office, affiliates, branches and sales offices), research labs, training centers and housing exhibition
- ② Sales and design: All company vehicles and privately owned permitted vehicles
- ④ Manufacturing: All production sites
- ⑥ Construction (energy & water): Construction sites of housing/buildings (new construction)
- Construction (construction waste): Construction sites of housing/buildings (new construction/demolition)

◇ Calculation criteria

In addition to "Calculation and Reporting of Environmental Data" on P117 and the calculation methods of environmental data in the previous sections, the criteria include values that are not subject to target management in the Endless Green Program 2026.

■ Environmental accounting

◇ Report period

April 1, 2023 to March 31, 2024

◇ Reporting organizations

Daiwa House Industry Co., Ltd. (Non-consolidated): Domestic only

◇ Scope of coverage

9 factories in total

◇ Referential guidelines

"Environmental Accounting Guidelines 2005 Edition" by the Ministry of the Environment

Social Data

Scope of social data

◇ Scope of coverage

Non-consolidated: Only Daiwa House Industry Co., Ltd. (Data on human capital base exclude those on employees who work overseas)

Consolidated: 17 Daiwa House Group companies [Data coverage*: 79.0%].

(Daiwa House Industry Co., Ltd., Daiwa House Reform Co., Ltd., Daiwa House Real Estate Co., Ltd., DesignArc Co., Ltd., Daiwa Living Co., Ltd., Daiwa House Chintai Reform Co., Ltd., Daiwa LifeNext Co., Ltd., Global Community Co., Ltd., Daiwa Lease Co., Ltd., Daiwa House Realty Mgt. Co., Ltd., Daiwa Roynet Hotels Co., Ltd., Royal Home Center Co., Ltd., World Tool Co., Ltd., Sports Club NAS Co., Ltd., Fujita Corporation, Daiwa Logistics Co., Ltd., Kouyama UNYU Co., Ltd.)

* Based on the number of regular employees as of March 31, 2024. However, when fiscal years of individual companies differ from the parent, totals are calculated based on the fiscal years of the individual companies.

Social Data | Human rights management

1-1 The results of the whistleblowing system operation

Whistleblowing system	FY2021	FY2022	FY2023
Corporate Ethics and Human Rights Hotline (of which consultation on harassment)	* 99 (24)	—	—
Power Harassment Prevention Hotline	* 45	—	—
Human Rights Hotline (of which consultation on harassment)	* 125 (51)	219 (95)	250 (135)
Risk Information Hotline	69	77	63
Partners Hotline	28	23	25
Lawyer Hotline	5	7	13
Global Whistleblowing System	0	0	4

* The numbers for the Corporate Ethics and Human Rights Hotline and the Power Harassment Prevention Hotline were those accepted by the hotlines by September 2021. In October 2021, these two hotlines were integrated into the Human Rights Hotline, which has been open for consultation.

1-2 Number of disciplinary cases for human rights violations (harassment)

Disciplinary reason	FY2023
Power Harassment (abuse of authority)	20
Sexual harassment	7

1-3 Conditions of human rights awareness-raising training

Coverage	Indicators	FY2021	FY2022	FY2023
Non-consolidated	Number of participants*1	18,533	18,379	35,505
	Total training hours*2	9,267	9,190	17,753

*1 Total number of participants. Trainings conducted twice in FY2023.

*2 Training hours per person are counted as 0.5 hour.

Social Data | Human rights management / Human capital

1-4 Engagement with key stakeholders concerning human rights issues

Name of organization	Organization type	Timing	Dialogue results
Company A (housing equipment manufacturer)	Supplier	Feb. 2024	At Company A, held talks with departments responsible for CSR procurement and human rights. For Company A's organizational structure for human rights issues and the human rights issues it considers important, we discussed the actual situation, our degree of involvement in risks, and efforts for improvement.
Company B (interior materials manufacturer)	Supplier	Mar. 2024	Held online interviews with persons in charge of ESG and the human resources department. Confirmed the reality with foreign labor issues etc. at interior materials manufacturing and interior finishing factories and expectations for our company, among other matters.
Company C (home builder)	Construction company	Mar. 2024	At Company C, held talks with a manager and two people in charge. Beyond workplace environment issues for foreign workers, we also exchanged opinions on the workplace environment for workers with disabilities along with education. We also confirmed the impact on our company in terms of labor issue risks (long working hours).
Company D (home builder)	Construction company	Mar. 2024	Held talks with a manager of Company D, which is also an executive company of Confederation of Partner Companies. Confirmed actual situation with rising industrial accident risk stemming from aging construction workers and the impact it is seeing from labor issues (long working hours) due in part to considerable administrative procedures.
Company E (architectural construction company)	Construction company	Mar. 2024	Held interviews with a manager and three responsible executives of Company E, which is an executive company of Confederation of Partner Companies. We confirmed the need to promote comfortable temporary toilets at narrow worksites amid the increase in skilled female construction workers in recent years. Additionally, for labor issues (long working hours), Company E proposed building a cooperative system with our company.
Global Compact Network Japan (GCNJ)	Human rights organization	FY2023	We participated in the Human Rights Due Diligence working groups (175 companies, 253 participants in FY2023). We engaged in dialogue and information exchanges with experts about issues and actual cases regarding corporate responsibilities for respecting human rights as required by international society, developments around the world with establishing rules regarding human rights, calls for implementing PDCA cycles for human rights risk as part of human rights due diligence, and the like. We exchanged information for each of the five themes concerning human rights due diligence and will utilize the information in our in-house activities.
The Global Alliance for Sustainable Supply Chain (ASSC)	Human rights organization	Jun. 2023	Joined in February 2022. In FY2023, we received information concerning the responsible withdrawal or continuation of the Myanmar business. This information was shared with related Group companies.
Fair Recruitment and Human Rights Center	Human rights organization	FY2023	Fifteen major companies in the Kansai region, including Daiwa House Industry, have participated in the operations of the center since its inception as founding companies. The center has created and has been promoting a certification system for fair recruitment and human rights advancement (related government bodies also approved). Additionally, in January 2023, with the supervisory assistance of external specialists, the center formulated Principles for use of AI and Personal Information Databases in Recruitment Screening and distributed to member companies.

2-1 Basic information

■ Personnel composition (by age group)

Unit: people

Coverage	Indicators	FY2021 (2022/4/1)	FY2022 (2023/4/1)	FY2023 (2024/4/1)
Non-consolidated	Total	16,535	16,615	16,620
	Under 30 years old	4,305	4,277	4,240
	30–39 years old	3,891	3,780	3,674
	40–49 years old	4,232	4,059	3,842
	50–59 years old	3,541	3,783	4,048
	60–64 years old	565	715	811
	65 years old and over	1	1	5
Consolidated	Total	—	36,042	36,923
	Under 30 years old	—	8,526	8,186
	30–39 years old	—	8,173	8,611
	40–49 years old	—	8,675	8,695
	50–59 years old	—	8,780	9,361
	60–64 years old	—	1,871	2,043
	65 years old and over	—	17	27

■ Personnel composition (Percentage of female employees by age group)

Unit: %

Coverage	Indicators	FY2021 (2022/4/1)	FY2022 (2023/4/1)	FY2023 (2024/4/1)
Non-consolidated	All ages	21.0	21.3	21.6
	Under 30 years old	27.1	26.9	26.8
	30–39 years old	26.4	27.2	27.7
	40–49 years old	21.0	22.8	24.2
	50–59 years old	9.9	10.0	11.1
	60–64 years old	6.7	8.0	7.8
	65 years old and over	0	0	0
Consolidated	All ages	—	26.3	26.3
	Under 30 years old	—	35.5	34.4
	30–39 years old	—	33.5	34.8
	40–49 years old	—	26.1	26.8
	50–59 years old	—	13.9	13.9
	60–64 years old	—	13.0	13.5
	65 years old and over	—	11.8	3.7

Social Data | Human capital

■ Average number of years worked Unit: years

Coverage	Indicators	FY2021 (2022/3/31)	FY2022 (2023/3/31)	FY2023 (2024/3/31)
Non-consolidated	female	11.2	11.7	12.2
	male	15.9	16.3	16.5
Consolidated	female	—	9.9	9.9
	male	—	14.9	14.6

■ Average overtime hours worked Unit: hours

Coverage	FY2021	FY2022	FY2023
Non-consolidated	—	267.4	194.4
Consolidated	—	223.0	225.1

■ Percentage of paid leave taken Unit: %

Coverage	FY2021	FY2022	FY2023
Non-consolidated	57.3	56.4	65.5

■ Absentee rate Unit: %

Coverage	FY2021	FY2022	FY2023
Non-consolidated	0.3	0.4	0.3

■ Retention rate of young employees (in their third year of service)*

Unit: %

Coverage	FY2021 (2022/3/31)	FY2022 (2023/3/31)	FY2023 (2024/3/31)	Targets
Non-consolidated	76.6	76.6	77.6	85
Consolidated	—	80.6	78.7	—

* Retention rate for employees who joined the company three years prior to the base date; in the case of the FY2023 data, this refers to the retention rate for employees who joined on April 1, 2021.

■ New recruits Unit: people

Coverage	Indicators	FY2021	FY2022	FY2023
Non-consolidated	Number of recruits as new graduates	566	684	615
	Number of mid-career recruits	64	145	182
Consolidated	Number of recruits as new graduates	—	1,144	1,093
	Number of mid-career recruits	—	—	1,104

* For new graduates, those joining the company on April 1 are counted; mid-career recruits are counted for individual fiscal years (April 1 through March 31).

■ Percentage of females among new recruits Unit: %

Coverage	Indicators	FY2021	FY2022	FY2023	Targets
Non-consolidated	Number of recruits as new graduates	25.8	24.9	27.6	30
	Number of mid-career recruits	20.3	27.6	11.5	—
Consolidated	Number of recruits as new graduates	—	31.9	32.0	—
	Number of mid-career recruits	—	—	33.0	—

* For new graduates, those joining the company on April 1 are counted; mid-career recruits are counted for individual fiscal years (April 1 through March 31).

■ Turnover rate and voluntary turnover rate Unit: %

Coverage	Indicators	FY2020	FY2021	FY2022	FY2023
Non-consolidated	Turnover rate	3.8	4.4	4.4	4.1
	Voluntary turnover rate	3.4	3.9	3.4	3.6
Consolidated	Turnover rate	4.8	5.9	5.6	5.6
	Voluntary turnover rate	4.2	5.0	4.5	4.5

■ Percentage of employees with disabilities Unit: %

Coverage	FY2020 (2021/6/1)	FY2021 (2022/6/1)	FY2022 (2023/6/1)	FY2023 (2024/6/1)	Targets (2026/6/1)
Non-consolidated	2.52	2.46	2.46	2.53	2.70

Social Data | Human capital

2-2 Diversity indicators

■ Women exerting efforts

Unit: %

Coverage	Indicators	FY2021 (2022/4/1)	FY2022 (2023/4/1)	FY2023 (2024/4/1)	Targets
Non-consolidated	Percentage of female employees	21.0	21.3	21.6	—
	Percentage of female executives*	10.5	10.0	10.5	—
	Percentage of female directors	14.3	14.3	15.4	—
	Percentage of female auditors	0.0	0.0	0.0	—
	Percentage of female executive officers (excluding directors)	1.8	1.9	1.8	—
	Percentage of females in managerial positions	4.9	5.2	5.8	8% (in 2027)
	(Number of females in managerial positions)	217	237	270	—
	Percentage of females in general managers and deputy general managers	1.8	1.7	1.8	—
	Percentage of female chiefs	19.2	21.3	23.4	25% (in 2027)
	Percentage of female construction personnel	4.8	5.0	5.5	—
	Percentage of female sales representatives	10.2	11.3	10.5	—
Consolidated	Percentage of female employees	—	26.3	26.3	—
	Percentage of female executives*	—	4.8	3.8	—
	Percentage of female directors	—	4.2	2.9	—
	Percentage of female auditors	—	6.9	6.5	—
	Percentage of female executive officers (excluding directors)	—	1.2	1.2	—
	Percentage of females in managerial positions	—	5.9	6.2	—
	Percentage of females in general managers and deputy general managers	—	2.8	2.5	—

* Total of directors and auditors

■ Employment and hiring of seniors

Coverage	Indicators	Unit	FY2021 (2022/4/1)	FY2022 (2023/4/1)	FY2023 (2024/4/1)
Non-consolidated	Rate of seniors who continue to be employed at age 60*1	%	98.2	98.4	92.7
	Rate of seniors who continue to be employed at age 65*2		60.9	49.4	55.2
	Number of mid-career recruits at age 50 or older*3	People	13	12	42

*1 Percentage of employees who became 60 years old in the previous fiscal year and have been continuously employed during the current fiscal year

*2 Percentage of employees who became 65 years old in the previous fiscal year and have continuously been employed during the current fiscal year

*3 Fiscal year figures

■ Childbirth and childcare support

Coverage	Indicators	Unit	FY2021	FY2022	FY2023	Targets
Non-consolidated	Childcare leave uptake (female) (%)*1	%	92.4	100.7	108.6	—
	Childcare leave uptake (male) (%)*1		41.9	62.2	66.5	80% (in 2026)
	Lump-sum payment program for fostering the next generation	Million yen*2	636	643	609	—
	Number of users of shorter working hour system for childbirth & childcare	People	467	514	486	—
Consolidated	Childcare leave uptake (female) (%)*1	%	—	100.4	103.9	—
	Childcare leave uptake (male) (%)*1		—	44.3	57.6	—

*1 The childcare leave uptake rate may exceed 100% given that the year a child is born does not necessarily match the year childcare leave is taken.

*2 We provide a one-off payment of one million yen to employees to whom a child is born.

Social Data | Human capital

2-3 Health management

Unit: %

Themes	Coverage	Indicators	FY2021	FY2022	FY2023	Targets	Remarks
Periodic medical examinations	Non-consolidated	Percentage of employees receiving periodic medical examinations	100	100	100	Early achievement of 100% of the rate of employees receiving medical examinations	
	Consolidated		—	98.4	98.0	—	
	Non-consolidated	Percentage of follow-up testing of patients who were required to receive detailed tests or medical treatment	91.0	95.3	89.5	Early achievement of 100% of the rate of employees receiving medical examinations	
	Consolidated*	Percentage of employees receiving specific health guidance	12.4	21.5	42.1 (planned)	55.0	
Stress checks		Percentage of employees who receive stress checks	91.3	91.4	92.0	90.0	
		Percentage of employees who are identified as high stress receiving	12.1	11.4	10.4	10.0	
Prevention of lifestyle-related diseases		Exercise	25.2	26.2	28.2	30.0	Percentage of those who engaged in light, sweaty exercise for 30 minutes or more for two days or more per week for at least one year
		Meals	62.0	61.3	61.2	70.0	Percentage of those who have breakfast at least four times a week
		Sleep	68.6	70.4	70.7	75.0	Percentage of those who get enough rest through sleep
		Smoking	27.1	26.5	26.6	18.0 (FY2027)	Percentage of habitual smokers
Percentage of those at high risk of lifestyle-related diseases	Non-consolidated	Percentage of people with obesity risk	38.9	39.3	39.1	38.0	Percentage of those whose BMI is 25 kg/m ² or more or whose abdominal circumference is 85 cm or more for men and 90 cm or more for women
		Percentage of people with blood pressure risk	23.9	25.2	23.7	24.0	Percentage of those with systolic 130 mmHg or higher or with diastolic 85 mmHg or higher
		Percentage of people with liver function risk	35.4	33.0	32.4	32.0	People with r-GT at 51 U/L or higher, AST at 31 U/L or higher, or ALT at 31 U/L or higher
		Percentage of people with abnormal lipid risk	58.5	55.6	53.9	54.0	People with neutral fat of 150 mg/dL or more, HDL of less than 40 mg/dL, or LDL of 120 mg/dL or more
		Percentage of people with blood sugar risk	21.8	21.0	24.6	20.0	People whose HbA1c is 5.6% or higher
		Percentage of people with metabolic syndrome	25.5	25.6	25.3	24.0	Including potential patients
Other		Presenteeism	—	81.8	81.8	83.4	SPQ of the University of Tokyo (Measured since FY2022)
		Implementation rate of health promotion activities	15.9	61.4	68.7	80.0	
		Absenteeism	—	—	3.4	—	Average days absent per worker (Estimates from FY2023)

* 60 Daiwa House Group companies as members of the Daiwa House Industry Health Insurance Association

Social Data | Human capital

2-4 Diversity indicators

Unit: people

Coverage	Indicators	FY2021	FY2022	FY2023
Non-consolidated	Number of Multi-Experiential Career Support Program users	—	58	78
	Number of participants in the succession planning program (D-Succeed)	274	313	241
	Number of employees who have completed the program for training and enhancement candidates*1	20	0	25
	Of those completing the program, the number of those who were appointed to key positions*2	12	0	13
	Number of participants in the Daiwa House Juku*3	11	—	—
	Number of participants in the external courses for management leaders*3	5	14	23
	Education program for high school graduates	12	12	13
	Number of users of the career design support system	94	29	38

*1 Selected from participants in the succession planning program (D-Succeed).

*2 Number of people who have been appointed to key positions (branch managers, group company presidents, etc.) among those completing the program for training and enhancement candidates. The total number is 35 people since the system launched in FY2020.

*3 The Daiwa House Juku ended in FY2021 and was replaced by an expansion of external courses for executive candidates (external courses for management leaders) from FY2022.

2-5 Indicators related to motivation*1

Unit: %

Coverage	Theme	Indicators	FY2021	FY2022	FY2023
Non-consolidated	Motivation	Degree of realization regarding motivation among all generations of employees*2	77	—	—
		Percentage of employees who feel motivated*3	—	82	83

*1 The calculation method for indicators related to motivation has been changed since FY2022.

*2 Calculated from questions on motivation in the Sustainability Survey.

*3 Total percentage of respondents who answered "strongly agree," "agree," or "somewhat agree" in the Engagement Survey (questions about motivation).

2-6 Indicators related to wages and allowances

■ Classifications of allowance provision to domestic employees

	Regular employees	Employees on probation	Post-retirement specially commissioned employees	Limited-term contractual employees
Retirement allowance	○	×	×	×
Taking childcare leave	○	○	○	○
Leave for volunteer activities (acquisition of leave on an hourly basis)	○	○	○	○
Group insurance entry	○	○	○	○
Stock ownership entry	○	○	○	○

■ Average salary

Unit: yen

Coverage	Indicators	FY2021	FY2022	FY2023
Non-consolidated	All workers	—	8,855,197	9,225,708
	Regular employees	8,842,493	9,282,702	9,645,959
	Non-regular employees	—	4,629,020	4,929,224

* The average salary includes bonuses and non-standard wages.

■ Gender pay gap

Unit: %

Coverage	Indicators	FY2021	FY2022	FY2023
Non-consolidated	All workers	—	61.3	57.9
	Regular employees	60.7	61.5	61.6
	Non-regular employees	—	65.3	58.3
Consolidated	All workers	—	55.6	49.1
	Regular employees	—	59.1	59.4
	Non-regular employees	—	67.2	71.4

Social Data | Social capital

3 Achievements related to community co-creation activities (FY2023)

Items		Unit	Achievements
Investment in communities through community co-creation activities	Community co-creation activities by worksites converted into monetary value based on personnel expenses, donation amounts, etc.	Yen	49,487
	Daiwa Sakura Aid fundraising results		8,157,906
	(Breakdown)		
	Donation for cherry trees on-site on Mt. Yoshino		339,600
	Vending machines with donation function		4,736,408
	Donations at concerts and events		210,898
	Donations based on hotel stays (OSAKA DAI-ICHI HOTEL)		0
	Donations via shareholder special benefits		2,871,000
	Support results by Endless Donations Program (Number of supported organizations)	Organizations	10
	(Amount)	Yen	12,000,000
	Number of Group companies with donation systems in place*	Companies	19
	Number of employees registered with donations systems (Non-consolidated)	People	3,120
	(Consolidated)		3,708
Results of community co-creation activities (Examples of social impacts)	Number of community co-creation activities	Cases	573
	Number of activities conducted at Mt. Yoshino (Replanting of saplings and improvement of soil environment at planting sites)	Times	6
	Number of saplings planted in the "cherry tree orchard" at Mt. Yoshino	Seeds	About 1,500
	Sakura Project results	—	(FY2023 results) Held at 6 locations, a total of 829 children participated, and 12 cherry trees were planted (Cumulative total to date) Held at 331 locations, a total of 94,941 children participated, and 793 cherry trees were planted

* Including Daiwa House Industry Co., Ltd.

Social Data | Manufacturing capital

4-1 Supply Chain Sustainability Guidelines

Agreement collection rate/Self-check response rate*1

		Unit	FY2020	FY2021	FY2022	FY2023
Agreement	Target companies	companies	5,432	5,420	5,420	7,918
	Collection rate	%	84.7	94.1	94.1	82.3 *2
Self-check	Target companies	companies	5,439	5,356	5,224	8,519
	Responding companies		2,366	2,426	2,772	4,888
	Response rate	%	43.5	45.3	53.1	57.4

*1 Implementation status for just our business partners through FY2022. From FY2023, implementation status for business partners for Daiwa House Industry, Daiwa Lease, Daiwa House Reform, Fujita, Royal Home Center and DesignArc.

*2 Acquired again due to guideline updates.

4-2 Results of questionnaire surveys for business partners

Unit: %

	FY2020	FY2021	FY2022	FY2023
Response rate	70.6	79.8	77.0	91.6

* Status of implementation for our business partners.

4-3 Health and safety education

■ Health and safety education

Safety management e-learning*	11 seminars 13,367 attendees
Health support for working women	16,391 attendees
Health seminars (sleep, bowel activity, etc.)*	417 attendees
Mental health self-care training*	1,140 attendees
Mental health line care training (e-learning)*	4,105 attendees

* Total number of participants

■ Training including health and safety issues (non-consolidated)

Supervisor training	9 times / 97 participants
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4-4 Number of construction site industrial accidents

■ Number of construction site industrial accidents (non-consolidated)*1 Unit: accidents

	FY2020	FY2021	FY2022	FY2023	Targets
Employees	—	—	3	—	0
Of which, construction sites	2	4	1	1	0
Contractors' employees (at construction sites)*2	28	35	33	31	0

*1 Number of construction site industrial accidents requiring 4 or more days of missed work.

*2 Only those covered by our on-site workers' industrial accident insurance.

■ Number of fatalities in industrial accidents

Unit: people

	FY2020	FY2021	FY2022	FY2023	Targets
Employees (non-consolidated)	0	0	0	0	0
Contractors' employees (at construction sites)*	0	1	0	0	0
Employees (Consolidated)	—	—	3	—	0

* Only those covered by our on-site workers' industrial accident insurance.

■ Frequency rate of industrial accidents (non-consolidated)*1

Unit: %

	FY2020	FY2021	FY2022	FY2023	Targets
Contractors' employees (at construction sites)*2	0.16	0.24	0.31	0.37	0

*1 "Frequency rate" represents the number of industrial accidents that have occurred involving worker injury or death per one million hours worked.

*2 Only those covered by our workers' industrial accident insurance.

Governance Data

5-1 Status of holding committee meetings

- Status of holding Corporate Governance Committee
(Expected attendees: External Directors, External Auditors, Fulltime Auditors, CEO, CFO and Representative Directors)

FY2023	(1)	(2)
Month	Jul.	Jan.
Number of attendees	14/14	14/14
Attendance rate	100%	100%

- Status of holding Joint Management Council
(Expected attendees: Directors, Auditors and Executive Officers)

FY2023	(1)	(2)	(3)	(4)
Month	Aug.	Sept.	Dec.	Feb.
Directors	13/13	13/13	13/13	12/13
Auditors	6/6	6/6	6/6	6/6
Executive Officers	50/52	51/52	51/51	53/54
Attendance rate	97%	99%	100%	97%

- Status of holding Remuneration Advisory Committee
(Expected attendees: External Directors, CEO, General Manager of Management Administration Headquarters)

FY2023	(1)
Month	May
Number of attendees	7/7
Attendance rate	100%

- Status of holding Nomination Advisory Committee
(Expected attendees: External Directors, CEO, General Manager of Management Administration Headquarters)

FY2023	(1)
Month	May
Number of attendees	7/7
Attendance rate	100%

Governance Data

5-2 Status of holding Board of Directors (Expected attendees: Directors and Auditors)

FY2023	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Month	Apr.	May	Extraordinary meeting in May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Keiichi Yoshii	○	○	○	○	○	○	○	○	○	○	○	○	×
Takeshi Kosokabe	○	○	○	○	○	○	○	○	○	○	○	○	○
Yoshiyuki Murata	○	○	○	○	○	○	○	○	○	○	○	○	○
Keisuke Shimonishi	○	○	○	○	○	○	○	○	○	○	○	○	○
Hirotsugu Otomo	○	○	○	○	○	○	○	○	○	○	○	○	○
Kazuhiro Dekura	○	○	○	○	○	○	○	○	○	○	×	○	○
Yoshinori Ariyoshi	○	○	○	○	○	○	○	○	○	○	○	○	○
Nobuya Ichiki	○	○	○	—	—	—	—	—	—	—	—	—	—
Toshiya Nagase	○	○	○	○	○	○	○	○	○	○	○	○	○
Yukiko Yabu	○	○	○	○	○	○	○	○	○	○	○	○	○
Yukinori Kuwano	○	○	○	○	○	○	○	○	○	○	○	○	○
Miwa Seki	○	○	○	○	○	○	○	○	○	○	○	○	○
Kazuhiro Yoshizawa	○	○	○	○	○	○	○	○	○	○	○	○	○
Yujiro Ito	○	○	○	○	○	○	○	○	○	○	○	○	○
Percentage of Directors in attendance	14/14	14/14	14/14	13/13	13/13	13/13	13/13	13/13	13/13	13/13	12/13	13/13	12/13
Tomoyuki Nakazato	○	○	○	○	○	○	○	○	○	○	○	○	○
Tadatoshi Maeda	○	○	○	○	○	○	○	○	○	○	○	○	○
Yoshinori Hashimoto	○	○	○	○	○	○	○	○	○	○	○	○	○
Shonosuke Oda	○	○	○	—	—	—	—	—	—	—	—	—	—
Akihisa Watanabe	○	○	○	○	○	○	○	○	○	○	○	○	○
Tatsuji Kishimoto	○	○	○	○	○	○	○	○	○	○	○	○	○
Takashi Maruyama	—	—	—	○	○	○	○	○	○	○	○	○	○
Percentage of Audit and Supervisory Board Members in attendance	6/6	6/6	6/6	6/6	6/6	6/6	6/6	6/6	6/6	6/6	6/6	6/6	6/6
Matters to be resolved	3	7	3	8	3	8	6	4	5	5	8	5	13
Matters to be reported and discussed	11	3	0	4	9	0	3	10	5	1	7	1	2
Time required	195 min.	185 min.	25 min.	120 min.	150 min.	165 min.	165 min.	210 min.	145 min.	105 min.	195 min.	80 min.	185 min.

■ Third-Party Assurance Report

The sustainability information disclosed in the Sustainability Report 2024 has been assured by EY Ernst & Young ShinNihon LLC in order to improve the reliability of the information. Indicators subject to assurance are accompanied by a check mark .

Indicators subject to assurance			Page
Environment	GHG emissions	Scope 1, Scope 2	P021, 131
		Scope 3/ Category 1 (purchased goods and services)	P138
		Scope 3/ Category 11 (use of sold products)	P021, 125, 138
	Energy consumption		P132
	Electricity consumption		P133
	Water intake		P148
	Water data for key sites located in water risk areas (water intake, drainage discharge, drainage discharge quality)		P149
Society	Percentage of females in managerial positions		P158
	Childcare leave uptake by male employees		P158
	Gender pay gap		P160

(See page 165, 166 of the Japanese-language edition of the Sustainability Report 2024 for a third-party assurance report.)

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