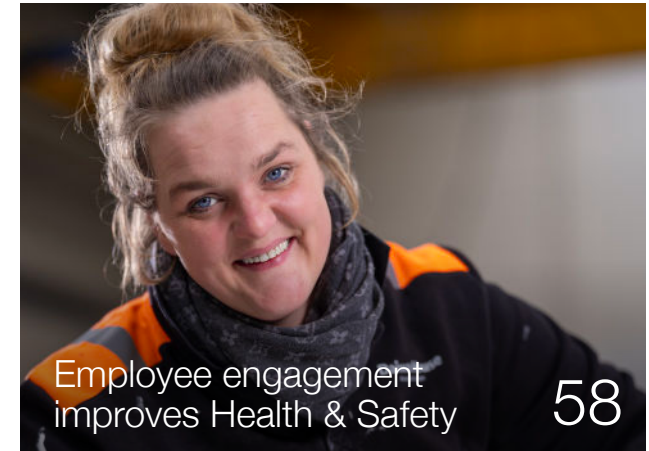


ESG report
2023

Building a
sustainable
future



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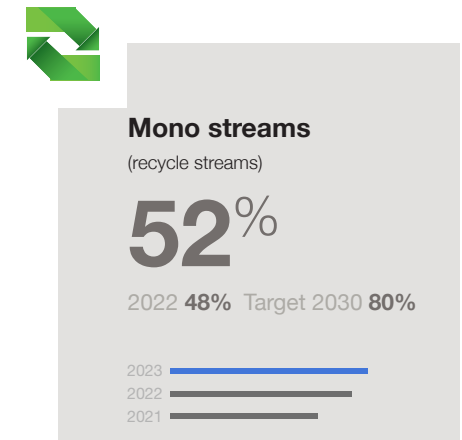
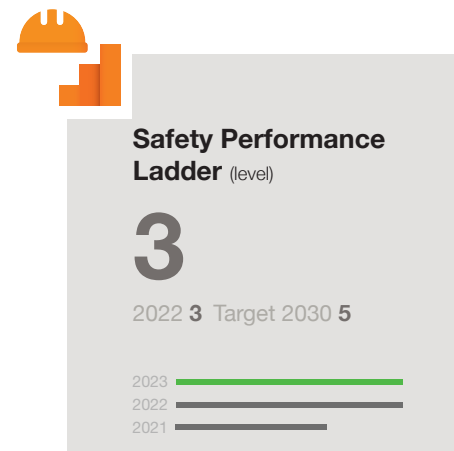
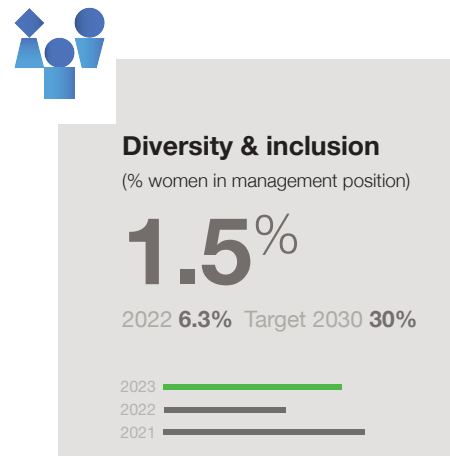
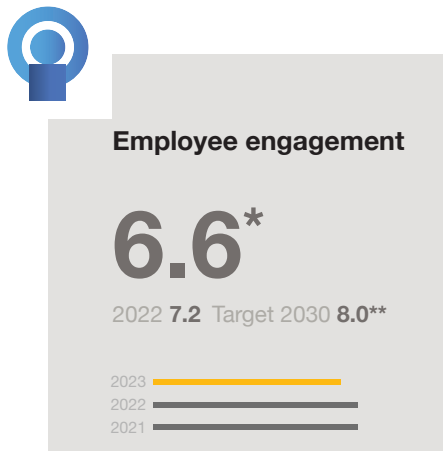
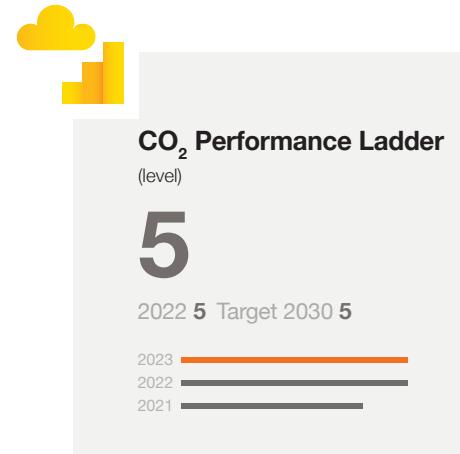
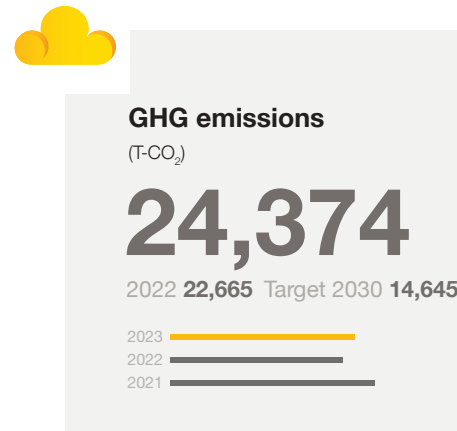
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Key impacts indicators 2023



* Different survey.
** Adjusted from 8.5.



Foreword

Dear Stakeholders,

In an era in which the challenges of sustainability, societal needs, and market dynamics converge, Daiwa House Modular Europe stands at the forefront of innovative and responsible construction. As I reflect on our journey through 2023, I am proud of the great achievements our dedicated employees made, as well as the way they responded to challenges, with their constant commitment to our core values: contributing to a sustainable society and environment, caring for customers and employees, working reliably, safely and with integrity, and being driven by innovation.

Our commitment to addressing housing shortages and environmental concerns is significant. The impressive 23% revenue growth to €323 million reflects the trust our customers place in our organization. The expansion of our team to 520 dedicated professionals and the establishment of new factories in Montfoort, the Netherlands, and Fürstenwalde, Germany, demonstrate our commitment to enhancing production capabilities and solidifying our position as a leader in modular and circular construction across Europe. While most of our activities aligned with expectations in 2023, it's unfortunate that challenges with the Landsberger Allee project in Berlin, Germany, and the write-off on the sales value of the German Bochum project impacted our results. The setback of €55.5 million affected our overall margin, but our order book remains strong at €1,692 million. Our focus on contracts with a healthy risk/reward balance and the demand for comfortable, affordable, and sustainable homes positions us well in the market. The continuity of our business is assured by financial reserves, strategic adjustments, and the support of our parent group, Daiwa House Industry Co. Ltd. As we look ahead, accelerating strategy execution and applying key learnings from our German projects will be crucial for capitalizing on our potential.

“At Daiwa House Modular Europe, our focus is on leading innovation in sustainable and circular building practices. We are committed to responding to societal changes, prioritising the safety, well-being, and satisfaction of our workforce, customers, and their residents”

Our mission extends beyond construction; it's about making a positive impact on society's pressing challenges. Whether it's addressing the housing market's shortages, providing earthquake-resistant homes, or supporting the urgent need for refugee accommodation, we're committed to using our modular solutions for good. Our focus on environmental, social, and governance (ESG) aspects is steady, as we aim to balance solid financial performance with our responsibilities to people, society, and the planet.

In the past year we have made significant achievements, including the delivery of 2,550 homes, advancements in our CO₂ reduction efforts, and initiatives to enhance employee well-being. However, we have also encountered challenges on our journey, such as the need to improve diversity in management positions and to become a more professional organisation to address the growth we are experiencing. These challenges are our opportunities for development and improvement in 2024 and beyond.

Harry van Zandwijk, **CEO**



About Daiwa House Modular Europe

Our organisation

Daiwa House Modular Europe combines the expertise of the Japanese Daiwa House Group and the European Jan Snel organisation. With over 60 years of experience in the Benelux and 50 years internationally, we make a difference with modular and circular construction. Daiwa House Group is the largest industrial builder in the world, and Daiwa House Modular Europe and Jan Snel are the largest players in the field of modular and sustainable building solutions in Europe. Thanks to Daiwa House Modular Europe, Jan Snel and Medexs, circular construction possibilities have become infinite.

Together, we can meet numerous housing and accommodation needs and requirements with our wide range of solutions. We construct buildings in an industrialised, circular and modular way for our clients and future residents. We provide high-quality accommodation solutions for residential housing, health care, offices, education, government and industry.

As an organisation with Dutch and Japanese roots, the relationship between people and society is at the heart of everything we do. Our circular building method reflects our care for the environment.

Europe's largest modular builder



“As an organisation with Dutch and Japanese roots, the relationship between people and society is central to everything we do.”

50

Years of international experience

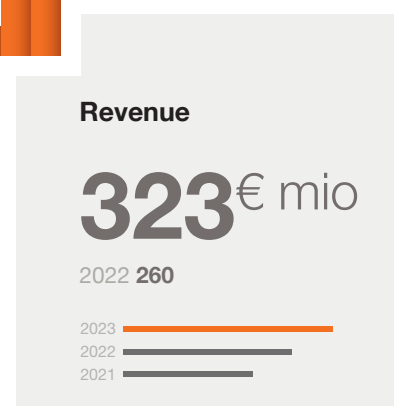
60

Years of experience in Benelux



Headcount and revenue (breakdown by country and division)

Key figures 2023



	2020	2021	2022	2023
Divisions				
Daiwa House Modular Europe*		245	241	307
Jan Snel	339	140	146	170
Medexs	45	44	49	43
Total	384	429	436	520
Country				
Netherlands	362	401	397	441
Other (Belgium, Germany, UK)	21	28	39	79
Total	384	429	436	520

	2020	2021	2022	2023
Divisions				
Daiwa House Modular Europe	76	99	141	174
Jan Snel	63	76	89	113
Medexs	30	24	30	36
Total	169	200	260	323
Country				
Netherlands	152	155	242	260
Other (Belgium, Germany, UK)	17	44	18	63
Total	169	200	260	323

* Daiwa House Modular Europe includes employees who serve all entities within the Group.



Our brands and product groups

We offer future residents and users a perfect living or working solution by developing and constructing homes and buildings that stand for quality, comfort, safety and, above all, sustainability. Daiwa House Modular Europe constructs circular buildings that will not have to be demolished in the future and instead can be dismantled and reused.

Daiwa House Modular Europe has three European brands and fields of business. We operate in the Benelux, Germany and the United Kingdom and have ambitions for further growth in Europe. We manage the following brands:



Housing construction

Specialist in permanent and semi-permanent modular buildings for houses, apartments, student accommodations, senior accommodations, houses for people in need of care, houses for labour migrants, hotels.



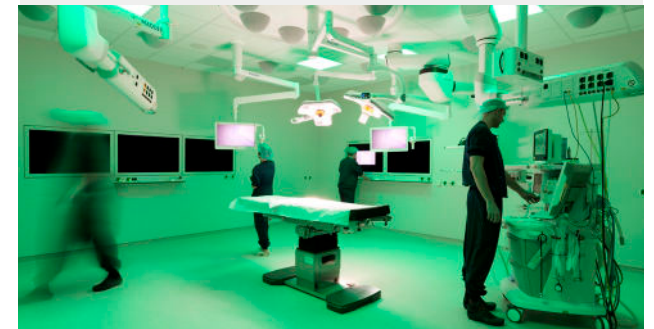
Module rental & sale

Specialist in permanent and semi-permanent modular buildings for education, industry, offices, government, specials.



Health Care

Specialist in developing and realising sustainable clinical housing for the health care sector, including installations for the medical and pharmaceutical sector such as entire hospitals, operating theatres, IC wards, MRI rooms, clean rooms, untra-clean ventilation systems, maintenance, validation & consultancy.





We serve multiple customer groups with our three brands

Having a home is a basic human need. Living in a comfortable, safe, high-quality and future-proof home can help people realise their dreams.



With our global expertise, **Daiwa House Modular Europe** can meet the growing demand for sustainable housing in Europe. We offer the following housing concepts for diverse client groups:

- **Houses:** Attractive, sustainable houses for families and couples, that fit well in the streetscape.
- **Apartments:** Affordable homes for starters, couples and singles, with smart and social communal solutions.
- **Student accommodation:** Housing with community facilities for students close to their university or school of applied sciences.
- **Accommodation for seniors:** Barrier-free accommodation that truly feels like home, with great attention to communal facilities.
- **Accommodation for migrant workers:** Practical and comfortable housing.
- **Hotel:** Hotel accommodation and relaxation in high-quality finished hotel rooms.



Jan Snel offers smarter, swifter and more sustainable modular units for rent or sale to be used in market sectors such as:

- **Education:** We provide units for a school, university or childcare centre that needs temporary or permanent capacity for growth, renovation or emergency reasons.
- **Offices and industry:** Everyone deserves a comfortable workplace. Whether it's for a luxury office building, a temporary turnaround office, fire station, beach pavilion or a construction site, Jan Snel has a quality modular solution for any permanent or temporary need.
- **Government:** In today's troubled and uncertain times due to war and climate change, (local) governments have an increasing need for temporary and permanent housing solutions for refugees and asylum seekers.
- **Sports, events and leisure:** From sport halls and VIP lounges to training facilities for professional football clubs and accommodation for Formula 1 racing, our units meet clients' needs.

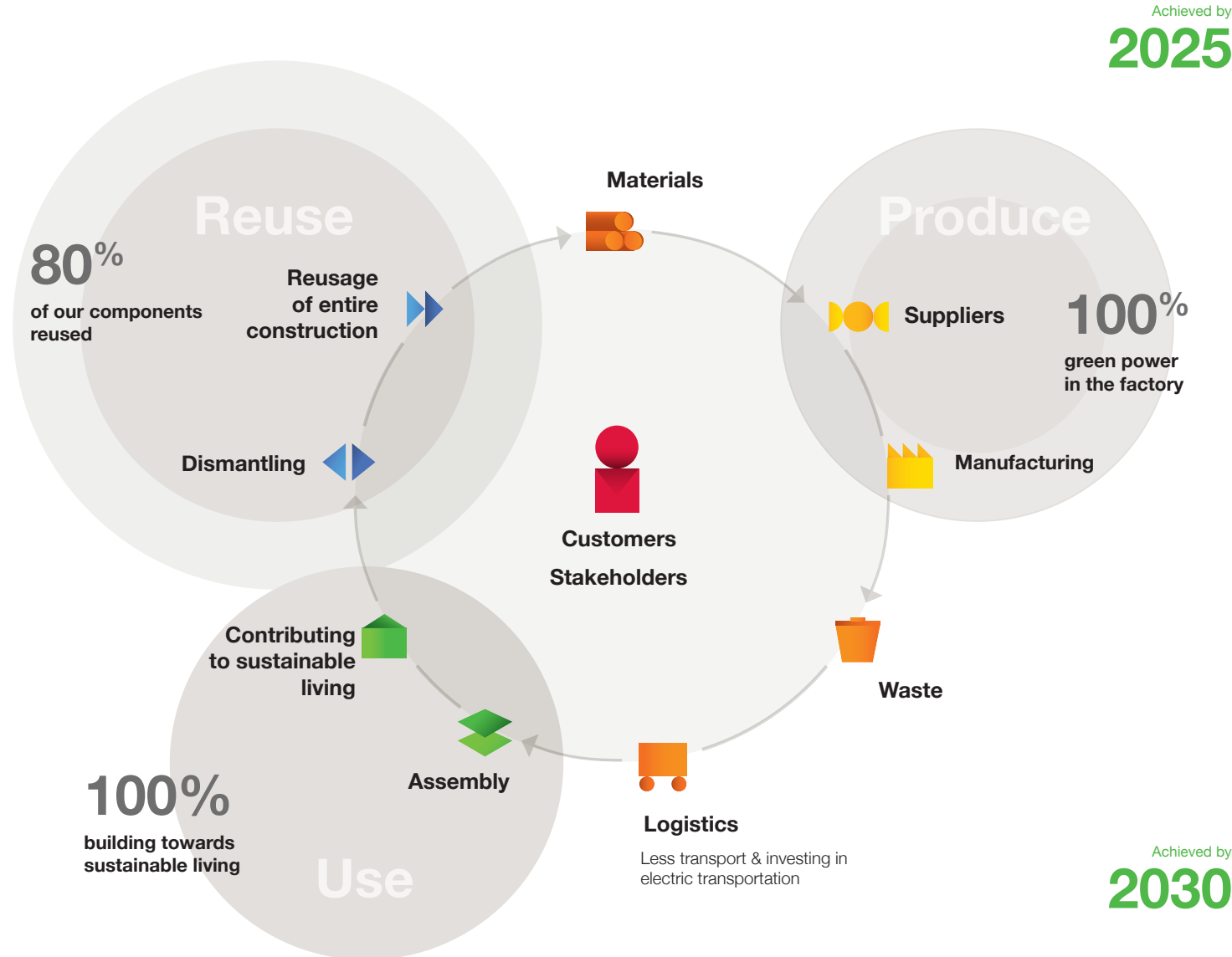


Medexs offers a total solution in the health care sector, in terms of realising, renovating, expanding or dismantling classified buildings or spaces for the medical and pharmaceutical sector. The offer features a wide range of specialist sustainable building and space solutions, from operating theatres to complete hospitals. Products and services include:

- Hospitals
- Operating theatres: Hotfloors
- Clinics
- Cleanrooms
- Laboratories
- Components
- Consultancy
- Maintenance and validation

Our circular value chain

How we play our role in the value chain



- 65%** mono streams
- 50%** less CO₂ emitted compared to traditional construction
- 20%** Additional CO₂ reduction in materials

This infographic illustrates Daiwa House Modular Europe's circular construction process. When we receive a customer request, the construction process starts, and we immediately look at the possibilities for the greatest degree of reuse – not only the reuse of our modules but of all materials and elements. Our aim is to achieve a construction process without waste. As shown in the infographic, 80% of our modules are reused, and our modular construction method emits 50% less CO₂ compared to traditional construction methods. At Daiwa House Modular Europe, we are driven by our passion for innovative construction methods and our contribution to a circular economy. We are therefore continuously optimising our construction processes.

- 80%** mono streams



How we create value

Input capitals

Financial capital

Assets
Ability
External* financing

Human capital

Employees
Contractor

Intellectual capital

Innovation and
knowledge about
modular construction

Social & Relational capital

Supplier / customer
relationship
Partnership

Natural capital

New & refurbished materials
Energy consumption

Manufactured capital

Production halls
Machines
Office

Business model



Our core values

We strive to contribute to a sustainable society and environment.
We care for our customers and employees.
We are reliable and work with integrity.
We are driven by innovation.

Output

323 EUR mio revenue
6% solvency

1.5% women in management positions
9% women in team leadership position
6.43 Injury Frequency (IF)
6.6* employee engagement score

10 partnerships for circularity
4,614 units produced
3,253 units refurbished

319 kg CO₂ per m²
52% mono streams (recycle streams)

Outcome

Solid performance

Sustainable growth benefits shareholder and stakeholder value. The continuity of our company provides stable employment and sustainable housing for local communities.

Safe & engaging people

We are committed to the safety and well-being of our people. Through innovation and training our people work in continually improving circumstances, which increases employee satisfaction. By that we improve the product every day.

Flexible & efficient solutions

We are a partner for changing societal demands. We develop, construct and deliver modular houses at the time and place needed.

Circularity

We are committed to a sustainable and circular value chain. We take responsibility for alle materials and energy used. We innovate in the value chain by building strong partnerships.

Impact**

We constantly innovate and respond to changing markets. We are able to provide direct and indirect employment for 520 people and create income for their families.

Circular design and production methods contribute to responsible production. We create affordable quality for everyone.

We minimise our greenhouse gas (GHG) emissions and contribute to the Paris Agreement, which aims to limit global warming to 1.5 degrees Celsius.



During every stage of the building process and beyond, our ambition is to create value. We do this by using and reusing sustainable resources and materials, and by delivering modular solutions that contribute to addressing social developments, such as the housing shortage, the increasing number of refugees who need housing, the ageing of the population, the lack of flow in the housing market, the rising costs of health care and the effects of

earthquakes in the north of the Netherlands. This approach allows us to preserve the value of materials and at the same time create added value for clients, future residents and the world around us. Based on the International Integrated Reporting <IR> Framework, we use various resources to create value for our stakeholders in the short, medium and long term. How Daiwa House Modular Europe creates value is shown in the overview.

* Different survey.

** The Sustainable Development Goals (SDGs) are a set of 17 interlinked global goals. For Daiwa House Modular Europe, it is important to contribute to achieving the SDGs, and we have decided to focus on the four Goals that are most closely linked to our core business activities.

Our strategy and business model

Vision and mission

Our vision
A sustainable home
for everyone.

Our mission
Solving the
housing
shortage.

Our strategy

Market leader in modular and circular construction in Western Europe with the highest level of service and customer satisfaction.

The owner and operator of the **most efficient modular production** sites in Western Europe, innovative and sustainable.

A safe, strong, flexible and efficient organisation where the best and most talented people work in a safe and inspiring environment.

An organisation with a **healthy financial position** that creates value for shareholders and stakeholders.

Daiwa House Modular Europe builds houses all over Europe. We use modular building methods in an industrialised and robotised manner. This building method offers myriad demonstrable benefits in terms of its efficiency, speed, quality, safety and especially sustainability. In other words, we build smarter, faster and more sustainably.

Our core values

A sustainable society and environment

Care for customers and employees

Reliability, safety and integrity

Driven by innovation



Our business model

Our residential concepts are based on our many years of experience and expertise in modular construction. Our method offers numerous benefits in terms of efficiency, speed, quality, safety and, above all, sustainability. Industrial, modular construction is a building technique in which houses are, for the most part, manufactured in a factory. Fully equipped modules, complete with kitchen, bathroom, electricity, and all floor and wall finishes, are assembled on-site to form a single building.

All our houses are manufactured under controlled conditions at our factories. We have complete control over the entire production process, including all the necessary supply lines. This minimises any margin of error, minimises our dependency on the weather and allows us to always guarantee a high standard of quality. We are therefore able to achieve time savings of 30 to 50% compared to traditional construction companies, resulting in higher returns for our customers.




Modular construction causes less inconvenience to local residents than traditional construction in terms of noise, dust and construction traffic. Also, construction sites can be much smaller, and less transport movement is needed, which means harmful emissions can be reduced significantly.

This innovative construction method gives us full control over the delivery of raw and other materials, while ensuring our production process is minimally impacted by weather conditions or labour shortages.



Roadmap ESG (Daiwa House Modular Europe)

ESG Roadmap

	Theme	2022	2023	2025	2030	2050	
 Environmental See also page 19	GHG emissions (T-CO ₂ scopes 1-3)	22,665	24,374	18,219 (11% reduction scopes 1-3 and 65% reduction scopes 1-2 vs 2019)	14,645 (29% reduction scopes 1-3 and 99% reduction scopes 1-2 vs 2019)	Positive carbon emissions	
	Waste (mono/recycle streams)	48%	52%	65%	80%	100%	
	MPG	0.555 ⁴	0.498	<0.45	<0.30	<0.30	
	Energy (own energy generation)	1.3%	3.5%	40%	80%	Project: energy positive	
 Social See also page 44	Being a good employer	Absenteeism rate: 6.3	5.64%	<5% ³	<4.5%	<4.5%	
		Employee engagement: 7.2	6.6 ¹	7.5	> 8.0 ²	> 8.0 ²	
		Diversity & inclusion (women in management position): 4.3%	1.5%	15%	30%	50%	
	Working Safely	Safety Culture Ladder: level 3 Fatal accidents/ accident with lasting injuries: 0 Injury Frequency (IF): 11.5	level 3 0 6.43	level 3 0 6.43	level 4 0 <2	level 5 0 <1	level 5 0 <0.5
	Social development	1,691 apartments - 329 earthquake-resistant homes - 74 projects related to refugees - 2 senior houses	2,550 houses - 2,130: students/starters/singles - 300: starters/couples/seniors - 120 family/migrant workers	3,750 houses - 3,000: students/starters/singles - 425: starters/couples/seniors - 325 family/migrant workers	8,000 houses: - 6,900: students/starters/singles - 600: starters/couples/seniors - 500 family/migrant workers	10,000 houses	
 Governance See also page 69	Customer satisfaction	7.5	na	>8.0	>8.5	>8.5	
	Innovation / Robotisation & digitalisation	Not available	Not available	Continuously innovate our products, processes and services	Continuously innovate our products, processes and services	Continuously innovate our products, processes and services	
	Solid financial position	Solvency: 19%*	6%	Solvency: 32%	Solvency: 32%	Solvency: 32%	
	Business ethics	Established code of conduct	Incorporated in company policies	100% of our employees are aware of and trained regarding our Code of Conduct	100% of our employees are aware of and trained regarding our Code of Conduct	100% of our employees are aware of and trained regarding our Code of Conduct	



* Growth positions in factories, the Netherlands and Germany.

¹ Different Survey ² More realistic target adjusted from 8.5 to 8.0 ³ Adjusted from <4 to <5 ⁴ Based on Leerpark Dordrecht.

Stakeholder engagement

How we engage with our stakeholders

Engaging with stakeholders is pivotal for Daiwa House Modular Europe, and we aim to fully grasp and meet their needs while executing our ESG initiatives. Through comprehensive stakeholder mapping, we've pinpointed our primary stakeholders and maintain ongoing interactions with them. However, we acknowledge the potential for enhancing these engagements in the future.

“Stakeholder engagement is not just about communication; it’s about building connections, understanding diverse perspectives, and aligning with strategic goals.”

Key discussion topics	How we engage & the channels we use
<p>Employees</p> <ul style="list-style-type: none"> - Good working conditions - Health & safety - Reward - Employee satisfaction - Fulfilment - Personal development - Involvement of employees - Communication 	<ul style="list-style-type: none"> - Employee Engagement Survey - Training and development programs - Town hall events/newsletters, intranet app, annual reviews and development meetings - JIB (Jong in de bouw)
<p>Shareholders / Lenders / Regulators</p> <ul style="list-style-type: none"> - Involvement - Quality - ROI / financial results - Transparency - Compliance - Collaboration - Sustainability 	<ul style="list-style-type: none"> - ESG report - Financial report - Website - Specific sessions
<p>Customers</p> <ul style="list-style-type: none"> - Price quality - Flexible housing - Multifunctional - Sustainability - Speed - Unburden 	<ul style="list-style-type: none"> - Customer meetings - Business reviews - Fairs & events - Experience Centre
<p>Suppliers / Subcontractors</p> <ul style="list-style-type: none"> - Partnerships - Continuity - Relationship building 	<ul style="list-style-type: none"> - Based on feedback from our suppliers, we now plan annual supplier events at our Experience Centre - Fairs & events - Business reviews
<p>Competitors</p> <ul style="list-style-type: none"> - Housing challenges - Sustainability - Safety 	<ul style="list-style-type: none"> - Specific/topic related collaboration sessions - Fairs & events
<p>Next generation & society</p> <ul style="list-style-type: none"> - Clean world - Sufficient raw materials & energy 	<ul style="list-style-type: none"> - Local charities - Employee volunteering - Collaboration with NGOs



Double materiality assessment

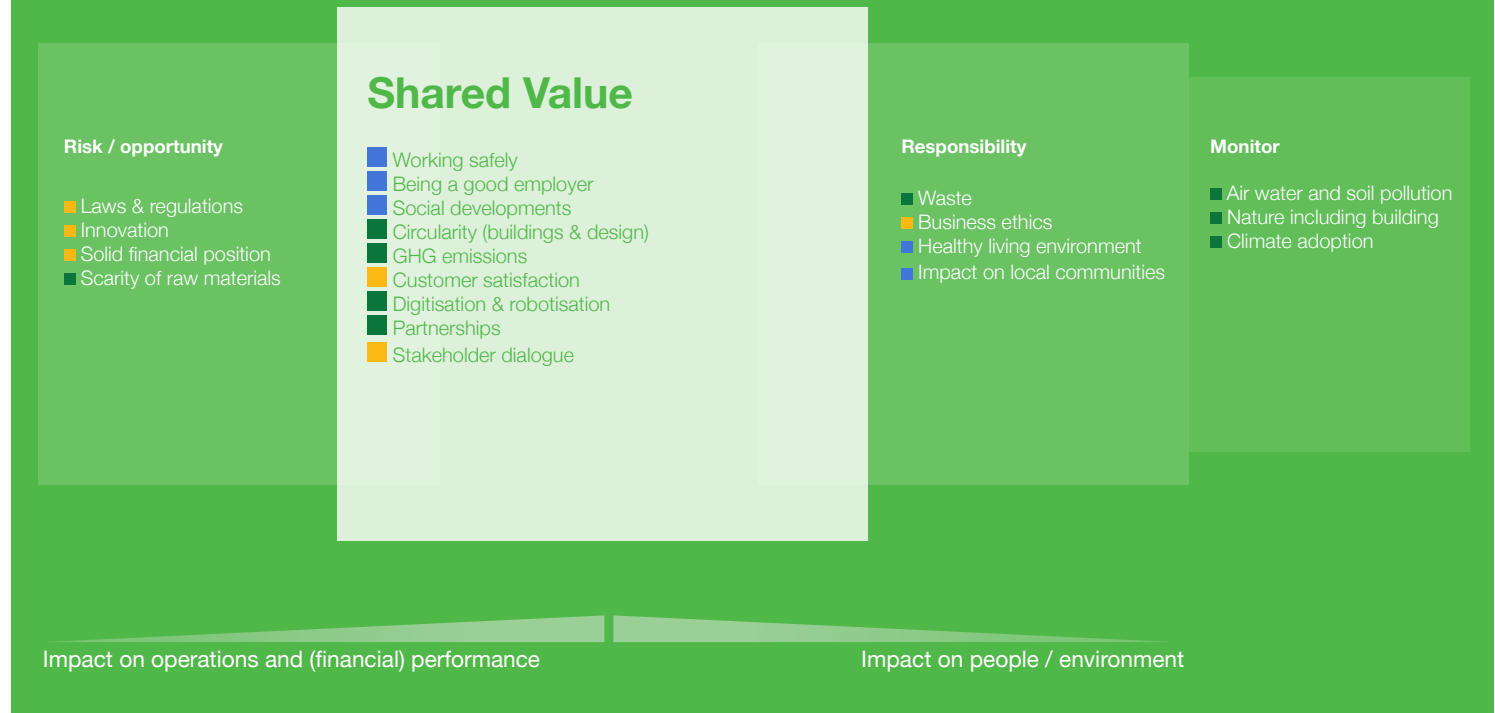
We identify the environmental, social and governance topics that we believe have the greatest impact on our business, on people and on the environment. Assessing these topics enables us to prioritise and focus upon the most material topics and effectively address these in our policies and programmes.

At Daiwa House Modular Europe, we identified our material topics in 2022 by applying the principle of double materiality, in which we analyse the impact of each topic based on the following two aspects:

- how the topic impacts people and the environment; and
- how the topic impacts the operations and (financial) performance of Daiwa House Modular Europe.

Our materiality assessment is based on a trend analysis and stakeholder input. In 2022, we solicited input from a diverse group of external and internal stakeholders, including NGOs, customers, suppliers, employees, senior management and a member of the supervisory board. As input, we held several in-depth interviews and sent out a questionnaire asking our stakeholders to rank the topics. We analysed all inputs from diverse sources and rated each topic on its financial materiality and impact materiality. You can find the definitions and details of the ranking in the annex 'About this report'.

Materiality assessment



We cover all the material topics in this report; you can find details on the pages listed in the table.



Environmental

	See pages
GHG emissions	22-31
Circularity (buildings & design)	32-39
Digitisation & robotisation	40-41
Partnerships	38-39
Waste	36
Scarcity of raw materials	42-43



Social

	See pages
Safety at work	58-64
Being a good employer	45-57
Social development	64-65
Healthy living environment	65-66
Impact on local community	66-67



Governance

	See pages
Business ethics	79-81
Stakeholder dialogue	13
Solid financial position	78
Laws & regulations	78
Customer satisfaction	81-82
Innovation	41-42



Refugees

Modular flats provide shelter for Ukrainian refugees

Arnhem,
The Netherlands



64
Number of
apartments



30 weeks
Construction time



150
Number of residents

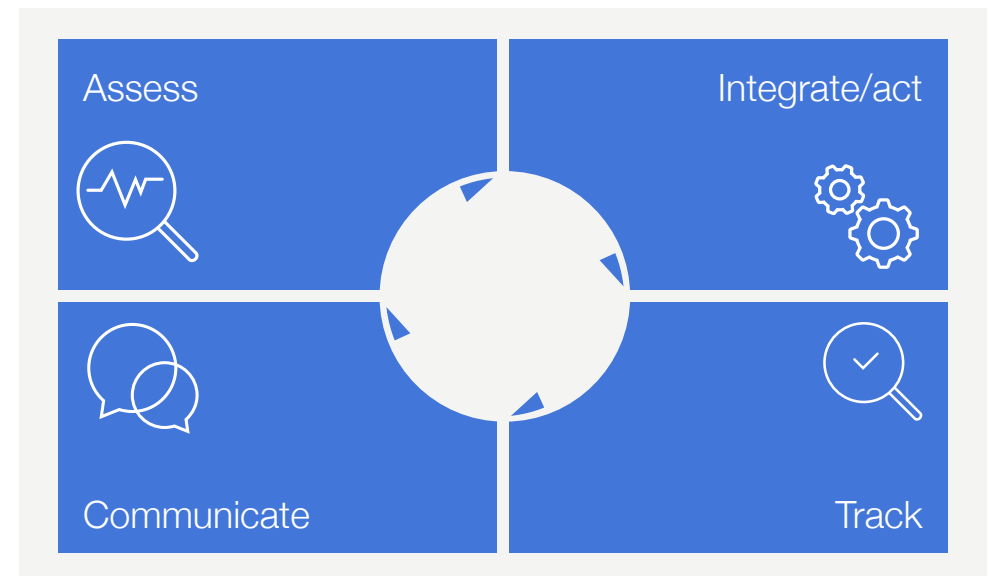
In May 2023, the refugee centre in Arnhem's Schuytgraaf district welcomed its first residents. With a capacity to house up to 150 Ukrainian refugees, the facility addresses pressing housing and refugee challenges. Minister Hugo de Jonge of Housing praised the initiative as a model for other municipalities. Daiwa House Modular Europe, commissioned by the Municipality of Arnhem, swiftly constructed three residential buildings within 30 weeks in 2023. These modular flats, comprising 64 units of varying sizes, cater to diverse housing needs. Managed by the Salvation Army, the flats offer comfortable living spaces for the refugees. Constructed using circular methods, the modular flats are sustainable and adaptable. This forward-thinking approach allows for temporary or permanent use at the current location or potentially elsewhere. The rapid construction process, 30-50% faster than traditional methods, underscores the project's efficiency. Furthermore, the buildings incorporate environmentally friendly features such as solar panels and heat pumps, ensuring energy efficiency and sustainability for the future.

Our approach to due diligence

We take our responsibility for sustainability seriously. In addition to doing business responsibly ourselves, we also ask our business partners to demonstrate how they deal with sustainability. Within the organisation, Daiwa House Modular Europe has set up systems to regularly review our activities for potential negative impacts and to ensure that our activities align with our stakeholders' expectations. With our due diligence control systems, Daiwa House Modular Europe guarantees stakeholders that our products and processes meet the most stringent standards in the field of building standards, environment, safety and working conditions. Training and audits help to safeguard implementation and continuous improvement.

Our due diligence process focuses on four key areas:

- **Assess and prioritise** our main adverse impacts (materiality assessment)
- **Integrate** the adverse impacts and related policies into the workplace
- **Track** and audit the implementation and improvements
- **Communicate** progress and required changes





Assess adverse impacts

Based on the materiality assessment, Daiwa House Modular Europe conducts a risk analysis. This includes identifying internal and external risk factors that may affect the organisation in terms of ESG factors. For this we also use the Corporate Risk Governance framework, as shown in the governance, risk management and internal control section of this report, on page 72-75.

The related due diligence process is mainly headed by three separate teams: the Environmental Team, the Safety Team and the HR Team. As shown in the corporate risk governance framework, we have added the operational departments to the process. The ESG representative is responsible for gathering information from the management and processing it for discussion with the Board of Directors and Supervisory Board. By taking this approach, we create cohesion, increase awareness and empower everyone across the organisation in the transition that we need to make in coming years.

The risk analysis takes place on a continuous basis, and it involves following market developments and discussing risks with external experts as well as with subcontractors, clients and suppliers. The current size of our company allows us to professionalise and streamline this assessment process, and as a result, we have started implementing the corporate risk governance framework.

Environmental

We are committed to complying with the Paris Agreement. While we fully focus on achieving our goals, we are realistic about the risks we face and the construction sector's contribution to climate change through greenhouse gas emissions. These risks include potential carbon taxes on building materials and increased costs for production. Additionally, the sector faces significant challenges from **physical changes caused by climate change**, such as extreme weather conditions and water shortages. In addition, we limit the input of **raw materials** and output of **waste** through circular business models and promote the use of recycled materials to limit environmental impact. However, finding consistent and high-quality recycled materials can be challenging, leading to increased costs and difficulties in sourcing. Additional testing and certification processes are required to ensure quality and performance, which can contribute to project costs.

Safety

Daiwa House Modular Europe's commitment to providing a healthy and **safe workplace** for all employees and contractors is a top priority so that everybody gets home safe every day. While the company implements various controls and measures to ensure safety, it acknowledges that unforeseen events can occur within the factory, construction site or office environments. These events have the potential to cause illnesses, serious injuries or even fatalities, which may result in personal distress to the employee or family members, business disruption, financial losses, reputational damage or legal claims.

Social

To fulfil our ambition, it is essential to unlock the complete potential of our **workforce**, attract a diverse pool of talented individuals and nurture their well-being. Failure to effectively attract, develop and retain diverse and skilled employees, as well as capable leaders, and let them work together in harmony, can undermine our ability to execute our strategy and attain the desired outcomes. Failure to keep them **emotionally, socially and physically healthy** will impact our employee engagement, our corporate culture and productivity and hinder reaching our long-term goals. Special attention is required to the risks related to the General Data Protection Regulation (GDPR). We can also have negative impacts on **local communities** when realising our modular construction projects, such as through noise, pollution and biodiversity loss, which can pose risks including legal proceedings, pressure through media or protest.



Integrate and act

It is essential to incorporate risks and their corresponding policies into the workplace. At our organisation, we proactively identify the required policies that effectively address and mitigate risks, while also ensuring adherence to established procedures. As our organisation continues to grow, we recognise the need for an expanding set of policies to accommodate the increasing scale. We understand the importance of adapting and developing new policies that align with our evolving needs and challenges. This is a continuous process that has our serious attention.

Environmental

We prioritise environmental stewardship through various initiatives and collaborations. Our environmental team consistently monitors existing and emerging environmental issues and regulations. This allows us to stay informed about evolving environmental concerns and adapt our practices, procedures and policies to mitigate risks. We also actively engage with non-governmental organisations (NGOs), universities and suppliers to stay updated on the latest environmental developments and best practices. In addition, environmental requirements are part of our supplier assessment. The requests are not all obligatory, but they provide a basis to start a dialogue for awareness and improvement. We regularly share information about our environmental activities and achievements to create awareness of the developments and risks among employees. This sharing of information encourages a culture of environmental responsibility and motivates individuals to contribute to sustainability efforts. Lastly, we provide employees with a notification tool that enables them to report any malfunctioning or risks and identify new opportunities for environmental improvement.

Safety

We have strict safety procedures and policies in place to promote a safe working environment and create a good safety culture. This includes procedures for safety awareness, safe work practices, handling equipment, emergency response plans and personal protective equipment requirements. We provide specific training programs to ensure that employees and contractors are equipped with the necessary knowledge and skills to perform their tasks safely, and we train managers to lead by example. We conduct safety risk analysis on a per-project basis. This proactive approach allows us to identify and address potential hazards and risks specific to each project before they escalate into safety issues. It ensures continuous awareness of safety. If an incident does happen, we have incident reporting and investigation procedures in place. We identify the root causes of accidents or potential risks and take corrective actions to be implemented to prevent recurrence. We strive for stakeholder engagement, and we collaborate with employees, contractors and other stakeholders to promote a safety culture and encourage their active participation in maintaining a healthy and safe workplace. Employees can use our notification tool to indicate unsafe situations or improvement opportunities.

Social

There are several policies and procedures in place in which the guiding principles are established for mitigating negative impacts in the working environment. These are primarily owned by HR, approved by the Board of Directors and count for all. We monitor implementation and use via regular reporting. Managers (and employees) are made aware of these policies and any updates. Managers are tasked with following and implementing these policies in their teams. We have established a new HRM system to facilitate our leaders with better data on the key risk factors, thereby allowing balanced decision making. To ensure the good health of our employees, we initiated a vitality program to stimulate a healthy lifestyle. In addition, we have planned an updated risk evaluation of all positions focused on physical, mental and social risks (2023). Part of this is a voluntary medical checkup with personal advice for all participants. Managers are trained, with the help of external providers, on how to provide the best support to employees who are sick to keep them engaged with the workplace for a smooth recovery and return to work. As for local communities, we involve them from an early stage of project development to safeguard open communication and cooperation. This ensures that community concerns, needs and wishes are considered and integrated into the project design.



Track

To ensure the effectiveness and compliance of our internal processes, we have implemented both general internal audits and specific external audits. These audits play a vital role in tracking, assessing and evaluating the implementations and improvements. We have two audits that cover companywide topics. J-Sox is an internal audit conducted in the Netherlands for our Japanese shareholder that covers finance (four times a year), HR and IT (both annually). In addition, we have an external audit conducted by an external auditor covering Finance, HR, IT (ISO27001) and general governance.



Communicate

Daiwa House Modular Europe emphasises open communication to strengthen trust and advance our sustainability efforts. We onboard new employees with training that introduces them to our environmental and safety policies. Our internal app and LeanBMS facilitate regular updates to all employees about our initiatives and progress. We acknowledge the need for improved stakeholder communication and are exploring new channels to enhance engagement and transparency. Our website offers easy access to our environmental and social documentation. We actively collaborate with suppliers, NGOs and academic institutions to share insights and tackle challenges together. Additionally, our commitment to ESG reporting as of 2021 is evolving towards integrated reporting, including compliance with the European Corporate Sustainability Reporting Directive (CSRD), to ensure transparency in our achievements and goals, with our accountancy partner EY ensuring our adherence to standards.

 **Environmental**

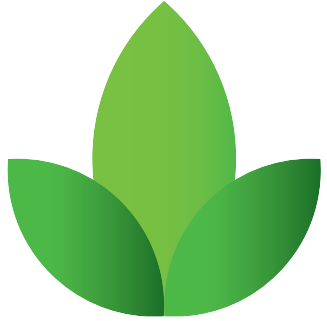
We assess our CO₂ performance related to materials, waste and energy on a quarterly basis, analysing monthly data. This allows us to track any negative performance and immediately determine the cause of the increase, and it helps us to identify any operational risks causing a negative environmental impact. In addition, we committed ourselves to the SKAO CO₂ Performance Ladder – an external audit device to challenge our strategy, performance and actions to mitigate our environmental risks. The external audit is preceded by an internal audit. The findings in the audits, or the identification of improvements, are the basis for adjusting our strategy or actions. Part of the assessment is the supply chain analysis of our two main contributors to CO₂ emissions. These assessments have been conducted for materials and waste, and they allow us to review the potential risks in the supply chain. To manage environmental risks, we have certified our environmental management system according to the ISO 14001 standard. Monitoring the impact of our projects on local communities is part of our clients' development plans, and we provide the necessary input or help to identify solutions.

 **Safety**

We have an effective monitoring system in place to track policy implementation and compliance with procedures. This includes regular audits, reviews and reporting. We are certified for the Safety Certificate for Contractors (highest level) and Safety Cultural Ladder (level 3). Audits are conducted annually by independent certifying bodies. We regularly review policies and procedures and adapt them as the organisation changes or new risks arise. In addition, we encourage feedback from employees, contractors and visitors to continuously enhance safety measures and address any emerging risks. We have procedures for reporting and handling incidents, including policy violations. This helps to address problems quickly and take corrective action.

 **Social**

Data analysis is an important tool for tracking our risks. The main KPIs are related to productivity, such as sick leave and the turnover of employees. We use our regular employee engagement survey to monitor overall engagement and engagement on specific topics, like safety, culture, leadership and compensation and benefits, and to assess how effective our measures are for improving our performance. Special attention is paid to whether our employees have the right competences to conduct their tasks and thereby mitigate any potential related risks. As for local communities we utilise regular communication channels, public consultations, and feedback mechanisms.



Environmental



Environmental

Dedicated to achieving carbon neutrality by 2030. Our innovative approach is closely aligned with the goals of the Paris Agreement.

Daiwa House Modular Europe is driven by a vision of a world where sustainability and circularity are at the core of building construction, manifesting our goal to develop energy-efficient, sustainable, and circular buildings. Our commitment is backed by years of expertise in creating housing solutions that prioritise sustainability, aiming for a living environment that is both circular and clean.

Through our innovative industrialised modular building technique, we've made significant strides in contributing to such an environment. Comparative analyses have demonstrated that our method, coupled with our focus on circularity, has led to a substantial 50% decrease in carbon emissions over a building's 75-year lifecycle when compared to traditional construction techniques. Our

efforts are geared towards employing sustainable practices, technologies and systems. At the conclusion of their lifecycle, we ensure the repurposing of our building materials, drastically reducing waste.

This section highlights our journey towards achieving circularity by focusing on reducing greenhouse gas emissions, enhancing circular processes and fostering strategic partnerships, thereby illustrating our ongoing commitment to creating flexible and efficient housing solutions through industrialisation.



“With standardised design and industrialised production methods we develop, construct and deliver innovative modular houses, at the time and place needed (whenever, wherever). We are thus a partner for constantly changing societal needs.”



“We are committed to a sustainable and circular value chain. We take responsibility for all materials and energy used. Through partnerships we drive innovation in the value chain.”



Focus on material topics

- Industrialisation: digitalisation & robotisation
- Greenhouse gas (GHG) emissions
- Circularity (buildings & design)
- Partnerships



Circular design and production methods contribute to responsible production.

We create affordable quality for everyone.



We minimise our GHG emissions and contribute to the Paris Agreement which aims to limit global warming to 1.5 °C.

“Achieving a sustainable future requires a unified effort from all stakeholders to align with the Paris Agreement and our goals. We’re set to efficiently allocate resources and craft a solid plan for future success.”

– Tomas de Swaaf, **Head of IT, Innovation & ESG**



Roadmap Environmental

	2022	2023	2025	2030	2050
GHG emissions (T-CO ₂ scope 1-3)	22,665	24,374	18,219 (11% reduction Scope 1-3 and 65% reduction scope 1-2 vs 2019)	14,645 (29% reduction Scope 1-3 and 99% reduction scope 1-2 vs 2019)	Positive carbon emissions
Waste (mono/recycle streams)	48%	52%	65%	80%	100%
MPG	0.55	0.498	<0.45	<0.30	<0.30
Energy (own energy generation)	1.3%	3.5%	40%	80%	Energy Positive



Environmental policy

Daiwa House Modular Europe is committed to caring for and protecting the environment in which we operate through a responsible and proactive attitude to improving environmental performance across all our business activities. We contribute to sustainable development by balancing our business aims with environmental considerations and encouraging our business partners and members of the wider community to join us in this effort. Daiwa House Modular Europe will comply with, and where possible exceed, the legal and other requirements to which we subscribe in relation to environmental aspects of our business. Specifically, where it is within our control or influence in design, planning, construction and operational management, we undertake to:

- Assess and minimise any negative environmental impacts and maximise any positive impacts of our operations
- Develop management processes and operational procedures to prevent pollution
- Reduce the effect of noise, dust, light, disturbance and inconvenience in our production process
- Make efficient use of energy and water resources, and reduce our carbon footprint
- Strive to optimise the utilisation of natural resources and encourage the use of sustainable materials, particularly timber, by implementing our responsible sourcing policy

- Reduce waste production and divert waste away and also by actively approaching suppliers to take back the provided materials for reuse or recycling
- Protect, and where appropriate, enhance biodiversity
- Develop and maintain emergency procedures to deal with any significant environmental hazards or incidents that may arise as a result of our activities
- Implement a continuous improvement process by assessing and monitoring performance against specific environmental objectives and targets relevant to our business activities
- Raise awareness of environmental issues through the training and development of all employees, and encourage initiatives that enhance environmental performance
- Actively engage with clients, subcontractors and suppliers to reduce the environmental impact of projects, increase knowledge and improve their environmental performance
- Undertake regular audits and annual reviews of the effectiveness of our environmental policy and related procedures, measurement methods, objectives and targets and progress towards meeting those objectives and targets
- Provide an effective environmental management system that meets the requirements of ISO 14001 and the CO₂ Performance Ladder



Education



Advanced research facility for Dutch Plant Eco-phenotyping Centre (NPEC)

Utrecht University, Uithof, the Netherlands



6 months
Construction time



150
researchers and students



1,110m²
Floor area

In September 2023, Daiwa House Modular Europe successfully completed the construction of a state-of-the-art research facility for Utrecht University. The project aimed to provide a cutting-edge laboratory environment for researchers to study thousands of plants in extreme detail, presenting unique challenges due to stringent air purity requirements and the need for a special climate system. Despite the complexities, including a confined construction site and ongoing site usage, our team rose to the challenge, delivering a meticulously designed building that exceeded the client's expectations. The facility, known as NPEC Utrecht, boasts advanced equipment and technology, enabling research in various areas such as plant-microbe interactions, phenotyping and ecology. With a capacity to accommodate 150 researchers and students, the two-level facility spans 1,110 square metres and was completed within six months. The successful delivery of NPEC Utrecht underscores Daiwa House Modular Europe's commitment to innovation and excellence in meeting the evolving needs of educational institutions and research communities.



Climate change (GHG emissions)

Transition plan for climate change

At Daiwa House Modular Europe, our dedication to mitigating our GHG emissions is unwavering. Utilising the CO₂ Performance Ladder, a rigorously audited tool, we aim to systematically decrease our carbon footprint. This tool's criteria revolve around four key pillars:

CO₂ Performance Ladder aspects

Insight

Identifying energy use patterns and calculating the organisation's carbon footprint.

Reduction

Setting aggressive targets for cutting CO₂ emissions.

Transparency

Consistently disclosing our CO₂ reduction strategies.

Participation

Engaging in industry-wide efforts to diminish carbon emissions.

Achieving level 5 on the CO₂ Performance Ladder is a testament to our serious efforts in CO₂ emission reduction, positioning us as a leader in the field. Our active involvement in diverse initiatives, along with our commitment to sharing knowledge and collaborating towards shared environmental goals, underscores this leadership.

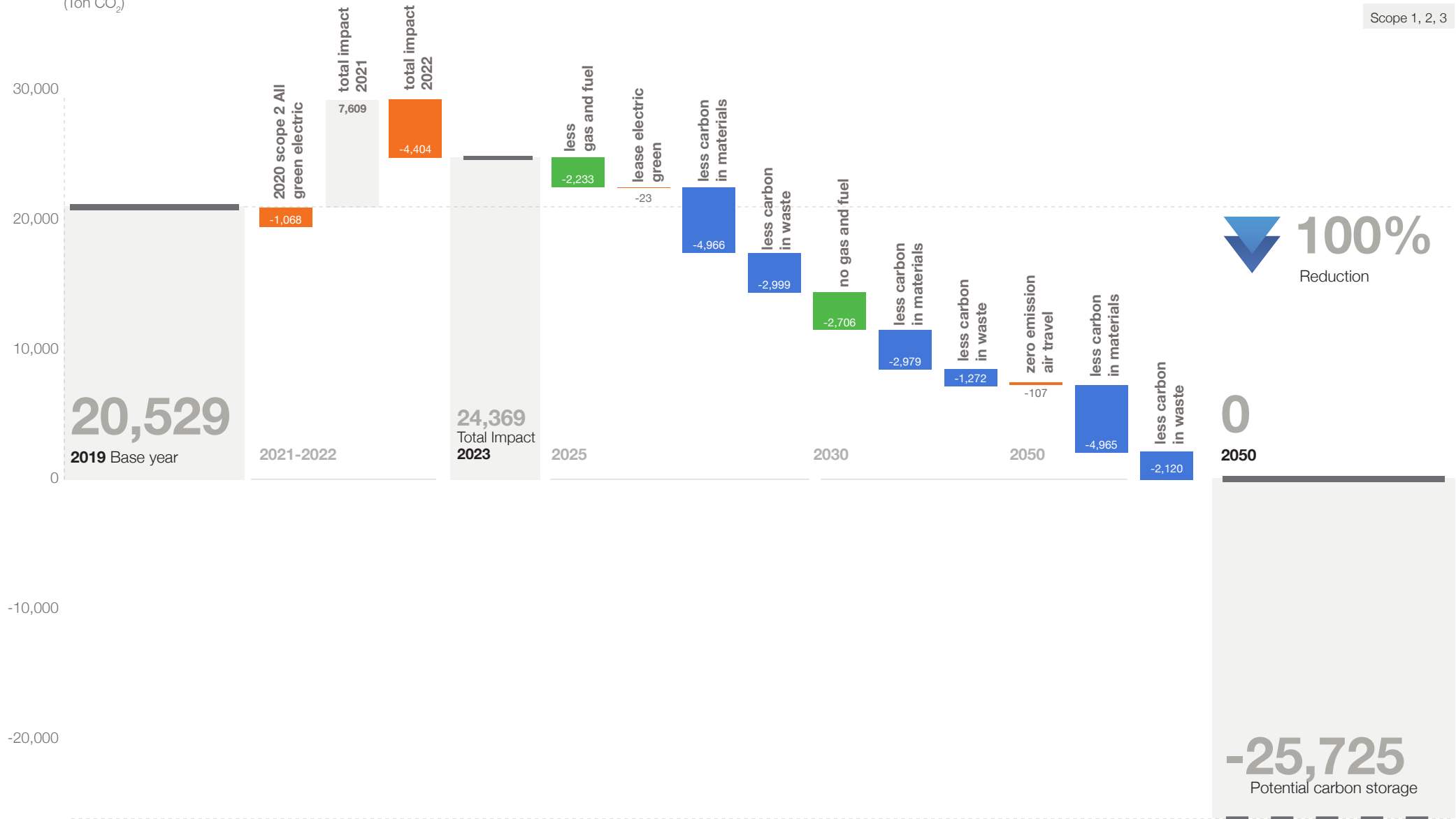
We have set forth an ambitious roadmap: to reach carbon neutrality for scope 1 and scope 2 emissions by 2030, and to advance beyond neutrality, becoming climate positive by 2050. The diagram that follows outlines the strategic steps we plan to take towards realising these objectives.

Climate change

graphical pathway GHG reduction targets

(Ton CO₂)

- Scope 1
- Scope 2
- Scope 3
- Scope 1, 2, 3



How we monitor and manage our GHG emissions

We measure our GHG emissions quarterly. The results are regularly discussed by the Daiwa House Modular Europe management team. We share the information publicly twice a year via diverse channels such as our website, social media platforms like LinkedIn and other internal communication platforms. Once a year, during the management review, all aspects of the management system are assessed. The purpose of this evaluation is to determine whether measures need to be taken considering the achievement or failure of defined objectives. Among other things, policy and objectives, reduction of energy use and emissions, risks and opportunities and communication policy are evaluated during the annual management review and adjusted where necessary.

Organisational boundaries

For CO₂ emissions, Daiwa House Modular Europe's organisational boundaries have been determined according to the operational sphere of influence principle. In the GHG protocol, this is described as an 'operational boundary'. In practice, this means that we take responsibility for the CO₂ production of activities that fall under Daiwa House Modular Europe, where control clearly lies within our own organisation.

Calculation method and conversion factors

We apply the methodology as prescribed in the SKAO Handbook 3.1. This method requires mention of 'business air travel' and 'personal cars for business travel' separately as Business Travel. The conversion factors we use come from the guideline list at [www.CO₂emissiefactoren.nl](http://www.CO2emissiefactoren.nl). Based on the established operational boundaries, we identified the CO₂ emissions and absorptions due to the organisation's activities. During the emission identification process, in accordance with the GHG Protocol, a distinction is made between three sources of emission (known as scopes) in two categories: direct emissions and indirect emissions.

Scope 1

This includes direct emissions such as the combustion of fuel in fixed machinery, the generation of heat (gas), business transport in vehicles owned by Daiwa House Modular Europe and emissions from refrigeration equipment and climate installations. With the commissioning of the factory in Furstenwalde we also included Germany into this scope. The UK is not included due to the small scale of the business in those countries.

Scope 2 and Business Travel

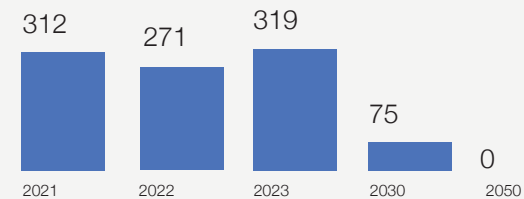
This includes indirect emissions from the generation of purchased electricity. Business air travel and personal cars for business travel are listed separately as Business Travel.

Scope 3

The indirect emissions caused by the business activities of another organisation are listed as scope 3. This concerns emissions from sources not owned by the organisation, on which it can exert no direct influence. Materials used for our buildings are the biggest contributor in scope 3.

Our long-term targets GHG emissions

(T-CO₂ scope 1-3)





Our actions to achieve our target

The following actions have been identified to bring down our GHG emissions related to energy use. Emissions related to materials and waste (scope 3) are discussed in the 'Circularity' section.

Scope 1

Area	Actions realised 2023	Actions 2024	Actions 2025-2030
Electrical equipment	We aim to always apply state-of-the-art electrical equipment and ensure replacement of parts, unless the equipment is no longer useable or energy efficient	If needed due to malfunction, equipment will be replaced with state-of-the-art electrical equipment	Depends on carbon neutral plan, which will be in development during Q1 & Q2 of 2024
Gas boilers	We started a project with our partner SPIE to plan how we can become carbon-neutral by 2030	We replace outdated gas heaters with new generation gas heating (if this is concluded in SPIE's carbon neutral plan)	Depends on carbon neutral plan, which will be in development during Q1 & Q2 of 2024
Construction site	<ul style="list-style-type: none"> - Hybrid aggregates with green energy are available for NCG projects and implemented for other projects - We will have charging hubs for electrical equipment 	<ul style="list-style-type: none"> - Investigation of alternative fuelled or electric vehicles with the right requirements - Green electricity at all construction sites - Finalising blueprint for carbon neutral plan DHME 2024-2030 - Electric aerial platforms will be all electric by 2025 	Clear policy/ roadmap for replacement and new purchased equipment
Airtightness	We applied testing options for airtightness materials such as films, plate material and sealing tape		Our airtight building design is in accordance with all passive requirements
Ventilation		We will apply efficient CO ₂ coordinated ventilation installations, if possible, with heat pumps	
Insulation	<ul style="list-style-type: none"> - We analysed different options to replace our current insulation (walls/facades/ceilings) with more sustainable alternatives - We conducted a thorough assessment of thermal bridges within buildings 	We will apply different insulations materials with lower carbon emissions. We will use these in projects if applicable.	
Fleet	We encouraged all employees to use electric cars, and will continue to do this (2022-2026)	<ul style="list-style-type: none"> - Revised company car lease policy - Report of possibilities to encourage alternative mobility of employees 	Our fleet is electric
Scope 2			
Wind energy		Finalising blueprint for carbon neutral plan DHME 2024-2030	Depends on carbon neutral plan, which will be in development during Q1 & Q2 of 2024
Energy storage	We investigated the possibility of energy storage, such as cobalt batteries, lithium and heat water storage	Finalising blueprint for carbon neutral plan DHME 2024-2030	Depends on carbon neutral plan, which will be in development during Q1 & Q2 of 2024
Solar panels	<ul style="list-style-type: none"> - We applied solar panels at new construction sites such as offices and factories - We added solar panels to existing buildings when feasible (considering construction limitations) 	Finalising blueprint for carbon neutral plan DHME 2024-2030	Depends on carbon neutral plan, which will be in development during Q1 & Q2 of 2024

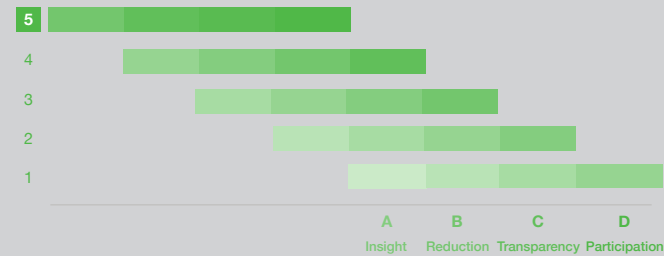
Main achievements in 2023

Performance measurements

1. CO₂ Performance Ladder level 5

We take great pride in maintaining our esteemed status at level 5 of the CO₂ Performance Ladder. Looking ahead to 2024, we are committed to actively collaborating with our suppliers to explore alternative options for the three materials with the most significant environmental impact in our operations. Additionally, we are partnering with Alba Concepts to conduct a thorough analysis of our modules' existing carbon footprint, identifying areas for improvement to align with our ambitious footprint reduction targets.

CO₂ performance ladder



2. Setting circular standards

In 2023, our involvement with The New Normal (Het Nieuwe Normaal – HNN) marked a significant milestone as we spearheaded the development of a unified framework for circular construction. This initiative is crucial for both commissioning and contracting entities to define their requirements, processes, and outcomes with clarity. HNN empowers our clients by providing a concrete structure to articulate the circular objectives of their projects. Whether shaping the initial vision or offering project leaders practical tools to ensure circular principles are integrated into projects, HNN is instrumental helping clients achieve their circular goals. Through this effort, we are not only establishing what is currently achievable in circular construction but also enlightening stakeholders on possibilities they might not yet have considered.



3. Green electricity: a strategic shift with Tascon

In 2023, a notable accomplishment was our collaboration with Tascon to secure green electricity for new energy connections in our buildings. This strategic partnership is a crucial step towards reducing our emissions footprint, aligning with our commitment to sustainability and environmental stewardship.

4. Waste reduction target

A key achievement in 2023 is the successful enhancement of our waste management strategy through the implementation of clear signage, aimed at further improving our waste monostreams. Our target was to achieve a 3% reduction in monostream waste for the year. This underscores our commitment to environmental excellence and waste minimisation.

5. Leerpark Dordrecht's government grant for green innovation

In 2023, our Leerpark project in Dordrecht emerged as a model of green innovation, securing a government grant for its superior environmental performance. This recognition highlights the project's dual success in sustainable construction: its modular, industrialised approach embodies circularity, establishing a standard for future developments.



Metrics

Energy consumption and mix

In 2023, our total energy consumption experienced a rise, a natural outcome of our expansion both within the Netherlands and into Germany. Notably, gas consumption in the Netherlands saw a minor decline, attributed primarily to the year's milder weather conditions. The inauguration of our Fürstenwalde factory has, as anticipated, led to an overall increase in gas usage compared to the previous year.

The consumption of fossil fuels has notably increased, driven by the expansion in our workforce and the number of projects undertaken. This rise was particularly pronounced in Germany, following the opening of our new factory in Fürstenwalde, and we expect further increases as the factory becomes fully operational. On a positive note, the addition of new factory halls equipped with substantial solar panel installations in the Netherlands has contributed to a modest reduction in our electricity consumption.

Crucially, our energy intensity relative to net turnover has improved, thanks to a significant boost in sales over rentals to our clients in 2023. Despite an overall increase in energy usage, the efficiency of our energy consumption per euro of turnover has enhanced, reflecting our commitment to sustainable growth.

	FY2020	FY 2021	FY 2022	FY 2023	% dev '20	% dev '21	% dev '22	% dev '23
Scope 1 - Natural Gas Processes (MWh)								
Montfoort (incl Lopik)	1,411	2,171	2,223	2,195	3%	54%	2%	-1%
Hulst	38	52	50	4	-60%	38%	-5%	-92%
Eemshaven	85	90	108	114	-16%	5%	20%	5%
Medex (Rhenen) (60%)	61	48	43	42		-21%	-10%	-2%
Furstenwalde				1,151				
Total	1,595	2,362	2,425	3,506	2%	48%	3%	45%
Scope 1 - Fossil Fuel Consumption (MWh)								
Montfoort	229	292	310	358	19%	28%	6%	16%
Hulst + Belgie	65	67	62	36	136%	3%	-8%	-42%
Eemshaven	14	16	12	7	90%	17%	-22%	-40%
Germany	2	4	3	24	804%	97%	-21%	613%
Transport	1,199	1,350	263	319	3%	13%	-81%	21%
Medex	41	39	41	44		-4%	6%	8%
Project location	89	328	415	559	-43%	270%	27%	35%
Total	1,638	2,096	1,107	1,348	6%	28%	-47%	22%
Scope 2 - Processes Electricity (MWh)								
Montfoort	1,205	1,582	1,486	1,415	9%	31%	-6%	-5%
Hal 20			184	193				5%
Lopik	23	175	130	104		661%	-26%	-20%
Hulst	435	432	452	442	28%	-1%	5%	-2%
Eemshaven	121	167	184	184	25%	38%	10%	0%
Furstenwalde				118				
Medex	62	47	53	48	-47%	-24%	13%	-10%
Onroad loading		12	22	51			86%	138%
Total	1,847	2,414	2,512	2,554	12%	31%	4%	2%
Total non-renewable energy consumption (MWh)	3,233	4,458	3,532	4,854	4%	38%	-21%	37%
Total energy consumption	5,081	6,872	6,044	7,408	6%	35%	-12%	23%
Share of non-renewable sources in total energy consumption (%)	64%	65%	58%	66%				
Total turnover (x €1.000)	€ 169,113	€ 199,551	€ 259,618	€ 323,000				
Energy intensity per net turnover	0,03	0,03	0,02	0,02				



Starters and status holders



A home for all, including butterflies and other insects

Dronten, The Netherlands



60
Number of homes



2,551 m²
Floor area

RoosRos Architects has played a pivotal role in designing and executing flexible housing in Dronten, the Netherlands, addressing the pressing need for affordable housing and providing swift solutions for individuals in need of immediate accommodation. Initiated by the Dronten Municipality and Oost Flevoland Woondiensten (OFW), the flex homes project aims to cater to around 60 households, primarily targeting young people, first-time buyers and individuals with refugee status in the municipality. These homes serve as a crucial stepping stone towards establishing a stable living environment, offering residents the opportunity to focus on their future endeavours. Located at Gangboord / Educalaan, the project site was strategically chosen due to the existing infrastructure, facilitating expedited development. Architectural designer Xu Meuwissen emphasises the project's focus on environmental sustainability, incorporating green spaces to enhance biodiversity and promote road safety. To accelerate the realisation of these homes, OFW is collaborating with Daiwa House Modular Europe. Development plans are underway, with construction set to commence in the third quarter of 2024, and the homes are expected to be ready for occupancy by the end of the same year.

GHG emissions

Our foremost goal is the reduction of our greenhouse gas (GHG) emissions, both in total and per square meter of module production. Unfortunately, this year saw a 8% increase in emissions, primarily due to two factors.

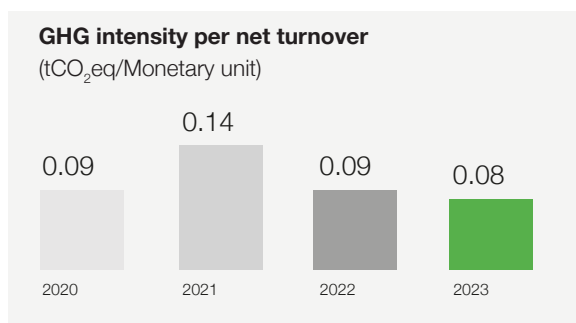
The first factor is our expansion, including the opening of new facilities and the addition of staff at these sites, coupled with a rise in diesel consumption for projects in areas lacking robust grid infrastructure. In response, we've adopted hybrid generation solutions to mitigate these effects as much as feasible.

We saw an increase in the emissions caused by the used materials for the production of new modules. Also this decreases the materials used for refurbishment, caused by the high occupancy rate in 2023. This impacted the relative impact, which caused the CO₂ emission per m² to rise.

Beyond merely electrifying our operations—a challenge due to electricity grid limitations—we are exploring a comprehensive energy strategy with SPIE. Our ambition is carbon neutrality by 2030, necessitating consideration of all alternatives, including hydrogen, solar, wind and potential energy storage solutions. By adopting a holistic approach to this challenge, we are optimistic about identifying effective strategies to achieve our objectives and making significant progress in our sustainability journey.

GHG emissions

in t-CO ₂	Retrospective							Milestones and target years		
	FY 2020	FY 2021	FY 2022	FY 2023	Dev. 21-20	Dev. 22-21	Dev. 23-22	2025	2030	2050
Scope 1 - direct emissions	5,485	7,074	4,073	4,939	29%	-43%	9%	2186		
Stationary combustion equipment	591	1,383	1,885	2,439	134%	35%	4%			
Natural gas business premises	308	456	518	619	48%	13%	20%	227		
Diesel project locations	283	927	1,368	1,819	227%	46%	0%	446		
Use of fleet (lease)	4,894	5,691	2,188	2,501	16%	-62%	14%			
Petrol business driving	288	284	402	548	-1%	42%	36%	52		
Diesel business driving	768	1,003	928	912	31%	-7%	-2%	526		
Diesel Transport	3,838	4,404	858	1,040	15%	-81%	21%	935		
Scope 2 - Indirect emissions	511	17	36	131	-97%	111%	263%	50	50	
Electricity consumption	511	6	11	23	-99%	88%	113%			
Business air travel	1	10	25	107	900%	146%	330%	50	50	
Scope 3	9,170	19,978	18,555	19,304	118%	-7%	4%	15,983	14,595	
Materials production	5,812	13,406	12,306	12,498	131%	-8%	2%	10,725	9,384	
Materials refurbished	476	478	559	411	0%	17%	-27%	382	335	
Emission of materials	6,289	13,883	12,865	12,909	121%	-7%	0%		9,719	
Mono	931	2,319	2,628	3,229	149%	13%	23%	1,855	1,855	
Mixed	1,937	3,759	3,043	3,149	94%	-19%	3%	3,007	3,007	
KCA	13	17	19	17	29%	12%	-36%	13	13	
Total industrial waste	2,881	6,095	5,690	6,391	112%	-7%	12%			
Total Emissions	15,166	27,069	22,665	24,374	78%	-15%	5%	18,219	14,645	
Total turnover (x €1.000)	€ 169,113	€ 199,551	€ 259,618	323,000						
GHG intensity per net turnover (tCO ₂ eq/Monetary unit)	0.09	0.14	0.09	0.08						



Climate change-related financial effects

Daiwa House Modular Europe faces two significant challenges as a result of climate change risks. Firstly, the construction sector contributes to climate change through greenhouse gas (GHG) emissions. This leads to potential consequences such as carbon taxes imposed on the production of building materials, as well as on power and heat supply during the use phase of buildings. This poses a direct risk for Daiwa House Modular Europe through increases in the price of building materials, production cost increases and pressure on the business case of investors to develop new buildings.

Secondly, stakeholders in the sector are also exposed to risks arising from the physical changes in the environment caused by climate change. These changes include more extreme weather conditions on construction sites, water shortages and other deteriorating environmental conditions such as temperature increases and flooding. These physical risks pose additional challenges to the industry.

To anticipate these developments, Daiwa House Modular Europe has committed itself to a roadmap for the reduction of its GHG emissions, in compliance with the Paris Agreement. The first step was mapping our sustainable footprint, indicating our GHG emissions; our main emission is carbon dioxide (CO₂). Based on the initial footprint, we set short-, medium- and long-term actions and goals. This has a financial impact, both from a process perspective and from a material use perspective.

We must invest in our processes to lower emissions. This includes electrifying our fleet and production facilities, making them more energy-efficient for increased self-reliance and reduced dependency on the electricity grid amidst growing demand. In our buildings, we are enhancing installations and comfort, and utilising low-carbon reusable construction materials. We also need to invest in research and development to optimise our products in terms of material use. Materials that are more environmentally friendly do not always comply with the construction's physical requirements, and at times they are significantly more expensive. We are therefore also dependent on the knowledge and willingness of our clients. Climate change is increasingly on the radar of clients in the construction sector, showing a growing focus on sustainability. However, despite this awareness, incorporating climate-friendly practices remains challenging due to the high costs and the lack of alignment with market norms and conventional business models.

Started at the beginning of 2024, a project with our partner SPIE aims to develop a SMART plan with measures we need to take in the coming three years to become carbon neutral by 2030. We have allocated €1 million per year for the coming three years to realise this goal. The insights we get during this project will help us develop blueprints for our current and new facilities. This plan will look at all types of installations in scopes 1 and 2.

The potential risk of the physical changes in the environment caused by climate change might actually be a financial opportunity for Daiwa House Modular Europe. Our building process mostly takes place within our factories. Where our traditional competitors might face additional costs due to challenges on the construction site, we are largely assured of steady conditions in the factory. In addition, the deteriorating environmental conditions might require buildings to be removed over time. Since providing sustainable, reusable modular buildings is our core business, these changes may provide attractive financial opportunities.

Circularity

At Daiwa House Modular Europe, our drive for innovation in construction and dedication to fostering a circular economy are at the forefront of our operations. The modularity of our construction approach inherently aligns with circular principles, yet we acknowledge there's more to achieve our goals. We envision a world free of waste and are determined in our commitment to material reuse, considering the lifecycle of buildings from their inception. This approach significantly reduces our ecological footprint compared to conventional construction methods.

Our goal is to embrace complete circularity in our production and operations in the near future, enhancing the longevity and value of our housing solutions. We are actively pursuing the best mix of building materials, carefully evaluating their origins and potential for high-quality reuse, including traditional materials like concrete, steel and timber. By leveraging an environmental calculation platform, we gain insights into the impact of our activities across the value chain, from raw materials to disposal. Daiwa House Modular Europe not only presents an opportunity for attractive financial returns but also offers a platform to contribute significantly to enhancing Circularity* within the European construction and real estate sectors.



Our long-term targets

	2022	2023	2025	2030	2050
GHG emissions (T-CO ₂ scope 1-3)	22,665	24,374	18,219 (11% reduction Scope 1-3 and 65% reduction scope 1-2 vs 2019)	14,645 (29% reduction Scope 1-3 and 99% reduction scope 1-2 vs 2019)	Positive carbon emissions
Waste (mono/recycle streams)	48%	52%	65%	80%	100%
MPG	0.555*	0.498	<0.45	<0.30	<0.30
Energy (own energy generation)	1.3%	3.5%	40%	80%	Project: energy positive

* Based on Leerpark Dordrecht.

How we decouple economic activities from environmental impact

Design

Circular design is about designing for disassemble (DfD). DfD is a building design process that allows for the easy recovery of products, parts, and materials when a building is disassembled or renovated. We already take account of the dismantling (end of operational phase) of a building in the engineering phase. The process is intended to maximise economic value and minimise environmental impacts through reuse, repair, remanufacturing and recycling. At Daiwa House Modular Europe, we do this with large-scale industrialised production using standardised processes. In this way we ensure the most efficient product with the least possible environmental impact.

Buildings

Production

We produce the buildings in our own factory under conditioned circumstances. This not only results in maximum effectiveness for costs and lead times, but also in a cleaner construction site in comparison with conventional building methods. Both waste at the construction site and the number of vehicle movements are limited. And, if a building is no longer needed, we remove it quickly and easily: we dismantle it instead of demolishing it. Nowadays, about 80% of components are reused, but of course we are aiming for a full 100% so that, in the future Daiwa House Modular Europe will build both modular and circular and thus contribute to the sustainability of the building industry and a clean world without waste. Industrialised production is optimised by continuously investing in digitalisation and robotisation. This ensures that our industrialised process became more efficient such as hal 17 in Montfoort, waste is minimised and a high-quality product is continually guaranteed.

Materials

To be able to build and supply high-quality housing solutions, we need various materials and raw materials. Our ambition is to create a closed circuit with circular construction, so that we can contribute to a sustainable world in the most effective way possible. We consider the origin of materials and raw materials, where the first consideration is to use materials with the lowest possible environmental impact. In addition, we look at the high-quality reuse of existing materials such as concrete, steel and timber, as well as possibly applying other natural materials. We believe it is important that the end user gets the best living or working experience through the use of durable materials in our buildings.



Our actions to achieve our targets

We have identified the following actions for the upcoming years to reduce our materials and waste.

Area	Sub-area	Action realised 2023	Actions 2024	Actions 2025-2030
Materials	Use of natural materials	<ul style="list-style-type: none"> - Continued to apply sustainable materials in our standard concepts - Through our evaluation of past timber projects 'Moodumo' and 'SUM', we investigated replacing conventional materials with wood for floor structures (refer to 'Partnerships for Circularity' for additional details) - Tested different types of concrete with lower carbon emissions 	<ul style="list-style-type: none"> - Advancing the development of the wooden floor to achieve a robust product - Continuing to refine the use of alternative concrete and preheated molds for a more sustainable concrete application - Exploring substitutes for the three materials with the highest environmental impact 	Applying insights from 2024 testing and evaluating their outcomes
	Reused materials	We enhanced the disassembly potential based on specific scoring criteria identified	Ongoing	Ongoing
	Use of recycled materials		We replaced materials and products that cannot be recycled	Ongoing
	Use of sustainable installations	Sustainable, demountable installations are available in our standard concepts once available in the market	Ongoing	Ongoing
Waste	Recycling	All our offices have recycling bins and waste separators	<ul style="list-style-type: none"> - Continue the use of clear signage to further improve waste separation - Waste management is now integrated into the setup of new production sites, such as Hall 17 in Bunnik 	We will only use (raw) materials that can be recycled at least
	Cutting waste	<ul style="list-style-type: none"> - We customise our supply materials to the greatest extent feasible to minimise cutting waste - We reduce cutting waste through better purchasing (purchasing materials using BIM** requirements) - We encourage our suppliers to take back and process cutting waste 	Ongoing	Ongoing
	Factory production	<ul style="list-style-type: none"> - We produce as much as possible in the factory halls to reduce waste at the construction site - We optimise standardisation to reduce cutting waste and maximise factory run-down and efficiency 	Ongoing	Ongoing
	Mono streams	- We separate our waste into mono streams and increase the percentage of mono streams based on kilos	Persist in the deployment of explicit signage to enhance the segregation of waste even further	Ongoing
	Supplier	<ul style="list-style-type: none"> - We reduced packaging materials and return mono streams as raw materials - We analysed our suppliers and their packaging materials - We analysed which materials we already return and which can be returned in the future - We encourage our suppliers to reduce packaging from high to low impact 	Ongoing	We plan to implement a procurement policy requiring that used materials be returnable, called 'closed loop' system
	Waste processors	<ul style="list-style-type: none"> - We gained insight into our waste processing and optimisation possibilities - We checked the activities of waste processors through company visits - We gained insight into waste recycling rates through an underlying calculation method - We analysed the CO₂/ECI* impact of all waste types - We worked on an end station analysis of the different waste streams 	Persist in the deployment of explicit signage to enhance the segregation of waste even further	Ongoing

* The Environmental Cost Indicator (ECI) is designed to make it easier to compare life cycle analysis (LCA) environmental profiles. All environmental impacts are converted into monetary value. The lower the value, the less harmful the environmental effects.

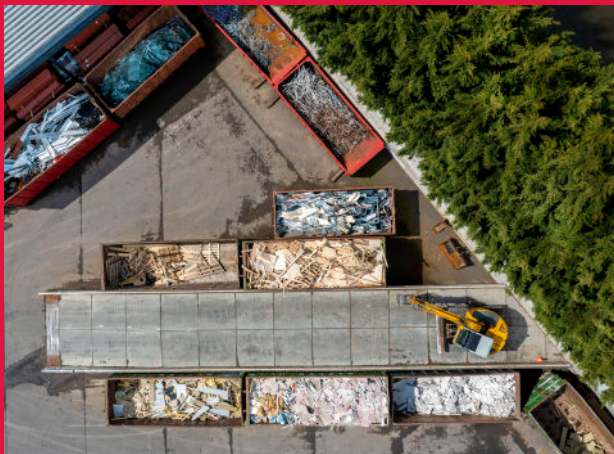
** Building Information Modelling (BIM) is a process for creating and managing information on a construction project throughout its whole life cycle. As part of this process, a coordinated digital description of every aspect of the built asset is developed, using a set of appropriate technologies.

Main achievements 2023

Performance measurements

1. Elevating recycling efficiency: a milestone in mono waste stream enhancement

Modular construction aligns seamlessly with our waste management strategies, as we always account for the lifecycle of our products from acquisition to disposal. Our chief objective in waste management is to establish uniform waste streams, facilitating efficient recycling processes. The process of refurbishing modules is a significant source of our waste. We are proud to report that this past year, we have successfully increased our mono waste streams by 4%, moving from 48% in 2022 to 52% in 2023. Looking ahead, we expect to see continued growth in mono stream waste, propelled by our rigorous waste management protocols within our manufacturing settings.



2. Elevating efficiency through standardisation

In the modular construction sector, the emphasis on standardised products is a cornerstone of operational efficiency. Our strategy revolves around advocating for these standardised solutions due to their streamlined production processes, which outpace the customisation involved with tailor-made products. The challenge lies in persuading clients to embrace standardisation, as many prefer bespoke options that necessitate extra work and increased costs. To counteract this, we launched an ambitious standardisation initiative designed to align our offerings more closely with market needs and regulatory benchmarks. This initiative will see our standardised modules being fabricated in our new Montfoort factory with enhanced efficiency. This advancement promises reductions in costs and material wastage while elevating the overall quality of our products.



Metrics

Overall total weight of materials used

	FY2020	FY2021	FY2022	FY2023	% Share 2023	% Virgin material	% Reused or recycled
Material (in tons)							
Sandwich panel	226	408	388	394	1%	80	20
Steel reinforcement	345	623	593	602	2%	5	95
Steel frame	2,600	4,699	4,473	4543	16%	3	97
Concrete	8,332	15,058	14,333	14557	52%	90	10
Pine wood	1,207	2,182	2,077	2110	7%	100	0
Fermacell	1,785	3,226	3,071	3119	11%	62	38
OSB	751	1,358	1,293	1313	5%	100	0
EPDM	65	117	111	113	0%	100	0
EPS	106	191	182	185	1%	80	20
Window frame	145	263	250	254	1%	100	0
Rockwool isolation walls	218	394	375	381	1%	60	40
Rockwool isolation roof	142	257	244	248	1%	60	40
Rockwool for fire proofing	24	43	40	41	0%	60	40
Inside doors	44	79	75	76	0%	100	0
Radiator	21	38	36	37	0%	100	0
Marmoleum	115	208	198	201	1%	89	11
Other	14	26	25	25	0%	100	0
Total	16,140	29,171	27,766	28,199	100%		

Resources entering our organisation

Our commitment to sustainability involves rigorous tracking of the materials we utilise, focusing on the proportion of reused or biobased content. Despite the promising innovations in the construction industry, finding viable alternatives that comply with structural integrity and regulatory standards remains a significant hurdle. For example, current biobased insulation options fail to meet fire safety regulations, underscoring the obstacles we face in incorporating more reused materials into our projects. Nonetheless, we persist in exploring innovative materials, like eco-friendly concrete and additional timber options, as part of our continuous efforts in 2024.

Regrettably, the transition to more sustainable materials showed minimal progress from 2022 to 2023. While we experienced a slight increase in the production of modules, a higher occupancy rate led to fewer refurbishments, resulting in a marginal increase in material consumption overall. Despite these challenges, there were no major shifts in the overall material composition of our modules.

Resources leaving our organisation: 80% refurbishment

At Daiwa House Modular Europe, we equate modular construction with adaptability. Our structures are designed for easy reorganisation or relocation, allowing us to adapt swiftly to evolving needs, uses and market demands. Instead of demolishing buildings that are no longer required, we opt for dismantling, preparing the modules for refurbishment and a subsequent new life elsewhere.

In May 2022, we engaged Sloopcheck to conduct a comprehensive study on the refurbishment rate of our modules, aiming to quantify the extent of material reuse. This study traced the journey of materials from dismantling an old project to the delivery of refurbished units to a new client, scrutinising the reuse process for each material type. The findings confirmed that we successfully refurbish 80% of our modules, and we have a strategic aim to increase this figure to 100%.

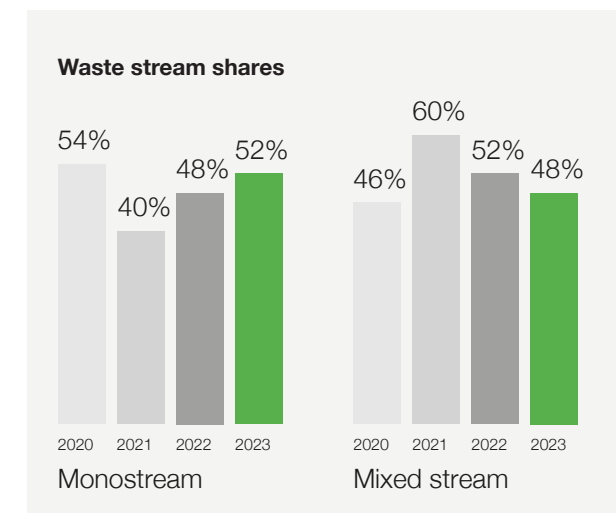
Waste category

(in tons)	FY2020	FY2021	FY2022	FY2023	% Share 2023	Waste stream
Construction and demolition waste	2,518	3,758	3,476	3,888	90%	
Concrete rubble	145	180	0	349	8%	Mono
B-Wood	456	648	506	772	18%	Mono
Construction and demolition waste (BSA01)	1,115	2,068	1,756	1,866	43%	Mixed
Construction and demolition waste (BSA02)	42	197	0	0	0%	Mixed
EPS		4	40	47	1%	Mono
Fermacell	117	142	207	200	5%	Mono
Gypsum	3	43	15	6	0%	Mono
Glass	8	8	47	14	0%	Mono
Hard plastic (PVC pipes/profiles)	16	19	0	26	1%	Mono
Insulation	40	300	313	312	7%	Mono
Mixed rubble	528	106	291	0	0%	Mono
Aerated concrete		6		0	0%	Mono
Metal	1	37	173	151	4%	Mono
C-wood	12		23	3	0%	Mono
Paper and cardboard	36		106	116	3%	Mono
Gravel Gravel				11	0%	
Sand				8	0%	
Cables				8	0%	Mono
Industrial waste: non-hazardous	202	219	295	277	6,4%	
Archive material		0	0	0	0%	Mono
Industrial waste	173	173	218	199	5%	Mixed
Foil (plastic)	25	41	6	73	2%	Mono
Plastic			67	0	0%	Mono
Kit tubes (empty)	4	5	5	5	0%	Mono
Other waste or unspecified: hazardous	10	12	33	139	3%	
Waste oil	1	1	1	1	0%	Mono
Glue/resin/sealant fixed/pasty (kvp)	6	8	0	0	0%	Mono
Aerosols	2	2	2	3	0%	Mono
Paint fixed.pasteus (no kvp)			1	0	0%	Mono
Low calorie liquid (no kvp)			1	0	0%	Mono
Paint/ink solid/pasty milieug(kvp)			8	8	0%	Mono
Organic waste			14	106	2%	Mono
PMD			2	5	0%	Mono
Furnitures			3	15	0%	Mono
Electronics			1	0	0%	Mono
Total	2,730	3,988	3,804	4,304	100%	

Waste

At Daiwa House Modular Europe, we adhere to the principle that waste only becomes waste when it's discarded without purpose. Our primary objective is to assign a meaningful use to every waste stream, treating materials returned to suppliers as valuable raw materials. Moreover, we are committed to reducing waste across all operations. During the design phase, careful selection of material dimensions is crucial. We aim to procure materials pre-cut to the exact sizes required for our production, streamlining the manufacturing process by minimising necessary adjustments and expediting production. Another key strategy is reducing packaging materials, working closely with suppliers to find the most effective solutions.

Thanks to our approach of completing modules to the greatest extent possible before they leave the factory, waste generation on construction sites is kept to a minimum. Any waste produced in our factories is responsibly managed through certified recycling partners. Additionally, we emphasise the importance of waste separation to our staff through regular toolbox meetings, ensuring waste is appropriately sorted at the



source, and we even recycle outdated protective workwear. Our recycling efforts are aimed at being cost-neutral, with significant reductions in waste streams contributing to our environmental achievements.

Despite these efforts, 2023 saw an overall increase in waste weight compared to 2022, correlating with a modest rise in module production. A noteworthy development was the improvement in our waste stream management, with mono streams—those consisting of a single type of waste—increasing by 4%, a testament to our enhanced waste separation initiatives and ongoing commitment to better waste practices.

Resource use optimisation

At Daiwa House Modular Europe, our approach is not to demolish but to repurpose buildings. Within the Jan Snel divisions, module reuse accounted for 34% of our operations in 2023, with Jan Snel specialising in providing flexible housing solutions on a rental basis. When these buildings are no longer in use, they are returned to our factory for refurbishment, where it's found that 80% of the materials can be reused, with the remaining 20% disposed of responsibly.

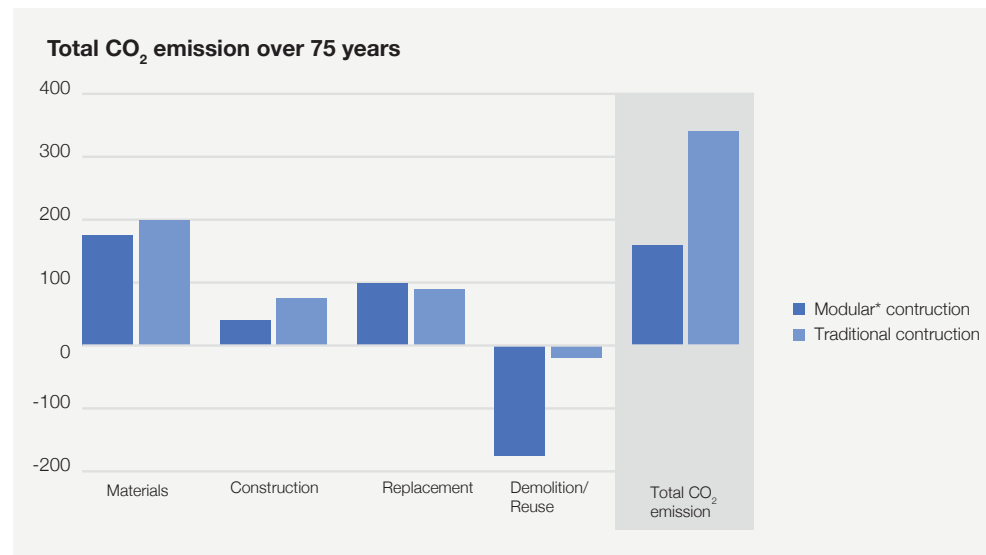
Similarly, the operations of Daiwa Modular Europe and Medexs, which are more long-term oriented, adhere to this principle of reuse. Our buildings are designed to be demountable, allowing them to be relocated and repurposed efficiently. This strategy underlines our commitment to resource optimisation, preferring disassembly over demolition to extend the lifecycle of our materials and structures.

GHG emissions avoided: modular building vs traditional building methods

Every construction project we undertake at Daiwa House Modular Europe contributes to a CO₂ footprint. We conducted a detailed comparison of the CO₂ emissions resulting from modular versus traditional construction methods, with our findings endorsed by EcoReview, experts in life cycle assessments (LCAs) and environmental product declarations (EPDs).

This comparative study focused on a structure spanning 6000 m² over four floors, projected to have a 75-year service life. An independent assessment quantified the carbon footprint of both a modular and a traditional build, adhering to identical standards. Our review extended to aspects of industrial construction and the environmental advantages of module reuse over traditional demolition. The CO₂ footprint estimations were primarily derived using the NMD Determination Method 3.0, supplemented by CO₂ emission factors from [www.CO₂-emissiefactoren.nl](http://www.CO2-emissiefactoren.nl).

The outcomes indicated that modular construction by Daiwa House Modular Europe has 50% lower carbon emissions compared to conventional construction practices. This significant difference is due to our choice of materials, our efficient building process, reduced transport needs, and notably, the reusability and refurbishment capabilities of our modules, which altogether contribute to markedly lower CO₂ emissions.



Partnerships for circularity

Daiwa House Modular Europe is committed to creating knowledge and partnerships to accelerate the transition from a linear to a circular economy. Some examples of our key partnerships are:

1. Knowledge sharing initiatives

Daiwa House Modular Europe is dedicated to promoting the principles of the circular construction economy. We engage in a broad range of activities to disseminate knowledge, including writing articles, as well as hosting and participating in webinars. Our articles are published both on our own platform and on external sites, ensuring that our insights reach a wide audience within and outside the construction industry. Furthermore, we read and participate in articles and webinars produced by other organisations to stay informed about the latest trends and advancements in circular construction. We are also active participants in industry roundtables, webinars and podcasts, all in an effort to both share and enhance our understanding of sustainable construction practices.

2. TU Delft – SUM (Symbiotic Urban Movement)



TU Delft's SUM team for the Solar Decathlon, securing a commendable third place across several categories against competitors from universities around the world. This partnership

was geared towards the creation of a solar-powered, self-sustaining house, contributing our expertise to the "Top up" module's design and production. Following the successful conclusion of this collaboration, we eagerly anticipate engaging in future projects together. In 2023, a group of students toured our new Montfoort factory, Hall 17. Early in 2024, we have scheduled a visit for students and professors to explore potential collaborations on upcoming projects.

3. Green Deal Timber Construction Covenant

Daiwa House Modular Europe has joined forces with over 80 entities to sign a covenant committing to ensure that 20% of the housing production in the MRA (Amsterdam Metropolitan Area) will utilise timber and other biobased materials by 2025. This initiative is projected to cut CO₂ emissions by around 220,000 tons and reduce nitrogen emissions each year. Securing the STIP certification marked a significant commitment for us towards the timber construction agreement, ensuring all our timber supplies are sustainably sourced. We are exploring the potential to substitute conventional materials in our units with timber. Looking ahead, we aim for 20% of our construction materials to be timber or biobased and are considering the feasibility of replacing traditional concrete floors with timber solutions.

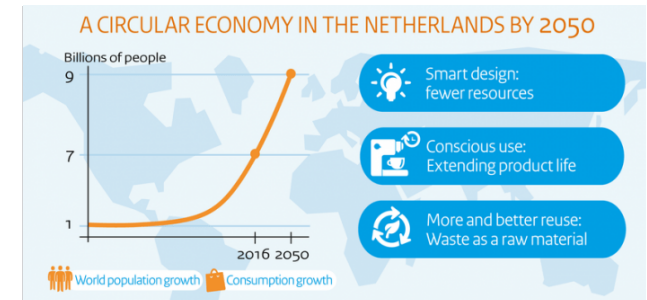
4. Cirkelstad



Cirkelstad is an organisation focused on stimulating and accelerating the circular economy in the construction sector. They bring together various stakeholders, such as governments, companies and knowledge institutions, to share knowledge and experience and establish joint circular projects. Cirkelstad assists in developing circular business models, promoting material reuse and creating sustainable construction solutions. Their partners include entrepreneurs (builders, consultants), housing associations, the Provinces, Municipality of Utrecht, the Ministry of Internal Affairs and universities. Daiwa House Modular Europe joined Cirkelstad as a member to contribute to the transformation of the construction sector.

5. Accelerating Together: The New Normal

Aiming for a 'Circular Netherlands by 2050,' the Dutch government requires the construction sector to accelerate its efforts. Initiated by Cirkelstad and the Dutch Ministry of Internal Affairs, this initiative seeks to fast-track circular construction through an audit model. This model, developed in collaboration with partners like government agencies, research institutes, NGOs, and companies, will assess building circularity at various levels, acting as a comprehensive guide for circular practices. Daiwa House Modular Europe is part of the pioneering group involved in this effort. The initiative, known as The New Normal (Het Nieuwe Normaal), is gaining recognition, with clients incorporating it into their proposals. Participation in this program offers Daiwa House Modular Europe significant advantages as the industry progresses towards circularity.



6. Green paper

Alba Concepts and Cirkelstad have written a green paper about building within the carbon budget. If we continue on our current path, we expect the carbon budget in the Netherlands to be exhausted within seven years, which could mean a carbon lockdown. The goal outlined in the green paper is to stay within 1.5°C of global warming, which will require us to limit CO₂ emissions. Several leading parties are involved; Daiwa House

Modular Europe has been chosen as one of the leaders in the field of circular construction and will contribute to the ambition set out in the green paper.

7. City Deal – circular and conceptual building

City Deal is a Dutch initiative that Daiwa House Modular Europe supports, with the collective aim of reducing the environmental impact of the construction sector and accelerating the transition to a circular construction economy. It is a collaboration of various companies, government institutions and knowledge platforms. It builds on existing networks and initiatives.

8. NEPROM

The NEPROM (Association of Dutch Project Development Companies) aims to promote cooperation between government and developers in realising real estate projects. Companies wishing to be a member of NEPROM must demonstrate good behaviour based on three core values: due care, integrity and social responsibility. For Daiwa House Modular Europe, the development and exchange of knowledge between the members was an important reason to join.

9. DGNB (Deutsche Gesellschaft für Nachhaltiges Bauen, or German Sustainable Building Council)



DGNB is an independent non-profit organisation that plays a crucial role in promoting sustainable building practices. With its focus on sustainable construction, DGNB offers valuable resources, including guidelines and certification systems, such as the renowned DGNB certificate. By aligning our projects with DGNB's standards, we can enhance the reputation of those projects, increase market value and contribute to a more sustainable built environment. Additionally, DGNB provides access for Daiwa House Modular Europe to a rich professional network, training opportunities and informative events related to sustainable construction. This partnership offers guidance and support to tackle sustainable challenges we may encounter.

10. Local Green Deal municipality Montfoort, NL

In collaboration with local businesses and governmental bodies, we're dedicated to accelerating the energy transition, exploring cooperative strategies to alleviate stress on the energy grid. This initiative ensures that all participating companies have adequate energy while enabling them to share surplus energy they've self-generated.

Digitalisation and robotisation

Daiwa House Modular Europe's growth strategy necessitates continuous enhancements to our IT landscape to fully harness the benefits of digital innovation. We've integrated digital innovation within the IT department, making digitalisation and robotisation central to achieving our sustainability and financial objectives. The shortage in the labour market compels us to automate our processes, reducing the need for manual labour to sustain growth. Furthermore, laws and regulations are increasing the demand for more validation of procedures and quality control. Digitalisation and robotisation provide a digital trail of all process steps and enable us to digitally attach information during physical tasks. This approach generates a digital replica of our designs and constructions. With most activities timestamped, we can accurately report on this process and provide crucial steering information to meet regulatory demands and our objectives.

We are enabling our digital ambition through the implementation of an operational digital process ANT platform. From the start of a project to the end, our employees are fully in control when they use the platform. There is a real-time dashboard overview of progress at a project level but also at a higher level, showing all projects running per department, branch or company. This platform supports the project phases of Design, Build and Maintain. In addition to featuring the workflow of tasks, this platform also has our complete production, assembly, and on-site placement planning. This enables accurate planning, and we can immediately see where we stand and what the forecast is regarding our capacity.

We feed this platform with data from our 3D Building Information Model (BIM). BIM contains geometry and information that the platform uses to generate tasks and schedules. The platform allows us to generate unique QR codes of each item of the project at any level. By applying QR codes with their unique ID, we can add information such as quality checks, and we always know where the item is in our

Our long-term targets

2025-2050

10 modules produced a day (1 line, hall 17, NL)

Our actions to achieve our targets

Actions 2023 realised	Actions 2024	Actions 2025-2030
<ul style="list-style-type: none"> - Implemented the ANT platform for digital production in Hall 17, Montfoort, the Netherlands - Effective since 2024, the Wet kwaliteitsborging voor het bouwen (WKB) is a new Dutch law designed to ensure building quality in the construction sector; we have successfully applied this to three pilot projects - Established an 'integral project management' across all departments (via ANT platform) - Initiated production for the STAR project at Maasvlakte, Rotterdam, consisting of 44 modules; these were successfully produced within 2.5 weeks 	<p>Implementation of the ANT platform to support the primary processes for our projects, including:</p> <ul style="list-style-type: none"> - Assembly planning and operation - Compliance with WKB - Development of a planning module - Establishment of an assembly factory in Germany - Generation of BI (Business Intelligence) reports utilising data from these modules 	<ul style="list-style-type: none"> - Optimisation of the digital platform to enhance operational efficiency - Development of comprehensive Power BI reports to monitor the organisation's performance across various hierarchical levels

process, its physical location and if it has been produced by our standards. Because this information is also linked to our production and assembly process, our operators in the factories can never install an item where it is not supposed to be.

This method literally ties all the information of a project together and creates a digital twin of what we physically build. By the end of a project, at the push of a button, a complete report is generated with all the components legally required to deliver the building. At Daiwa House Modular Europe we call this way of working SMART Connected BIM.

Next to digital innovation, we also innovate our production methods through robotisation and production process innovation. Daiwa House Modular Europe invested in multiple robotisation projects, such as a wood frame construction and welding robots. Both allow us to work more precisely and efficiently, and to improve the quality of our products.

Innovation

Innovation is essential for Daiwa House Modular Europe to respond to changes in the market and to discover new opportunities. It allows us to build better products for our customers more efficiently. Several departments within Daiwa House Modular Europe share an innovative character. The IT department continuously develops its IT landscape to fully benefit from digital innovations. They work closely with the Industrialisation department to develop robotisation and production process innovations. The Research & Development department focuses on our products: high-end, sustainable buildings for future residents.

We are investigating how we can make our products more sustainable in terms of materials. A key aspect of our research involves exploring alternatives to structural materials like steel and concrete, while ensuring that we maintain the essential characteristics required for construction. We aim to extend our use of wood and sustainable concrete and increase our use of

Our long-term targets

2025-2050

Continuously innovate our products, processes and services

Our actions to achieve our targets

Actions 2023 realised	Actions 2024	Actions 2025-2030
<ul style="list-style-type: none"> - Completed the investigation of alternative concrete combined with preheated moulds - Explored the potential for hybrid wood/concrete floors and created demonstration floors - Finalised technical installation for new building concepts 	<ul style="list-style-type: none"> - Implement pilot project, acquire a preheated mould and construct test floors for evaluation - Continue to refine the hybrid floor concept, leveraging insights gained from the demonstration floors - Implement an ESG data management platform and dashboard to streamline reporting and analysis (BEEZZZ) 	<ul style="list-style-type: none"> - Full implementation of the ESG data management platform (BEEZZZ), initiating a Plan-Do-Check-Act (PDCA) cycle for ongoing enhancements - Utilise insights from the pilot projects to implement improvements across our standard practices, ensuring that lessons learned directly inform and elevate our operational benchmarks

biobased materials. Also, smart homes play a crucial role in the pursuit of Daiwa House Modular Europe's goal to develop energy-efficient homes. This emphasis on incorporating smart home technology is a significant focal point for the company. We are in the process of standardising our housing designs. Modular buildings are lauded for their standardisation potential, which drastically improves productivity in construction. Standardisation allows us to optimise design, reduce waste and improve efficiency and quality. We developed a product for the temporary housing market as well as the permanent housing market in the Netherlands. For the British and German markets there is a strong focus on finalising current projects and setting up the production facility in Fürstenwalde (DE). New standards will be developed based on the learnings.

In our quest to refine our processes, data plays a crucial role by offering insights into potential improvements. Currently, our data collection is predominantly manual. While effective, this method limits our ability to swiftly gauge the effects of our enhancements. Recognising this, Daiwa House Modular Europe is transitioning towards automation to enable more precise management. We started a partnership with BEEZZZ, which will provide us with a sophisticated data platform utilising Microsoft Power BI and Apps. This will allow us to integrate this platform with our existing systems for Quality, Health, Safety and Environment, Production and financial reporting. The result is a unified, automated reporting mechanism across all areas of operation, ensuring a comprehensive, auditable data trail that supports Corporate Sustainable Reporting Directive (CSRD) compliance.

Lastly, research and development is a collaborative effort for Daiwa House Modular Europe, as we actively engage in improvement projects with our external partners like TU Delft and Cirkelstad. We also share our knowledge and data with third parties for projects they initiate. This allows us to make an

even greater contribution to tackling the construction industry's sustainability challenges.

Scarcity of raw materials

Current trends suggest that the scarcity of raw materials will continue to intensify in the future, as the causes of the supply shortage aren't going away. In our linear economy, people are consuming more and discarding items at an increasing pace. This can be traced primarily to population growth and consumerism. The construction industry, like all other sectors, is both involved in and affected by this ongoing trend.

As new buildings require large quantities of construction materials, which are more and more expensive and difficult to procure, reuse is crucial. Modular construction embraces the reuse principle. Modular buildings can easily be reorganised or relocated, enabling us to respond to changing requirements, usage possibilities and market demand. If a building is no longer needed, it can be removed quickly and easily. Therefore, buildings are not demolished, but dismantled. Currently, about 80% of the components of Daiwa House Modular Europe are reused immediately when a module is returned. We seek high-end destinations for the remaining 20%. By continuing to reuse raw materials and products, their value is retained, and

Our long-term targets

2025	2030	2050
<0.45 MPG	<0.30 MPG	<0.30 MPG

Our actions to achieve our targets

Actions 2023 realised	Actions 2024	Actions 2025-2030
<ul style="list-style-type: none"> - Integrated environmental inquiries into the supplier review forms to underscore Daiwa House Modular Europe's demand for sustainable practices and catalyse change within our supply chain - Reviewed and clarified our strategic roadmap for the upcoming years to ensure a clear, actionable path toward our sustainability goals 	<ul style="list-style-type: none"> - Initiate partnerships with suppliers of the three most impactful materials to explore and implement more sustainable alternatives within our supply chain - Advance our standards for residential living to achieve an environmental impact of less than 0.5 MPG (Milieu Prestatie Gebouwen*) 	<p>Conduct a review of suppliers who fail to achieve progress in their product improvements towards meeting our shared environmental objectives and decide on actions</p>

added value is created for each project and the world around us. This enables us to make a substantial contribution to the sustainability of the construction industry.

The speed and the urgency of the scarcity of raw materials trend became very clear in 2022. There was an unprecedented shortage of almost all the raw materials used in construction – aluminium, wood, plaster, concrete, iron, etc. – together with a very significant rise in prices. Although this was also challenging for Daiwa House Modular Europe, we always managed to find solutions. This strengthened our mission to build circular modular houses that don't need to be demolished in the future, instead being disassembled and reused. In doing this, we can help to face the challenge of the increasing scarcity of raw materials.

A prime example is the 'Ravel student living apartments' in Amsterdam, one of our largest projects. This modular building is designed for relocation and must be moved from its current site by 2026. In collaboration with Student Experience, the current owner, Daiwa House Modular Europe is actively engaging with local authorities to explore opportunities for repurposing the modules at a new site or multiple locations. This initiative underscores our commitment to sustainable construction practices and our ability to adapt and reuse resources efficiently.

Engaging our suppliers in our environmental objectives is crucial to prevent raw materials from becoming scarce. Given the significant reliance on our suppliers to achieve these targets, we have integrated environmental considerations into our supplier review processes. This ensures that materials become a central topic of discussion, allowing us to monitor progress and ensure our suppliers are aligned with our sustainability trajectory. By doing so, we can keep a close watch on developments and verify that our suppliers are taking appropriate steps towards meeting our shared environmental goals.

Financial effects of resource use and circular economy

The essence of the modular construction industry, deeply ingrained in Daiwa House Modular Europe, is the efficient utilisation of resources through material reuse. Our approach to construction not only extends the lifecycle of materials across various applications but also aligns closely with circular economy principles—reusing, refurbishing, and recycling materials to foster additional revenue channels.

Scepticism regarding the architectural viability of modular construction diminishes as its benefits become apparent. Utilising modules in construction and embracing circular economy practices distinguishes us from conventional builders, highlighting our dedication to sustainability. Historically, our modular units, particularly in rental ventures, have been repurposed for diverse uses such as schools and offices.

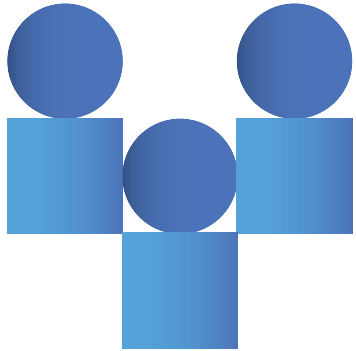
Challenges like resource scarcity and price fluctuations pose risks to the broader construction sector and to us. However, the standardisation inherent in modular construction promotes efficient material usage, reducing reliance on scarce raw materials. Our preference for materials with high recycled content, like steel with 95% recycled content, mitigates resource scarcity and price fluctuation risks.

Constructing in a controlled factory setting not only minimises waste but also enhances material recycling. Through meticulous planning and precise production, we achieve cost savings and lessen our environmental footprint, fully embracing the circular economy.

This circular approach opens avenues for market expansion and financial gains for Daiwa House Modular Europe. While circular economy principles offer advantages, they also introduce risks, particularly in sourcing consistent, high-quality recycled materials. Challenges in maintaining material quality

may lead to increased costs or sourcing difficulties, necessitating rigorous testing and certification to ensure compliance and performance.

Despite potential obstacles, our commitment to sustainable material use and minimising environmental impact remains steadfast. However, the competitive landscape is evolving, with new entrants and traditional firms adopting circular practices. To maintain our industry leadership, we must continually innovate and improve, leveraging our six decades of experience while staying agile in the face of changing market dynamics.



Social



Social

We are committed to being an exemplary employer and maximise our shared value among our employees, customers and society.

In the Social section of Daiwa House Modular Europe's 2023 ESG report, we underline our commitment to being an exemplary employer, championing excellent employment practices, diversity and inclusion, and offering ample opportunities for personal and professional growth. Our goal extends to ensuring a safe, healthy work environment for all team members, including those from staffing agencies, in collaboration with our external partners.

Our dedication also encompasses addressing broader social issues through our housing solutions, like mitigating the housing shortage and responding to public emergencies, including the refugee crisis and the challenges related to seismic activity in the north of the Netherlands. This segment details our approach to these critical social topics, as identified in our materiality assessment.



“We are committed to safety and well-being of our people and foster diversity. Through training and education our people can develop their talents and generate more work satisfaction. Collectively we improve the product every day.”

Ambition 2021 **Safe & engaging people**



“With standardised design and industrialised production methods we develop, construct and deliver innovative modular houses, at the time and place needed (whenever, wherever). We are thus a partner for constantly changing societal needs.”

Ambition 2021 **Flexible and efficient solutions**



Focus on material topics

- Good employment practices
- Working safely
- Social developments



Through leadership in the value chain we constantly innovate and respond to changing and growing markets. We are able to provide direct and indirect employment to our people and create incomes for their families.



Through sustainable living we have impact on cities and communities. We provide people with sustainable homes and create secure, healthy and social environments.

“Focus on the journey, not the destination. Joy is found not in finishing an activity, but in doing it.”

– Nico Vester, **Head of HR**

 Roadmap: our long-term social targets

Theme	2022	2023	2025	2030	2050
Being a good employer	Absenteeism rate: 6.3	5.64%	<5%	<4.5%	<4.5%
	Employee engagement: 7.2	6.61	7.5	> 8	> 8
	Diversity & inclusion (women in management position): 4.3%	1.5%	15%	30%	50%
Working safely	Safety Culture Ladder level 3	level 3	level 4	level 5	level 5
	Fatal accidents/ accident with lasting injuries 0	0	0	0	0
	Injury Frequency (IF): 11.5	6.43	<2	<1	<0.5
Social development	1,691 apartments - 329 earthquake-resistant homes - 74 projects related to refugees - 2 senior houses	2,550 houses - 2,130: students/starters/singles - 300: starters/couples/seniors - 120 family/migrant workers	3,750 houses: - 3,000: students/starters/singles - 425: starters/couples/seniors - 325 family/migrant workers	8,000 houses: - 6,900: students/starters/singles - 600: starters/couples/seniors - 500 family/migrant workers	10,000 houses



In 2023, significant advancements include the rollout of our new HR Management System, Personio, improving HR processes and introducing digital tools for onboarding and performance reviews. Despite ongoing adjustments to these HR processes, we've made significant progress towards General Data Protection Regulation (GDPR) compliance and streamlined data accessibility.

The year 2023 saw notable expansion, especially in Germany with the acquisition of a new factory and in the Netherlands with the opening of a new site in Bunnik and additional production facilities in Eemshaven. Our team grew to an average of 520 FTEs, a net increase of 84 FTE, as we welcomed 153 new colleagues. This meant that 28% of our workforce were dedicated to onboarding and integration. With 79 leavers, our focus on refining recruitment and onboarding processes has been critical. Looking ahead to 2024, enhancing our onboarding programs and nurturing a culture that values diversity and inclusion remain priorities. Managerial training will be pivotal in supporting a diverse workforce.

In a competitive labour market, we've employed proactive recruitment strategies to attract talents across generations in both Germany and the Netherlands. To foster our culture and values and build on stability in our workforce, we try to increase the ratio of permanent workers to agency workers. With our new HRM system, we will further professionalise our recruitment and selection processes, start building our own network of potential candidates and activate new sources for filling our vacancies. With initiatives like a structured apprentice program aiming to welcome 10-20 young employees in 2024, we're committed to enhancing diversity and inclusion and addressing the labour market's challenges head-on.

This introduction sets the stage for an in-depth discussion on Daiwa House Modular Europe's social commitments and activities, showcasing our continuous efforts to positively impact our employees' lives and address significant societal issues.



Refugees

Spreading Act Dutch government

Alphen aan den Rijn,
The Netherlands



3 months

Construction time



12

Number of homes
(for 48 people)



576m²

Floor area

There is a pressing need to accommodate hundreds of refugees with sustainable housing in the Netherlands by 1 February 2024, and modular construction has emerged as a viable solution. Modular housing offers flexibility, speed and cleanliness and is crucial for preventing prolonged stays in reception centres. Collaboration between municipalities is essential to fulfil legal and humanitarian obligations, ensuring dignified living conditions for asylum seekers. The Dutch Spreidingswet (Spreading Act) mandates the fair distribution of asylum seekers across various municipalities in the Netherlands, enabling more efficient movement through application centres and shared responsibility among municipalities. The adaptability of modular construction allows for easy relocation and repurposing, enhancing efficiency in responding to housing demands. Daiwa House Modular Europe stands ready to contribute to this vital endeavour with modular solutions, recognising shelter and asylum when fleeing as a fundamental human right and a shared responsibility.

Being a good employer

Employee engagement

Research underscores that engaged employees not only perform better but also experience overall higher well-being, less absenteeism, and are more likely to stay with the company longer. In today's fast-evolving workplace, maintaining a strong connection and engagement with our staff through regular feedback is essential for continual improvement. Managers play a crucial role in fostering this engagement, necessitating access to effective tools, accurate data, and robust support from senior management and HR.

Our HRM System will equip managers with a dashboard, simplifying access to their teams' data, thereby enhancing employee engagement and the overall work experience—key components of our strategic success. The insights gained from our annual employee engagement survey are invaluable, guiding managers on how to enhance team engagement levels. Recognising the limitations of our previous approach, we plan to revamp this process in 2024, offering managers detailed reports and tools for actionable planning, monitoring and governance.

Communication strategies at Daiwa House Modular Europe are evolving to include multiple channels. We introduced an app to communicate with our employees, have business email, Employee Self Service portals and direct manager interactions, supplemented by Town Hall meetings and messages from our Board. This multi-channel approach ensures critical messages resonate throughout our organisation. All office-based agency workers currently have access to news and safety information, and we are exploring methods to extend effective communication to production staff and external partners. A network event in November 2023 for all agency firms highlighted our core values, safety standards and mutual expectations, with ongoing evaluations planned to enhance safety practices and reduce accidents.

As we transition to being a more international organisation, we acknowledge the need to better communicate follow-up actions post-employee engagement surveys. The new system will integrate these communications into our regular workflows, supported by the right tools. Inspired by Finnish professor J. Ilmarinen's work, we aim to align our employees' vitality, health and engagement with our strategic objectives of productivity, growth and profitability.

Employee vitality and health

Maintaining the health and well-being of our employees is important at Daiwa House Modular Europe, as we firmly believe that well-being directly correlates with performance and sustainable outcomes. Ensuring the physical and mental health of our team is a top priority, fostering an environment that supports vitality and promotes the advantages of a healthy lifestyle, not only in the workplace but also through a broader, holistic perspective.



Each of our offices has designated personnel responsible for overseeing vitality and health initiatives, underscoring our commitment to employee well-being. To encourage healthy living, we provide fruit baskets in all office locations and share health and wellness tips through our app. We support active commuting with bicycle plans and ensure our workplaces are equipped for physical activities and relaxation. Our facilities vary by location but include facilities like dart boards, table tennis, soccer goals and bootcamp sessions. We've also engaged in community activities, organising local soccer tournaments in Montfoort, the Netherlands, and participating in running events.

Our vitality week in November 2023 was dedicated to exploring the five dimensions of vitality, tailored to each location. Activities ranged from physical exercises like bootcamps and sports tournaments to making smoothies, emphasising healthy nutrition. We also focused on social connections, sharing results from the preference survey, and enhancing the work environment through workshops on ergonomic practices and stress reduction techniques. Mental health was a key theme, with our CEO affirming the importance of open discussions about mental well-being with managers, HR or healthcare providers, and introducing resources for mental health support. We plan to continue communicating regularly on health-related topics, building on initiatives like last quarter's focus on addressing addictions. This approach to employee health and vitality is integral to our culture, supporting both individual and organisational growth.

Diversity and inclusion

Daiwa House Modular Europe is wholeheartedly committed to fostering a culture of support and inclusivity within our team. Advancing diversity and rooting out discrimination are key priorities for us, and we aim for a workforce that mirrors the diversity of society itself. We strive to ensure that every employee and applicant receives equal opportunities, with respect and appreciation for each individual's contributions, allowing them to thrive.

Our commitment extends to guaranteeing equality and fairness regardless of age, disability, gender identity, marital status, pregnancy and maternity, race, religion or belief, or sexual orientation. We ensure equitable treatment for all staff, whether part-time, full-time or temporary, maintaining a workplace where respect is paramount.

Selections for employment, promotions, training or any benefits are made purely on the grounds of individual qualifications and abilities. We actively support and motivate all employees to reach their full potential and bring their unique skills to the fore. This not only fully leverages our organisational skills and resources but also enhances the productivity and efficiency of our entire workforce.

Aiming to appeal equally to men and women, in 2023 we increased our female workforce to 70 FTEs, up from 58 FTEs in 2022. The percentage of women working part-time stands at 19%, with male part-time employees decreasing to 3%. The pay gap has narrowed to 3%, favouring male employees. Currently, we have six female managers, with only one in a senior management role. While we are encouraged by the increase in female hires and the narrowing pay gap, it's evident that further efforts are needed to ensure equal opportunities for all. We're exploring ways to make our workplace more appealing to all genders, including part-time opportunities for better work-life balance and hybrid work models to reduce commuting.

Addressing diversity and inclusion challenges is complex, as these values are still being integrated into our core culture. We recognise the need for continuous improvement in our policies and practices to truly embody the principles of diversity and inclusion.

Our policies

At the end of 2023, we conducted a comprehensive review of our policies, culminating in the consolidation of most into a singular company handbook. This process eliminated redundancies, streamlined the text, and placed greater emphasis on key areas such as safety and prevention, vitality and health, learning and development, internal promotions, and our environmental, social and governance (ESG) goals. While we acknowledge that revising policies alone won't transform our culture, it does establish a more robust framework for structured guidance and training.

To ensure all team members were informed and aligned with these updates, we hosted online team meetings for managers and employees. These sessions were dedicated to discussing the revisions, with a focus on the most significant changes and sections. In this section, we detail our most critical policies, reflecting our commitment to continuous improvement and alignment with our organisational values and ambitions.



Award

'Futureproof Construction Company 2023'

In September, Daiwa House Modular Europe was honoured with the 'Futureproof Construction Company 2023' award at the REBF Festival. This recognition highlights the company's commitment to sustainability and innovative construction methods. As a leader in industrialised modular building, Daiwa House Modular Europe is dedicated to creating a futureproof living environment. The award underscores their vision for a better-built environment, emphasising affordability and sustainability. Daiwa House Modular Europe's expertise in modular construction positions them as industry leaders, setting a benchmark for excellence in sustainable practices. This prestigious accolade reaffirms their dedication to shaping the future of construction, ensuring a more sustainable and affordable built environment.

Training and development

To meet Daiwa House Modular Europe's goals, continuous employee development is essential, integrating education, training and on-the-job learning. We aim to organise our training efforts by introducing standard curricula for different roles and levels, mandatory for new hires and available for current staff as learning enhancements or refreshers. Plans include launching an online learning platform by 2024 or 2025, integrated with our HRM system, to promote a culture of continuous learning and prepare employees for future opportunities. This platform will provide unlimited access to a broad range of courses and workshops, supporting our commitment to comprehensive employee development within budget constraints.

Diversity and inclusion

At Daiwa House Modular Europe, we prioritise creating a workplace where every employee feels emotionally safe and is treated with utmost respect. We stand firm against any form of discrimination based on origin, gender, skin colour, sexual orientation, age, religion, disability or chronic illness. Our commitment extends beyond just integrity, respect and understanding; we foster a culture of collegiality and open communication. This involves being considerate, honest and respectful towards one another, adhering to agreed-upon terms, actively listening and freely sharing knowledge and information. Through these practices, we aim to build a supportive and inclusive environment for all.

Social paid leave

In each country we offer at least the minimum required paid leave entitlements for maternity leave, parental leave and emergency leave, and above-market special leave in the event of the death of a loved one. In each country we offer at least the minimum required paid leave entitlements for maternity leave, parental leave and emergency leave. In most countries we also offer above-market special leave in the event of the death of a loved one. In 2023, almost 11,500 hours of special leave was paid, which is about 1.2% of the total norm hours.

Access to social security

Daiwa House Modular Europe is committed to ensuring the well-being and security of all employees and, where applicable, their families. We provide collective health insurance that offers a discount to employees and their family members. We have established mandatory collective accident insurance and a pension scheme for all employees to support their long-term security. In the Netherlands, we also offer group WIA gap insurance to cover social security benefits related to sickness or disability, with mandatory participation for employees. This benefit activates after two

years of sick leave, offering continued support during extended health-related absences. We extend similar care to our agency staff, with over 95% covered under a collective labour agreement that addresses social security issues. Our agreements with staffing agencies include provisions allowing us to periodically review our vendors, ensuring adherence to compliance standards.

Inappropriate behaviour

At Daiwa House Modular Europe we aim to ensure a safe working environment under the best possible conditions, where we interact with one another pleasantly and everyone feels free to be themselves. All employees should feel safe and treated with respect. Daiwa House Modular Europe has developed a policy which aims to help employees who are confronted with inappropriate behaviour, aims to sanction the perpetrators, and help managers identify and acknowledge inappropriate behaviour and give them tools for dealing with it. Confidential counsellors have been appointed within the organisation that employees can turn to if they need to report inappropriate behaviour.

Social Return

Social Return is the creation of sustainable employment for people distanced from the labour market. Anyone who is outside the regular employment process for more than three months belongs to this group, as well as other people distanced from the labour market. Daiwa House Modular Europe works together with organisations such as UWV, Fermwerk, Promen and the municipalities. Together with these organisations, we are searching for opportunities to employ people from this group. Job carving or job sharing may be considered when employing people distanced from the labour market. People are trained within Daiwa House Modular Europe to guarantee the right guidance and support. To set up a better structure and accelerate these people joining us, management freed up a full headcount at the end of 2023.

Slavery and human trafficking

We are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business. This stance is in line with our Business Ethics policy. We have zero tolerance for slavery and human trafficking. To ensure all those in our supply chain and contractors comply with our values we require our suppliers and subcontractors to adhere to our Supplier Code of Conduct.

Refugees



COA emergency shelter for refugees opens

Gouda,
The Netherlands

 **180-200**
Number of residents

 **2.5 months**
Construction time

 **675 m²**
Floor area

In May 2023, the Central Agency for the Reception of Asylum Seekers (COA) opened an emergency shelter for refugees in Gouda. The temporary modular flats, located in the Molenwiek building at Groningenweg 6, serves as accommodation for up to 350 people for the next five years, with potential plans for permanent conversion thereafter. An additional 31 modular apartments were constructed to provide long-term housing solutions. To commemorate the occasion, a tree-planting ceremony was held, attended by COA Chairman Milo Schoenmaker, Mayor Pieter Verhoeve, and State Secretary Eric van der Burg, symbolising new beginnings for the residents. Early feedback from the first occupants has been overwhelmingly positive, with residents contributing to the celebratory atmosphere during the opening event. This project, commissioned by COA Gouda, spans a floor area of 675 square metres across three levels. Completed in just 2.5 months, the construction of the 31 apartments aligns with COA's mission to provide immediate shelter for refugees in need.

Privacy at work

Daiwa House Modular Europe aims to meet the requirements of the General Data Protection Regulation (GDPR) and we believe that it is important to provide our employees with information about data privacy at work. Daiwa House Modular Europe has accordingly prepared a privacy statement for all employees that explains the legal grounds on which we are permitted to process personal data, our obligation to provide data, the data that we process and the rights of all employees under the GDPR. The security of personal data is particularly important. All data is well protected through the physical, administrative, organisational and technical measures we have put in place. We can assure our employees that we have an appropriate level of protection, which is laid down in our security protocol, along with the process on how to report a breach of privacy.

Our processes for engaging with our employees

Daiwa House Modular Europe has diverse channels set up that enable employees to raise concerns. Depending on the concern, employees can follow, for instance, the Whistle-Blower policy, Anti-Bribery & Corruption policy and other channels such as employee engagement surveys to ensure concerns are raised to the right designated persons. Our employees are made aware of all these channels, with active communication to ensure that they are easy to find. Confidential counsellors have been appointed at all branches and at all levels, and they have been trained.



Our actions to achieve our targets

The following actions have been identified to increase our social impact inside and outside our organisation. Resources and budgets have been allocated for each action, ensuring successful implementation.

Area	Actions 2023 realised	Actions 2024	Actions 2025-2030
General	<ul style="list-style-type: none"> - Implemented HRM System - Improved data quality - Set up dashboard for HR and managers 	<ul style="list-style-type: none"> - Add Learning & Development platform - Integrate main systems 	<ul style="list-style-type: none"> - Continuously optimise systems and processes
Employee engagement	<ul style="list-style-type: none"> - Reshaped our Employee Engagement Survey (EES) process - Measured preferences on compensation and benefits, action planning and communication 	<ul style="list-style-type: none"> - Expend tools for employee engagement and implement new EES survey - Embed in onboarding managers - Prepare new EES setup - Add tools for management for driving recognition and engagement 	<ul style="list-style-type: none"> - Extend EES survey to our agency workers
Vitality and health	<ul style="list-style-type: none"> - Vitality program 2.0 - New setup health care provider - Trained management - Updated risk inventory and evaluation - Voluntary medical check-up for two departments: painters and welders 	<ul style="list-style-type: none"> - Voluntary medical check-up - Embed in onboarding process for managers - Offer eLearnings and workshops - Vitality week 3.0 	<ul style="list-style-type: none"> - Embed in onboarding process for employees - Embed vitality and health activities in our annual cycle - Involve (semi-) permanent agency workers - Tender health care provider and updated process
Diversity and inclusion	No meaningful activities	<ul style="list-style-type: none"> - Join networks for women - Offer eLearnings and workshops for awareness of inclusion - Activate our employees to discuss issues and solutions - Interview all current female employees about current hurdles and opportunities and action solutions - Identify specific vacancies for women 	<ul style="list-style-type: none"> - Add at least two women to Supervisory Board and/ or Board of Directors - Further embed diversity and inclusion in our corporate identity and policies
Training and development	<ul style="list-style-type: none"> - Central introduction day - Training and development as usual 	<ul style="list-style-type: none"> - Review our function matrix and add minimum training and competencies requirements - Make these available for all - Create curricula per function group - Embed in onboarding - eLearning, workshops and other training facilities for all via a Learning & Development platform 	<ul style="list-style-type: none"> - Link to our performance cycle - Embed in our corporate culture a continuous learning culture
Our policies	Reviewed all policies and procedures and embedded social paragraphs	<ul style="list-style-type: none"> - Add focus areas and make them actionable - Communicate 	<ul style="list-style-type: none"> - Translate next steps in our ESG journey into policies and procedures - PDCA governance

Performance measurements

1. Streamlining operations: a milestone in HR and data management)

In May 2023, Daiwa House Modular Europe embarked on a significant journey to enhance our operational efficiency through the implementation of a new system, after detailed preparation. This initiative began within our HR department, transitioning smoothly from legacy systems and procedures over several months. By September 2023, we extended access to managers, and by November, all employees were onboarded to the system. This transformation has facilitated greater autonomy across various departments, granting them direct, yet secure, access to essential portions of the Personio system. This shift has empowered teams to manage their data independently, in compliance with GDPR standards, reducing the previous dependency on HR for data processing. The introduction of the first dashboards has transformed how managers and HR gain insights into team dynamics, enabling more informed and balanced decision making. This key achievement not only marks a leap towards digital efficiency but also aligns with our commitment to fostering a supportive and empowered workplace environment.



2. Improving employee well-being: a comprehensive approach to vitality and health

In 2023, Daiwa House Modular Europe hosted our second annual Vitality and Health Week in November, focusing on comprehensive well-being with activities spanning all five dimensions of vitality. Our commitment extended throughout the year, with Q3 dedicated to educating our staff on recognising and supporting colleagues facing addiction challenges.

To further promote active breaks and social interaction among employees, we introduced dart boards, ping pong tables, and table football in the canteens at various locations. These additions have been instrumental in energising our teams during lunch breaks and enhancing the camaraderie at our Friday social gatherings. Moreover, our welders and painters underwent their scheduled health check-ups as part of our proactive risk management strategy, with plans to extend these evaluations to all employees in the first quarter of 2024. This initiative underscores our dedication to maintaining a healthy, engaged and productive workplace environment.

Performance measurements

At Daiwa House Modular Europe, it is important to monitor our performance with respect to the well-being of our employees. For this reason, we have identified several indicators that are included in our management dashboards and discussed on a regular basis.

Our employees

In 2023 we employed 520 FTEs, of which 70 are women (13.5%), 93% are permanent employees and 95% are full-time employees. The average age of our employees is 43 years (46 in 2022). In addition to our own employees, Daiwa House Modular Europe also employs workers via employment agencies. The average number of workers from employment agencies in 2023 was 381 (295 in 2022).

Information on employees by contract/gender (FTE)	2020			2021			2022			2023		
	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total
Number of employees	36	348	384	47	382	429	58	378	436	70	450	520
Number of permanent employees	27	285	313	35	317	351	44	324	368	65	419	484
Number of temporary employees	9	62	71	12	66	78	14	54	67	5	31	36
Number of zero hours employees / trainees							0	0	0			
Number of full-time employees	20	293	313	29	363	391	35	355	390	57	438	495
Number of part-time employees	16	55	70	18	20	38	23	23	46	13	12	25
Number of zero hours employees / trainees							0	0	0			
Number of workers via employment agencies (FTE, 40 hrs)			133			255			295			381

Information on employees by entity/country (FTE)	2020			2021			2022			2023		
	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total
Daiwa House Modular Europe Jan Snel BV - NL	20	221	241	28	258	286	32	241	273	39	279	318
Jan Snel Zuid BV - NL	5	72	77	5	66	71	7	68	75	8	73	81
Jan Snel Belgium NV - BE	1	11	12	1	10	11	1	9	10	1	10	11
Daiwa House Modular Europe Ltd - UK	1	4	5	3	6	9	3	6	10	4	4	8
Daiwa House Modular Europe GmbH - DE	3	1	4	4	5	8	6	9	16	9	20	29
Daiwa House CB GmbH - DE							1	3	4	3	27	30
Medexs - NL	6	39	45	6	37	44	8	42	49	6	37	43
Total	36	348	384	47	382	429	58	378	436	70	450	520

Absenteeism

In 2023, the average absenteeism rate dropped from 6.81% to 5.64%, which is slightly higher than the industry average of 5.3%. In the second half of 2023, we were more focussed on absenteeism, which might have had some influence on the decrease. We brought our health care provider closer to our managers for improved communication and quicker action. We also retrained our managers with the dos and don'ts of managing sickness and health, with an emphasis on prevention and a focus on keeping employees healthy and happy. To mitigate mental, physical and working environmental issues, we conducted a formal risk assessment. Based on these risks we offer voluntary medical check-ups to all, including lifestyle advice. Data below exclude Medexs and 2020 only included the Netherlands.

Absenteeism in %	2020	2021	2022	2023
Average absenteeism	6.12%	4.42%	6.81%	5.64%
Daiwa House Modular Europe Jan Snel BV	5.06%	4.05%	5.70%	5.22%
Jan Snel Zuid BV	9.85%	6.56%	11.45%	9.22%
Jan Snel Belgium NV	2.11%	5.03%	1.15%	3.36%
Daiwa House Modular Europe GmbH	0.75%	1.55%	3.94%	4.42%
Daiwa House CB GmbH			1.10%	3.41%
Daiwa House Modular Europe Ltd	0.00%	0.29%	3.71%	1.13%
Medexs		7.00%	9.21%	5.60%

* Long term vs short term and industry average of 5,3% (source: CBS)

Long term vs short term absence*	2020	2021	2022	2023
Short (< 8 days)	0.71%	0.74%	1.20%	0.88%
Middle (8 - 43 days)	1.26%	1.04%	1.21%	0.75%
Long (43 - 366 days)	2.71%	1.67%	3.70%	2.54%
Extra long (> 366 days)	0.67%	0.91%	0.29%	2.47%
Total	5.35%	4.36%	6.40%	6.64%

* Excluding Medexs

Special Preference Survey (former employee engagement survey)

Instead of our standard Employee Engagement Survey (EES), this year we conducted a Special Preference Survey among our Dutch employees to gauge their preferences on compensation packages and overall engagement. This survey was managed by AWWN, a Dutch organisation specialising in human resources. The feedback provided intriguing insights, which will inform potential adjustments to our terms and conditions. However, these results aren't directly comparable with those from previous years. We plan to resume our regular survey in 2024.

With a participation rate of 51% and a sufficiently diverse response rate to ensure validity, the overall satisfaction score was 6.6 out of 10, and 6.5 out of 10 employees would recommend us as an excellent workplace. Beyond the usual focus areas like basic pay and salary progression, respondents highlighted other valuable aspects such as engaging work, career development opportunities, work-life balance and flexible working arrangements.



Training and skills development indicator

In 2023, all employees engaged in regular performance and career development reviews. We recorded 3,827 official training hours across 628 participants (employees registered for training), averaging 6.6 hours of training per employee. Additionally, we organised nine introductory meetings, lasting five hours for each of the 90 newcomers. These figures do not account for eLearning courses (such as safety, compliance and data security training) and on-the-job learning, which are currently untracked. With the introduction of our new HRM system, we anticipate the integration of a Learning & Development platform. This will not only enhance our training and growth tracking capabilities but also support more personalised employee development plans.

Training hours	2022	%	2023	%
Per gender				
Men	3,756	90%	3,461	90%
Women	412	10%	366	10%
Per management category				
Higher Management	151	4%	117	3%
Middle Management	73	2%	338	9%
Individual contributors	3,944	95%	3,372	88%
Per department group				
Office Jan Snel	253	6%	189	5%
Office DH Housing	290	7%	379	10%
Production Jan Snel	1,370	33%	821	21%
Production DH (Housing)	1,714	41%	2,129	56%
Support staff	223	5%	170	4%
Transport	320	8%	139	4%
Grand Total	4,168		3,827	

Other social activities

We are part of the societies we operate in and try to be an active member.

- Via our Daiwa House Modular Europe Foundation, we supported an organisation helping 42 Ukrainian families in Kiev with a substantial donation.
- We have regular introduction meetings for school students and show them around our experience centre, trying to enthuse them about green building and our products.
- We sponsor TechnoHub, a cooperation of schools in our community, and help them with materials, instructions and events.

Other social disclosures

Fair remuneration

All employees at Daiwa House Modular Europe receive a wage above the fair wage.

Social security eligibility coverage

All employees have mandatory cover for social security in line with European law.

Number of work-related discrimination incidents

Daiwa House Modular Europe reported six work-related discrimination incidents ranging from bullying to discrimination and conflicts. These issues have been handled via trained trust persons and measures have been taken to avoid repetition.

Persons with disabilities in own workforce

At Daiwa House Modular Europe we strive to employ persons with disabilities in our workforce. In 2023 we employed eight employees with some distance to the labour market.

Differences in the provision of benefits to employees with different employment contract types

Employees with different employment contract types have the same provision and benefits.

Grievances and complaints received and resolved relating to workers' other work-related rights

Daiwa House Modular Europe reported no grievances and complaints received and resolved relating to workers' other work-related rights.

Collective bargaining coverage

3% of all employees are part of a collective labour agreement for professional goods and transport. 97% of all employees are part of our company conditions package.

Work stoppages

Daiwa House Modular Europe experienced no work stoppages due to disputes between labour and management, including strikes and lockouts during the reporting period.

Social dialogue

At Daiwa House Modular Europe, 0% of our own workforce is represented at the establishment level by workers' representatives such as a works council. Daiwa House Modular Europe is in the process of setting up a working group that will prepare to install a works council. Installation is expected in the first quarter of 2024.

Severe human rights issues

Daiwa House Modular Europe reports no severe human rights issues and incidents in the reporting period.

The right to privacy at work for its own workforce

The procedures in place to secure and monitor data privacy rules are described in the data privacy policy. There were no breaches reported and resolved during the reporting period.

“Training plays a vital role in expanding our knowledge base and enhancing organisational efficiency.”



Working safely

At Daiwa House Modular Europe, safety is not just a priority but a collective commitment integral to our operations. In our industry, despite the remarkable outcomes of our projects, the inherent risks of construction cannot be overlooked. Recognising and mitigating these risks through heightened awareness and dedication is our approach to embedding a culture of safety across all levels of our organisation.

The Health, Safety, and Environment (HSE) department plays a pivotal role in this endeavour, ensuring that safety consciousness remains at the forefront for every team member. By collaborating closely with project teams, the HSE department guarantees adherence to all safety, labour and environmental regulations and standards.

Our commitment to safety is matched by our dedication to continuous improvement, driven by active solicitation of employee feedback. Learning from experiences to minimise risks ensures that safety remains our utmost concern at every project site, production facility and office. This commitment is how safety becomes more than just policy—it becomes a fundamental part of our DNA.

Safety culture

Safety culture at Daiwa House Modular Europe is fundamentally about how deeply embedded and actively pursued safety is within our organisation. A robust safety culture is one where the entire organisation, from the ground up, prioritises safety, fully recognising its importance. This culture fosters an ethos of “we work safely, or we do not work at all,” aligning with the highest ideals of the Safety Culture Ladder (SCL)—a framework for evaluating safety awareness and behaviours within companies.

We actively engage with the SCL as a benchmarking tool to gauge and enhance our safety culture. The SCL serves not just as an assessment but as an incentive for continuous improvement in safe practices both internally and among our suppliers. The level achieved on the ladder reflects the maturity of our safety culture, with Daiwa House Modular Europe reaching level 3 in 2022 and maintaining this level through 2023. This achievement lays a solid foundation for our ambition to advance to level 4 by 2025.

Following a comprehensive gap analysis against the ISO 45001 standard in 2022, our next strategic milestone is to attain ISO 45001 certification by 2024, further solidifying our commitment to exemplary safety standards and practices.

Managing safety responsibly



This is how we aim to manage safety responsibly:

Safety awareness - From project manager to foreman, and from production worker to office worker. Everyone is aware of the risks.

Safety in the chain - In addition to our own people, we also ensure that clients, contractors, and subcontractors work safely.

Responsible at work - We stay alert and learn from each other. Everyone points out unsafe situations or risky behaviour to each other and we help each other solve it.

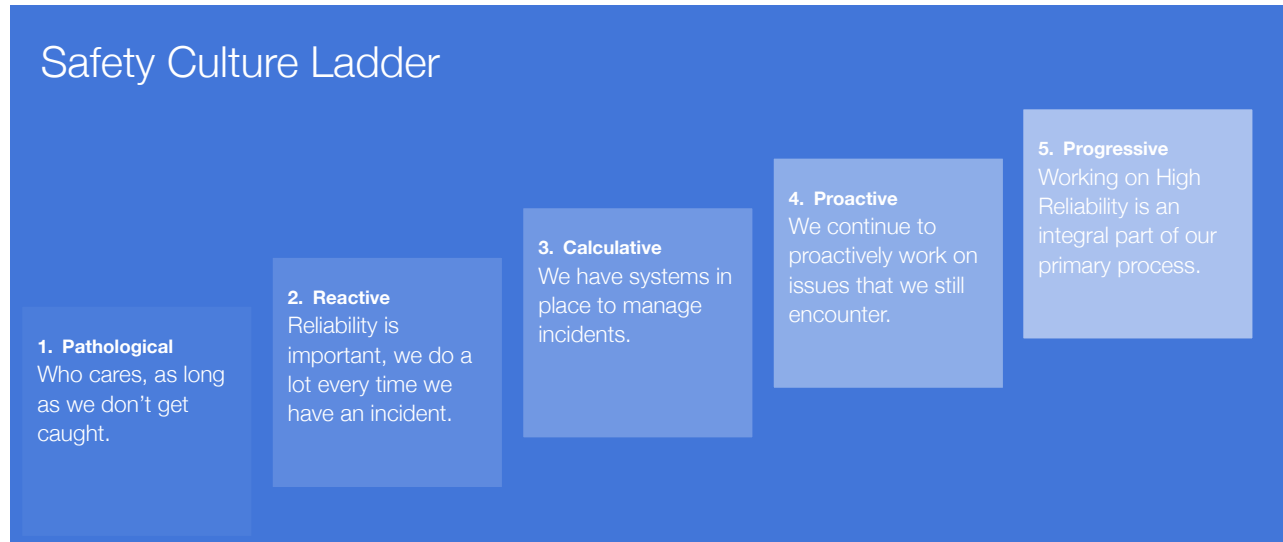
Direct action - Unsafe situations are reported and resolved immediately.

All our production and project locations are SCC and SCL certified. We ensure that there is a clear policy for noticing and reporting near-misses, accidents, unsafe situations, and actions. We focus on this to such extent that not only the number of reports increases, safety improves as well. As a result, we are gaining a better understanding of potential risks. This is how we make our work a little safer every day. We are proud of this.



“Safety is a responsibility of every employee, from the work floor to management. We create a safe working environment by working together. We demonstrate this every day by addressing each other on things that can be done differently and more safely. Safety first!”

– Edwin van Duivendijk,
Head of QHSE



We believe in working safely together. We have defined the following seven behavioural rules:

1. We believe safety is a joint responsibility
2. We allow ourselves to be called to account and confront others about unsafe behaviour
3. We take immediate action and report all unsafe situations
4. We work, if we are qualified to do so, with the correct and approved tools/materials
5. We only start our work after we have understood the (site) safety instructions
6. We keep our surroundings and workplace clean, tidy and safe
7. We use our mandatory and additional personal protective equipment

Our Health & Safety Policy

The directors and staff of Daiwa House Modular Europe regard safety as an extremely important priority for the company. We are committed, through strong leadership and engagement with the workforce, to create an incident-free environment where accidents are eliminated and health is protected. In doing so, we are in line with the Dutch cabinet's objective: the Health and Safety Vision 2040 'zero death': zero deaths at work due to poor working conditions. This applies to all employees, contractors and members of the public who may be affected by the activities of the company. Current health and safety legislation and relevant approved codes of practices should be always complied with. To achieve these aims we will:

- Keep our risk inventory and assessment (RI&E) up to date and proactively follow up on the action plan (PvA).
- Assess the competence of our employees and supply chain to execute the activities they are expected to undertake.
- Provide such information, instruction, training and supervision as is necessary to enable the safe performance of work activities.
- Provide a safe working environment and safe systems of work through design, construction, operation and maintenance of all plant, equipment and facilities.
- Provide adequate facilities and arrangements for engagement with the workforce on our projects and in our workplaces.

- Enable employees and contractors to raise issues relative to health and safety. No punitive action will be taken against any worker who raises a health and safety concern.
- Appoint competent persons to assist in meeting statutory duties where appropriate. This may include the appointment of specialists from outside the organisation.
- Provide appropriate welfare facilities for all employees.
- Identify hazards, assess risks and, where reasonably practicable, eliminate or reduce risk to an acceptable level.
- Provide an effective health and safety management system that meets the requirements of Safety Checklist for Contractors (SCC) and Safety Culture Ladder (SCL).
- Provide an occupational health strategy to support industry best practice.
- Promote and encourage mutual respect for people involved in our work activities and in the communities in which we work.
- Facilitate the sharing of knowledge and lessons learned, both internally and externally.

Daiwa House Modular Europe has designated a director responsible for health and safety, tasked with ensuring effective organisation and policy implementation. All employees must take care for their own and others' safety, cooperating with employer directives on health and safety matters. Employee involvement at every level is crucial for this policy's success. Annually, we will set objectives, monitor performance and publish results to secure continuous improvement.



Our actions to achieve our targets

We have identified several actions to increase health and safety within our organisation. Resources and budgets have been allocated for each action, ensuring successful implementation. We highlight a few actions in more detail in this section.

Area	Actions 2023 realised	Actions 2024	Actions 2025-2030
Safety	<ul style="list-style-type: none"> - We reinforced safety awareness across the organisation, aiming to elevate our standing from level 3 to level 4 on the Safety Culture Ladder - We effectively communicated, ingrained and enforced seven key behavioural safety rules - We conducted follow-up sessions to bolster safety awareness among our team - We ensured widespread familiarity with our 'Safety First' campaign, emphasising its principles across the workforce - We installed safety signage and designated walkways for both employees and visitors, alongside a display counting accident-free days, prominently placed at our entrance - We made all safety documentation and consultation materials accessible in Dutch, English, German, Polish and Romanian to accommodate our diverse workforce - We established a norm where all unsafe acts and conditions are reported, promoting a culture in which addressing safety concerns openly and directly is standard practice, thereby fostering an environment of mutual responsibility and dialogue about safety 	<ul style="list-style-type: none"> - Continue to enhance safety awareness within the organisation, building on our achievements at level 3 of the Safety Culture Ladder and preparing for level 4 - Achieve ISO 45001 certification, underscoring our commitment to international safety management standards - Conduct follow-up sessions to reinforce safety awareness among our employees - Emphasise that safety management is a fundamental responsibility of line management - Analyse incidents reported in 2022 and 2023 to extract lessons learned and implement long-term corrective measures 	<ul style="list-style-type: none"> - Elevate our safety awareness initiatives and achieve certification for level 4 on the Safety Culture Ladder, reflecting our commitment to the highest standards of workplace safety culture - Align with the Dutch government's Health and Safety Vision 2040, aiming for 'zero deaths' at work resulting from substandard working conditions, underscoring our dedication to eliminating all fatal workplace accidents

Continuous and proactive improvement

We consistently promote safety, recognising the need for ongoing enhancement. Our improvement strategy includes regular safety discussions with employees and risk management support from the QHSE department, starting from the design phase through to execution. Management and supervisors actively engage in safety dialogues on the work floor, underscoring their commitment to safety.

- **General safety instructions:** Upon starting, all new hires at Daiwa House Modular Europe are briefed on applicable safety rules, regardless of their role.
- **Job specific safety instructions:** Every new employee at Daiwa House Modular Europe receives job-specific safety training on topics such as sawing, overhead crane, aerial work platform or forklift truck use upon joining.
- **Toolbox meetings:** Toolbox meetings, focusing on safety, health, and environment topics, occur monthly and last 15-30 minutes. Employees can suggest topics, and attendance is recorded via a sign-off on a registration form.
- **Safety Alerts:** A Safety Alert aims to quickly inform employees about safety topics through brief announcements. It's highlighted in toolbox meetings to reach all employees.
- **Workplace inspections:** Workplace inspections occur monthly in projects and factory halls, led by operational managers or management using a checklist to review safety, health and environmental aspects, including technical safety and safety behaviour like rule compliance and protective equipment use.
- **Safety walks:** Monthly safety walks are held in projects and factory halls, led by a board member and a safety department member, aiming to enhance safety performance through collaborative visits.
- **Observation of (un)safe behaviour:** The observation program by the HSE department involves regular safety behaviour reviews in production and project sites, directly discussing findings with employees. Periodic analysis of results informs the implementation of improvement programs.
- **Kick-off meeting:** Before starting a project, the project leader or supervisor reviews specific risks, work methods, HSE risks and required personal protective equipment with the team. All attendees, including subcontractors, must sign off on the kick-off meeting.
- **Last Minute Risk Analysis (LMRA):** LMRA is a quick risk analysis done right before work begins to assess and mitigate risks, taking less than a minute. Workers receive a pass upon joining, which must be carried at all times for conducting LMRAs.
- **Internal campaigns:** To boost safety awareness and influence behaviour, we engage employees by highlighting their responsibilities in an approachable manner.
- **Safety awareness workshops:** Small groups regularly meet with safety experts to discuss optimal safety practices. All executives have participated in a follow-up safety awareness workshop.

Coverage of the health and safety management system

Incident reports are meticulously logged in our LeanBMS quality and safety management system, which promptly alerts relevant personnel. This process enables Daiwa House Modular Europe to swiftly address any unsafe conditions, fostering a high level of employee engagement in safety practices. For a detailed overview of our certifications, please refer to the list on page 40. At Daiwa House Modular Europe, our comprehensive health and safety management system encompasses all our employees, ensuring a uniformly protected work environment.

Accident statistics

In 2023, our understanding and management of safety issues significantly advanced. With enhancements to our LeanBMS for online safety incident registration, we've seen an improvement in safety metrics. Notably, there was an uptick in reports of unsafe situations, reflecting a positive shift towards a proactive safety culture where prevention and hazard elimination are prioritised. Our safety performance, measured by the injury frequency (IF) rate, improved from 11.5 in 2022 to 6.43 in 2023, thanks to a stronger focus on safety instructions, continuous safety culture reinforcement and new safety initiatives like the introduction of a safety knife. We are especially proud of this progress considering our organisational growth.

At Daiwa House Modular Europe we also work with a risk assessment. For all incidents (including unsafe actions/situations and near-misses) we have defined the top five risk-based topics. We have also defined the top five risk factors as well as the top five most common attitude and behaviour causes. The results of our risk assessment are shown in the table.

Main achievements in 2023

Performance measurements

1. AGVs transforming production

In 2023, we introduced a new working method using Automated Guided Vehicles (AGVs) to enhance safety and cleanliness in our production process. This innovative approach eliminates traditional polluting tasks like sawing, drilling and spray painting from the production line, significantly reducing noise and dust in the production hall. The result is a safer and more comfortable work environment for our employees. In 2024, we aim to further refine this process, improving both efficiency and safety. The insights gained from this initiative will be applied across our other production facilities.



2. Enhanced reporting and analysis in 2023

In 2023, we made significant strides in emphasising safety within our daily operations. Employees now have the ability to quickly submit improvement suggestions through a QR code system, which has seen widespread use, as evidenced by the surge in reports originating from the work floor. To effectively analyse these incident reports and discern trends, we developed a safety dashboard using PowerBI. This dashboard is directly integrated with our LeanBMS business management system, ensuring real-time data connectivity and insights, thus marking a pivotal step in our ongoing commitment to workplace safety.

3. Reducing incidents in 2023

Analysis of 2022 incident reports via PowerBI revealed a high number of cutting incidents, prompting our safety department to take decisive action. After evaluating the necessity of tasks and exploring alternative tools, we introduced Martor's safety knife and equipped all employees with cut-resistant safety gloves in mid-2023. This strategic update led to a dramatic 90% reduction in cutting incidents. This achievement underscores the impact of data-driven decision making and the implementation of targeted safety measures in significantly enhancing workplace safety.



4. Enhancing chemical safety: diisocyanates training in 2023

Handling diisocyanates, organic compounds used in products like adhesives, coatings and polyurethane foam, involves significant health risks, including severe hypersensitivity reactions, particularly through inhalation. Recognising these hazards, we took proactive steps to comply with European regulations requiring special training for any employee or self-employed individual working with these substances after 24 August 2023. We developed and conducted our own diisocyanates safety training, ensuring all 500 employees involved in production and project work were educated on safe handling practices. To maintain ongoing safety standards, training on working safely with diisocyanates has been integrated into our standard safety induction process.

	2021				2022				2023					
	Montfoort	Eems- haven	Hulst en Sint Niklaas	Total	Montfoort	Eems- haven	Hulst en Sint Niklaas	Total	Montfoort	Bunnik	Eems- haven	Hulst en Sint Niklaas	Germany	Total
Fatal incident (FA)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lost Time Injurie (LTI) >1 <15 lost time days, employee	0	1	0	1	0	0	1	1	2	0	0	0	0	2
Lost Time Injurie (LTI) >1 <15 lost time days, temporary worker	2	0	0	2	2	2	0	4	4	0	0	0	0	4
Lost Time Injurie (LTI) >15 lost time days, employee	2	0	0	2	2	0	1	3	0	0	0	0	0	0
Lost Time Injurie (LTI) >15 lost time days, temporary worker	5	0	1	6	1	0	0	1	0	0	0	0	0	0
Lost Time Injurie (LTI), total	9	1	1	11	5	2	2	9	6	0	0	0	0	6
Injury Frequentie (IF), employee	8.84	34.77	0.00	8.37	9.89	0.00	19.83	11.62	9.3	0	0	0	0	5.5
Injury Frequentie (IF), temporary worker	20.03	0.00	14.64	16.66	8.72	35.88	0.00	11.40	8.54	0	0	0	0	7.02
Injury Frequentie (IF)	15.63	10.95	5.82	13.11	9.15	20.65	14.35	11.50	8.78	0	0	0	0	6.43
Restricted Work Case (RWC)	3	0	2	5	1	0	0	1	1	0	1	0	0	2
Medical Treatment Case (MTC)	16	2	5	23	12	4	3	19	7	0	1	4	1	13
First Aid Case (FAC)	13	6	4	23	7	2	10	19	10	0	0	7	1	18
Accident with material damage only	6	1	12	19	12	0	14	26	17	1	5	13	0	36
Near miss accidents	10	4	5	19	25	0	3	28	25	1	1	6	1	34
Unsafe situations	190	57	98	345	695	146	86	927	566	50	118	126	115	975
Unsafe acts	134	30	55	219	200	29	31	260	152	4	35	39	14	244
Fire Cases	1	0	1	2	5	1	1	7	5	0	5	1	0	11
Lost Time Injury Rate (LTIR)	3.13	2.19	1.16	2.62	1.83	4.13	2.87	2.30	1.76	0	0	0	0	1.29

Top 5 risk factors

Attitude and behaviour causes	Factors	Topics
Nonchalant / laziness	Procedures	Supervision, policy and documentation
Current working method / we always do it like this / learned to do it like this	Attitude and behavior	Unsafe behaviour and improper use
Easiest way / know it has to be done differently	Protective equipment	First aid and emergency response resources
Ignorance	Design	Order and cleanliness, dust-free work
Haste	Equipment and resources	Working at heights / danger of falling

Social developments

Daiwa House Modular Europe is committed to addressing critical social developments affecting communities across the continent. Our ambition extends beyond constructing buildings; we aim to make a positive impact on various societal challenges, including housing shortages, housing for senior residents, housing for refugees, housing for students and earthquake-resistant houses.

One of the most pressing issues is the housing shortage. Across Europe, the demand for affordable, sustainable housing far outweighs the available supply. Traditional construction methods struggle to keep pace with this demand, leading to rising costs and increased pressure on the housing market. As a result, many individuals and families, including first-time buyers and social tenants, struggle to find suitable and affordable housing options.

Demographic trends such as aging populations and increasing numbers of single-person households further intensify housing challenges. The current housing stock is often not equipped to meet the diverse needs of these demographic groups, including senior residents who require specialised housing options tailored to their needs. Additionally, the influx of refugees and the growing population of students in many European cities have created additional demands for housing. Providing safe, affordable and dignified housing for these vulnerable groups is essential for fostering social integration and community cohesion.

Moreover, in regions prone to natural disasters, such as earthquakes in the north of the Netherlands, ensuring the resilience of housing infrastructure is vital. Daiwa House Modular Europe's commitment to earthquake-resistant housing solutions underscores our dedication to promoting safety and resilience in the face of environmental challenges. Daiwa House Modular Europe also conducts research and collaborates with stakeholders to better understand and address societal needs. Our recent research among 1,047 Dutch people aged between 18 and 40

on the impact of housing shortages on mental health highlights the urgency of finding sustainable solutions.

By leveraging our expertise in modular construction and our commitment to sustainability, Daiwa House Modular Europe aims to play a significant role in improving housing pressures, promoting social well-being and creating sustainable communities across Europe. Through innovation, collaboration and a constant dedication to our core values, we strive to make a meaningful and lasting impact on the communities we serve.

Our long-term targets

2025	2030	2050
3,750 houses: - 3,000: Students/Starters/Singles - 425: Starters/couples/Seniors - 325 Family/Migrant workers	8,000 houses: - 6,900: Students/Starters/Singles - 600: Starters/couples/Seniors - 500 Family/Migrant workers	10,000 houses

Healthy living environment:

A healthy living environment is important for individuals' well-being, social connectedness and productivity, and the long-term sustainability of our communities. It contributes to a higher quality of life and supports the physical, mental and emotional health of individuals and communities alike.

Daiwa House Modular Europe puts great importance on creating a healthy living environment that is both safe and inviting. Our goal is to foster a sense of community, promote healthy behaviours and ensure a pleasant living experience for all. This commitment extends not only to our employees' well-being but also to making a positive impact on the health of the occupants and users of the buildings and surrounding areas we build.

Our ambition is encapsulated in the statement 'Creating dreams, building hearts'. We strive to develop housing solutions that are future-proof and cater to the unique needs of our clients. Our approach is rooted in harmony with people and society, taking into account the evolving needs of the future. We firmly believe that a comfortable, healthy and sustainable living environment has the



New factory

New factory in Fürstenwalde, Germany

Fürstenwalde, Germany

 **50,000**/year
modules produced

 **300**
jobs created

 **18 months**
Construction time

In the municipality of Fürstenwalde, located 40 kilometres east of Berlin, Daiwa House Modular Europe has acquired land, large production halls and an office to establish new production facilities. The community welcomes our arrival, as we bring sustainable job opportunities to the region amidst challenges of restructuring and shifting market conditions. We are advancing modular construction in Germany, enhancing its speed, sustainability and cost-efficiency. Our Fürstenwalde site will produce up to 50,000 housing modules annually, contributing to the construction of approximately 20,000 homes and thereby addressing Germany's urgent need for housing. Our presence in Fürstenwalde creates 300 modern industrial jobs, revitalising the Berlin-Brandenburg region and repurposing former steel production sites for housing module manufacturing.

power to make dreams come true. This shared ambition serves as the foundation for our own developments and guides our collaboration with clients.

The development of SMART homes is crucial to deliver a healthy and pleasant living environment. For example, with the implementation of home automation we are able to adjust ventilation if CO₂ levels are getting too high or automatically provide shade with sunscreens so the temperature will not rise too much at homes for seniors. Some of these examples could go hand in hand with creating a healthy living environment.

Impact on local communities:

Daiwa House Modular Europe recognises the importance of the impact it has on local communities through our construction projects. We are aware of possible negative implications such as noise, pollution and biodiversity. By actively involving local communities in the development process, we can ensure a more positive and inclusive outcome. We aim to have a positive impact on local communities in several ways.

Collaboration and communication: Involving local communities from the early stages of project development supports open communication and cooperation. This ensures that community concerns, needs and wishes are considered and integrated into the project design. Regular communication channels, public consultations and feedback mechanisms can help foster a sense of involvement and transparency. Our current approach to community engagement in projects has been minimal, with housing associations typically handling this interaction. Given the constraints on our project leaders' time, direct community communication has been a challenge. Moving forward, we are committed to enhancing community engagement. Our plan includes initiating projects with informative sessions to introduce and explain our work to communities early on. We aim to build stronger connections by actively involving community members

Our long-term targets

2025 – 2050

Implementation of SMART technology to increase healthy living environment

Our actions to achieve our targets

Actions 2023 realised	Actions 2024	Actions 2025-2030
<ul style="list-style-type: none"> - Developed and completed new building concepts, now available for the market, which emphasise sustainable and healthy living spaces - Established comprehensive installation concepts designed to enhance the health and well-being of occupants, ready for application in building developments - Completed a SMART demo centre within our experience centre, aimed at demonstrating to clients the potential for creating healthier living environments 	<p>Conducting an in-depth investigation and establishing a roadmap for incorporating SMART technology: this initiative aims to automate building functions, contributing to a healthier living environment by efficiently monitoring and reducing energy consumption</p>	<p>Implementing SMART technology as a standard feature in all buildings developed for our customers, aiming to enhance the healthy living environment</p>

during the development phase, either by enhancing our team's capabilities or considering outsourcing communication efforts.

Infrastructure and facilities: Modular construction projects can enhance the infrastructure and facilities in the local area. For example, developing residential units can lead to the creation or improvement of schools, parks, healthcare facilities and other essential community infrastructure. By investing in these facilities, Daiwa House Modular Europe contributes to the overall quality of life for community residents.

Environmental considerations: Modular construction techniques often prioritise sustainability and environmental responsibility. By implementing eco-friendly practices and utilising energy-efficient materials and technologies, Daiwa House Modular Europe minimises the environmental impact of its projects. We aim to contribute to the preservation of local ecosystems, reduce carbon footprint and promote a healthier environment for the community.

Long-term partnerships: Building long-term relationships with local communities is crucial for sustainable development. By maintaining ongoing communication and involvement even after


Starters, students and start-up entrepreneurs



De Tafelberg community

Client: **De alliantie**
Amsterdam, the Netherlands

De Tafelberg emerges as a beacon of hope, transforming a former youth care centre into an inclusive living environment. These 290 affordable studios address the city's pressing need for housing, particularly for young starters and students. Residents will enjoy private living spaces equipped with kitchenettes and bathrooms. The community fosters collaboration and support, offering communal spaces for activities like cooking, sports and movie nights. Social entrepreneurs find a home here too, with over 1,600 m² of space dedicated to long-term rentals, promoting businesses with a focus on youth and the local community. Supported by Alliance Development, Daiwa House Modular Europe, VORM Renovation B.V., Earth and NL Architects, De Tafelberg embodies the vision of a vibrant, inclusive living space. The director of De Alliantie said: "We're providing 290 young people with new, affordable and sustainable homes, meeting a significant need for city starters and students. De Tafelberg is an ideal place to live, work and thrive."

 **232**
Number of homes
+ 36 units general area

 **290**
Number of residents

 **7,236 m²**
Floor area

 **7 months**
Construction time

the completion of projects, Daiwa House Modular Europe continues to support and contribute to the community's well-being. This can include initiatives such as community engagement programs, social responsibility projects and support for local initiatives and events.

If we do not manage community-related issues well, there is a chance that the local community will turn against a project. This may manifest itself in 'not in my backyard' (NIMBY) behaviour, such as endless objection procedures, pressure through (local) media, blockades or protests.

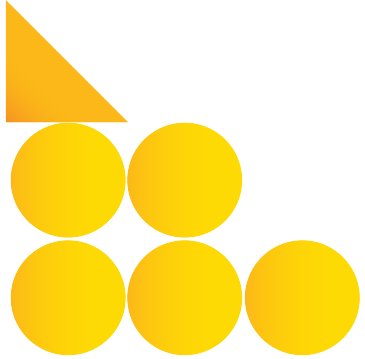
Our long-term targets

2025 – 2050

Eliminate negative impacts on local communities

Our actions to achieve our targets

Actions 2023 realised	Actions 2024	Actions 2025-2030
Engaged with communities before, during and after construction, by consulting them, listening to them and informing them of any changes or updates	<ul style="list-style-type: none"> - Communicating, in joint effort with social housing corporations and municipalities, earlier and more often with neighbouring residents to help build trust, address concerns, find common ground and reduce NIMBY protests - Planting trees, greenery and flowers that attract butterflies and insects to improve biodiversity around new projects - Adding bee hotels alongside new projects to help endangered bee species to grow stronger 	<ul style="list-style-type: none"> - Continue with previous actions - Using electric transport and electric lifting cranes to minimise the environmental impacts of projects



Governance



Governance

Effective Governance: Our guiding principles for success

At Daiwa House Modular Europe, we adhere to the highest ethical and governance standards, embodying these principles within our culture and operational practices. This section outlines our approach to governance, risk management and internal controls, alongside highlighting our commitment to ethical business conduct. Upholding business ethics positions us as a reliable partner, enhancing customer satisfaction and driving strong financial performance.



Sustainable growth benefits shareholder- and stakeholder value. “Excellent manufacturing is the basis for continuity of our company. We are trusted partner providing stable employment and sustainable housing for local communities.”

Solid performance



“Our strategy focuses on ESG to guide us towards sustainability. We’re committed to transparently sharing our sustainable journey, aligning with our business and evolving global needs. We see numerous opportunities ahead and are determined to seize them.”

– Richard Brinkman,
CFO



Focus on material topics

- Customer satisfaction
- Business Ethics
- Solid financial performance



8 ESG WORK AND ECONOMIC GROWTH

Through leadership in the value-chain we constantly innovate and respond to changing and growing markets. We are able to provide direct and indirect employment to >400 people and create incomes for their families.

Governance, risk management and internal control

Corporate governance at Daiwa House Modular Europe is guided by principles ensuring organisation, conduct and transparency to protect our long-term interests and achieve our sustainability goals. We aim for a balance between management and oversight. ESG is integral to our strategy, with comprehensive governance led by the CEO, who is responsible for the ESG strategy and its execution, under the Supervisory Board's oversight. This approach ensures our commitment to environmental sustainability, economic viability and social responsibility. It involves setting ESG goals, investing in necessary resources, managing risks, reviewing ESG performance and engaging with stakeholders.

The CEO, aided by dedicated Sustainability, HR and Quality & Safety teams, ensures the implementation of our ESG strategy, monitors performance and makes necessary adjustments, all while upholding the values of integrity, responsibility and transparency.

Governance structure and composition

Daiwa House Modular Europe operates with a two-tier board structure, comprising a Board of Directors and a Supervisory Board. The Board of Directors is responsible for the company's management, while the Supervisory Board oversees the company's policies, management and overall affairs, providing advice and guidance to the Board of Directors on strategic matters. The Supervisory Board convenes six times annually, with meetings attended by both the Board of Directors and Supervisory Board members. The Board of Directors meets monthly, with full attendance from all board members, ensuring consistent oversight and strategic direction for the company.

Governance

This overview shows which body of organisation covers which topic, who is responsible for it and how often they meet per year.



Board of Directors and Supervisory Board, including skills and experience

	Harry van Zandwijk	Richard Brinkman	Michael Koerts	Yoshiharu Iwamoto	Atsushi J. Uemura	Peter de Zwart	Hirotsugu Otomo	Dirk Jacobus van Hal	Hideto Arai	Harry van de Kraats
Board	Board of Directors	Board of Directors	Board of Directors	Board of Directors	Board of Directors	Supervisory Board	Supervisory Board	Supervisory Board	Supervisory Board	Supervisory Board
Date of Birth	18-12-1961	4/3/1969	6/4/1971	21-06-1965	17-12-1971	26-3-1954	31/8/1959	10/7/1958	23-7-1963	10/5/1966
Nationality	Dutch	Dutch	Dutch	Japanese	Japanese	Dutch	Japanese	Dutch	Japanese	Dutch
Function	CEO	CFO	CPO		Director					
Year of Appointment	7/11/2016	2/1/2017	4/10/2017	1/9/2023	1/8/2021	7/11/2016	30/9/2023	15/5/2023	1/8/2021	2/5/2021
Skills of experience										
Business Leadership	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
International leadership	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Construction	✓		✓		✓		✓	✓		
Finance/ Governance		✓		✓		✓	✓	✓	✓	
Sustainability	✓	✓			✓	✓	✓	✓		✓
Digital Technology		✓				✓				

Risk management processes

At Daiwa House Modular Europe, risk management is a fundamental aspect of our operations and decision-making processes. It's essential not just for protecting the company's business and assets but also for ensuring sustained performance and value creation. Our Risk and Control Framework comprises a range of procedural and organisational measures implemented across the company.

A significant factor in our approach to risk management is our culture, where taking ownership is highly valued and plays a crucial role. Additionally, we employ various control mechanisms, such as the planning and control cycle, consistent monitoring, regular reviews and thorough reporting, all of which are deeply embedded within our organisational structure.

Risk and control framework Daiwa House Modular Europe

Risk	1	2	3	4
Strategic Market influences	Reputation & customer satisfaction	Environmental & Climate change	Economic Circumstances	Innovative Developments
Operational	Healthy & Safe working environment	Execution of projects (Money, Organization, Quality, Information, Time)	Material & Supplier shortage	Cyber security & Information management
HR	Scarcity of skilled employees			
Financial	Financial reporting risks	Liquidity	Solvability	

Risk management			
Key aspects	1	2	3
1. Culture	Open & Transparent	Direct/Short Reporting lines to Board	Clear Purpose & Strategy
2. Processes and Systems	Uniform Processes & Systems	Training & Communication employees	Segregation of duties
3. Rules & Regulations	Pricing & Calculation module	Uniform ERP/ management system	SHA, Authorisation matrix
4. Plan & Control Cycles	Weekly report (Liquidity, Sales, Utilisation)	Monthly report (Full financial & non-financial)	Long term plan/OGSM/ Strategy
5. Project Acceptance	Standard pricing model	> bigger project reviewed by at least one board member	> large project approved by at least two board members

External reviews/ Audits	Who	What	Frequency
1. Internal Audit	EY	Internal control	Annual
2. Financial Audit	Deloitte	Annual report, Internal Controls	Annual
3. Fiscal review	Deloitte	VAT, Corporate Income Tax	Annual
4. Certifications	DNV	ISO 9001, ISO 3834, SCC, SCL, Product certifications	Annual
5. It Systems	DNV	ISO 27001	Annual
6. Sustainability	DNV	ISO 14001, CO ₂ Prestatieladder, STIP	Annual
Internal reviews/ Audits	Who	What	Frequency
1. SHE and Quality Reviews	Board & Management	Leading en Lagging indicators of HSE and product quality	4 x year
2. Financial review	CFO, Finance	J-Sox, monthly report	12 x year
3. IT review	IT, Legal	GDPR, Management review, non-conformity	4 x year
4. Sustainability review	Sustainability, CFO	GHG emissions	4 x year
5. Projects Reviews	Project leader, Sales, Finance, SHE	Positives/negatives and learnings wrt project preparation and execution	After every project > 1 mio
6. MOC review (Management of Change)	MOC Management	Change management, QHSE improvements	every 6 weeks
7. OGSM & Policy review	CFO and management	Strategy	4 x year



Medical

Organisation

The management at Daiwa House Modular Europe sets the company's strategy and defines its risk tolerance. Our organisational structure centralises business processes, ensuring streamlined communication directly to management. This structure facilitates the management of all operating company heads and the central oversight of staff departments from our Montfoort head office, enabling rapid and efficient information exchange.

Culture

Daiwa House Modular Europe recognises that organisational culture plays a crucial role in risk management. The inherent uncertainties in projects demand more than just guidelines and procedures; they require flexibility, an open and proactive culture, and a strong sense of ownership to address challenges effectively. Leadership by example from the Board and management is essential, as is the accountability for adhering to agreements and acknowledging positive progress.

Internal guidelines and procedures

The LeanBMS business process system outlines both primary and secondary construction activities, incorporating risk management systems to identify and mitigate project risks. This ensures consistency across the group's processes. Additionally, the SAP-based ERP platform plays a significant role in promoting uniformity across the company. Procedures established around the tender process are designed to prevent the acceptance of projects with unacceptable risks, further safeguarding the company's operations and commitments.

Added value

Daiwa House Modular Europe excels by collaborating with partners from the early design stages, leveraging integrated knowledge and skills for project realisation and maintenance. Our approach to risk and cost management delivers added value to our customers and users. We innovate through the combination of knowledge and creativity, offering broadly applicable products and concepts. Through active chain management, we foster partnerships and capitalise on various chain capital flows. Our adoption of 'lean' techniques ensures centralised and clear processes and systems. Our business model meets the demand for comprehensive solutions, encompassing design, engineering, realisation, maintenance and management, thus creating significant value for our customers.



Medexs enhances Isala Zwolle Treatment Centre with new operating rooms

Client: Isala Zwolle
Zwolle, The Netherlands



2 operating rooms

Number of buildings



2

Number of levels



5 months

Construction time



525 m²

Floor area

In March 2023, Medexs successfully completed the addition of two new operating rooms, including recovery rooms and sterile storage, to the Isala Zwolle treatment centre site. These operating rooms, meeting FMS class 1 standards, feature a sophisticated 2-temperature plenum system to ensure optimal surgical conditions. Additionally, each operating room is seamlessly connected to its own prep room, equipped with a crossflow system to safeguard surgical instruments. Despite initial plans for standard module dimensions, Medexs demonstrated flexibility by adapting to site-specific modules to integrate seamlessly within the existing buildings, following the municipality's request. Construction commenced in October 2022, and by 20 March 2023, Isala had access to the new operating theatres. With a total floor area of 525 square meters spread across two levels, the project was completed in an impressive timeframe of just five months, showcasing Medexs' expertise and efficiency in delivering critical medical infrastructure.

Planning and control cycle

Management holds regular meetings to review operations and strategic progress. During these sessions, they utilise 4-week and quarterly reports to evaluate market trends, financial performance against the budget, project progress in both financial and operational terms, and ESG metrics. Additionally, specific project reviews are conducted periodically with the Finance department, involving relevant project managers, to closely monitor ongoing projects.

Audits and control

The company ensures compliance with all relevant laws, regulations and certifications across various domains such as finance, ICT, safety, environment and processes. This is achieved through a range of measures including audits, self-assessment, management information, workplace inspections, observation rounds, project evaluations and financial reviews.

Risk Assessment Matrix (RAM)

At Daiwa House Modular Europe we work with a risk matrix. In this, the probability that a calamity occurs is plotted against the impact of a calamity and its consequences. The impact ranges from 'no consequences' to 'catastrophic' and relates to safety, assets, environment and reputation.

Risk Assessment Matrix (RAM)

		Consequences				Increasing probability				
		Safety	Environment	Resources	Reputation	A. Very low (0.8)	B. Low (1)	C. Average (2)	D. High (3)	E. Very high (4)
						Unheard of	Virtually impossible (annually or less / no known reports / Control measures adequate)	Unlikely (Monthly or less / report known/Control measures adequate)	Very likely (Weekly or less / has occurred / Control measures limited)	Almost certain (Daily or continually / frequently occurring / no control measures)
Seriousness										
0	No injury or effect on health	No damage / no effects	No damage / no financial consequences	No damage / no public interest	Low (0)	Low (0)	Low (0)	Low (0)	Low (0)	
1	Bandage incident / No treatment necessary	Minor impact / no effect offsite	Minor damage <10k	Low impact / no public interest	Low (0.8)	Low (1)	Average (2)	Average (3)	High (4)	
2	Treatable health damage / Sick leave <1 week	Limited impact / Environmental damage with no permanent effects	Limited damage >10k <100k	Limited impact / local interest	Low (1.6)	Average (2)	High (4)	High (6)	High (8)	
3	Health damage / Sick leave >1 week	Local impact / Remedial measures needed	Local damage >100k <1000k	Significant impact / national interest	Average (2.4)	Average (3)	High (6)	High (9)	Very high (12)	
4	Health damage with lasting injury	High impact / Serious environmental damage	Serious damage >1,000k <10,000k	Serious national reputational damage / European interest	High (3.2)	High (4)	High (8)	Very high (12)	Very high (16)	
5	Fatal accident	Extensive environmental damage across wide area	Extensive damage >10,000k	Serious international reputational damage	High (4)	High (5)	Very high (10)	Very high (15)	Very high (20)	

Corporate risk governance

We use this framework to identify our opportunities and risks and to translate them into operational actions in order to address challenges structurally. During the operationalisation of these actions, we consult internal and external stakeholders. The corporate risk governance framework is linked to the European Sustainability Reporting Standards (ESRS). This framework is discussed at various levels. For example, management is responsible for identifying the risks and opportunities we have as an organisation, which are then discussed with the Board of Directors and translated into concrete actions. In turn, these will be reported to the Supervisory Board, and reporting takes place at these levels of discussion. This way, we allocate actions, resources and budgets to ensure that the ambitions we have are operationalised.

Internal control processes

Since Daiwa House Modular Europe became a subsidiary of Daiwa Japan in 2021, the Japanese SOX framework was implemented. This framework allows us to have a robust level of internal controls that ensure that our financial reporting is reliable. Also, Daiwa House Modular Europe and its companies have several certifications that are proof of our continuous focus on quality, safety and sustainability (see the overview of certifications on page 40).



Overview of certifications

Certification type	Element	Valid to	Scope	DHME Jan Snel Group BV	DHME Jan Snel BV Montfoort	DHME Jan Snel BV Eemshaven	DHME Jan Snel BV Bunnik	DHME GmbH Bochum	DHME GmbH Fürstenwalde	DHME Ltd	Jan Snel Zuid BV	Jan Snel Belgium NV	DHME Medex Holding BV	G&A Interieur-bouw BV
ISO9001:2015	Quality management	16/12/2026	Design, sell, rent, manufacture, transport, assemble, dismantle, place and move flexible building systems.	X	X	X	X				X	X		
ISO9001:2015	Quality management	16/12/2026	The sale and rental of flexible building systems.					X		X				
ISO9001:2015	Quality management	24/4/2024	Offering a total solution in terms of finishing and furnishing operating rooms, cleanrooms, sanitary cells, laboratories, pharmacies, healthcare facilities and other classified (clean) areas.										X	X
EN1090-1:2009 / A1:2011 Exc 2	CE-mark steel construction	NA	"Structural steel components intended for use in flexible building systems, Execution Class 2, within the areas of validity indicated on the Appendix to Certificate".	X	X				X					
ISO3834-2:2005	FPC welding production	20/7/2026	Steel construction work for flexible building systems.		X									
ISO14001:2015	Environmental management	16/12/2026	Design, sell, rent, manufacture, transport, assemble, dismantle, place and move flexible building systems.	X	X	X	X				X	X		
ISO14001:2015	Environmental management	16/12/2026	The sale and rental of flexible building systems.					X		X				
CO ₂ -prestatieladder trede 5	Sustainability/environment	10/7/2025	Design, sell, rent, manufacture, transport, assemble, dismantle, place and move flexible building systems.	X	X	X		X		X	X	X	X	X
STIP Certificering	Sustainability/environment	NA	Procurement of sustainable timber.		X									
VCA* 2017/6.0	Safety management	28/1/2024	Carrying out production and installation work for high care areas in the healthcare sector, such as operating theatres, clean rooms, sanitary cells, laboratories, apothecaries, healthcare institutions and classified (clean) areas. Nace code 34.99 and 43.39.										X	
VCA** 2017/6.0	Safety management	16/12/2026	The manufacture, assembly, disassembly, installation and relocation of flexible building systems. NACE Rev.2: 41.2.	X	X	X	X				X	X		
VCA 2017/6.0 Petrochemie	Safety management	16/12/2026	The manufacture, assembly, disassembly, installation and relocation of flexible building systems in the petrochemical industry. NACE Rev.2: 41.2.	X	X	X	X				X	X		
Safety Culture Ladder Trede 3	Safety management	22/8/2025	Design, sell, rent, manufacture, transport, assemble, dismantle, place and move flexible building systems.	X	X	X					X	X		
ISO27001:2013	Information security	31/10/2025	Information security relating to the design, sale, rental, manufacture, assembly, disassembly, installation and relocation of flexible building systems. Transport, storage and transshipment of flexible building systems, according to the Statement of Applicability version 1.0, dated 14-07-2023.	X	X	X		X		X	X	X		
BOPAS	Construction	20/7/2026	Design, Manufacturing, Project Management Construction and 60 year durability and maintenance assessment.							X				

Our products and services meet quality, safety, health and environmental requirements. Our products and services meet quality, safety, health and environmental requirements. Jan Snel Daiwa House Modular Europe accordingly holds multiple certificates, including ISO 9001, ISO 14001, ISO 3834-2, SCC, SCL, CO₂ Performance Ladder, STIP and BOPAS.

ISO 9001

ISO 9001 is a standard for quality management systems. It is a systematic approach to improving the quality of products and services, which also increases customer satisfaction.

ISO 14001

ISO 14001 is a standard for environmental management systems. It offers a systematic approach for a good environmental management system. At Daiwa House Modular Europe we strive for a fully sustainable production process. ISO 14001 has many advantages, such as providing a structure for the continuous improvement of environmental performance.

ISO 27001:

ISO 27001 is the international standard for information security. It sets out the specification for an effective ISMS (information security management system). ISO 27001's best-practice approach helps organisations manage their information security by addressing people, processes and technology.

ISO 3834-2

ISO 3834-2 defines comprehensive quality requirements for fusion welding of metallic materials, both in workshops and at field installation sites.

SCC (and P)**

The Safety Checklist Contractors (SCC) was developed to improve safety, health and the environment in the workplace. SCC is intended for contractors who perform high-risk work for clients or who work under high-risk conditions. More attention to safety, health and the environment does have an effect: people fall ill less often, and we can prevent industrial accidents.

Safety Culture Ladder

To test the level of safety awareness within our organisational culture, we participated in the Safety Culture Ladder (SCL) for the first time in 2020. This test provides a clear indication and guidelines for further growth.

CO₂ Performance Ladder

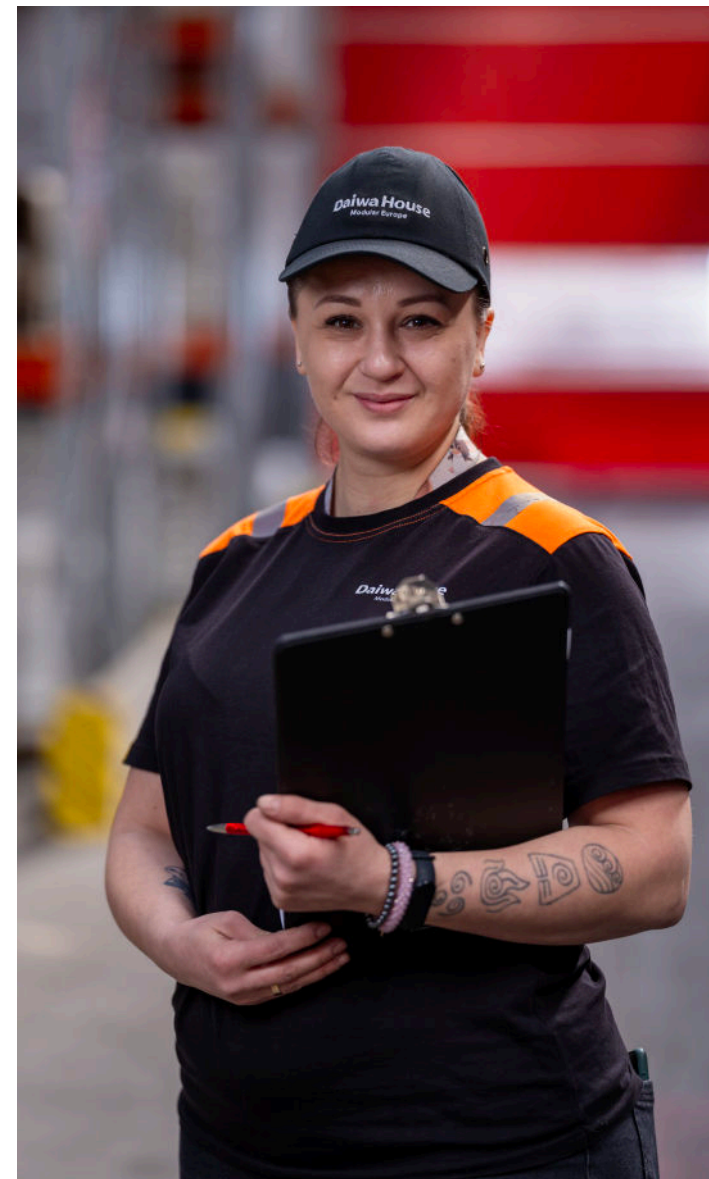
The CO₂ Performance Ladder is the sustainability instrument in the Netherlands that helps companies and governments to reduce CO₂ emissions and costs, in business, in projects and in the value chain. The Ladder is used as a CO₂ management system and as a tendering instrument.

Sustainable Timber In Place (STIP)

STIP was developed by Dutch timber research institute Stichting Hout Research (SHR) and launched in 2017. It guarantees that accredited suppliers sell exclusively timber from sustainable sources that meet the Dutch Procurement Criteria for Timber, such as PEFC or FSC-certified forests.

BOPAS

BOPAS (Buildoffsite Property Assurance Scheme) is an independent Third Party Accreditation of MMC Providers and their associated construction systems, providing assurance to Lenders, Developers and Homeowners as to the integrity and durability of properties accredited under the scheme.



Solid financial position

Corporate governance at Daiwa House Modular Europe encompasses the full set of principles and rules on organisation, conduct and transparency that are designed to protect the company's long-term interests, including its solid financial position. Our aim is to strike a careful balance between management and control.

The 2023 financials of Daiwa House Modular Europe demonstrate this solid position. Solvency in 2023 was 6% (18.9% in 2022). The current ratio in 2023 was 1.43 (0.81 in 2022). Given the composition of the working capital and the semi-permanent nature of a number of components within the working capital, business continuity is guaranteed.

We aimed at striving for a solid capital position combined with sufficient headroom to ensure continuity for stakeholders. A solid long-term capital structure is based on operating with sufficient headroom within the covenants. The management has assessed the Group's ability to continue operating as a going concern, considering a range of factors, including our long-term business plan and liquidity forecast. The management board concludes that no material uncertainties are identified regarding the Group's continuity for the period of twelve months from the date of preparation of the financial statements. Therefore, the financial statements have been prepared on a going concern basis.

Laws and regulations

Daiwa House Modular Europe is dedicated to adhering to all relevant laws and regulations, both statutory and contractual. The company faces an increasing volume of legal requirements, including the Environment and Planning Act. This Act, approved by the Dutch Parliament to take effect on 1 January 2024, represents a significant overhaul of Dutch environmental law. It introduces a revised approval process for specific construction projects, known as the Wet Kwaliteitsborging voor het bouwen (WKB). In anticipation of these changes, Daiwa House Modular Europe began its preparatory efforts in 2022, intensifying these activities in 2023 to ensure readiness by the 1 January 2024 implementation date.

Given our reliance on environmental permits and planning permissions for our construction projects, the overhaul of these regulations poses a risk to our operations. However, we assess this risk as moderate due to our thorough preparation for the new rules and the compatibility of the new requirements with our existing internal quality assurance protocols. Our recent growth and the surge in regulatory demands have necessitated increased effort to manage and implement compliance strategies effectively. To address this, we established a dedicated legal department on 1 January 2023 to assist operational and staff departments in maintaining compliance with all relevant laws and regulations, highlighting our commitment to legal compliance.

Our actions to achieve our targets

Actions 2023 realised	Actions 2024	Actions 2025-2030
<ul style="list-style-type: none"> - Created a legal department - Effectively integrated the legal department into daily business activities - Successfully validated compliance with the General Data Protection Regulation (GDPR) 	<ul style="list-style-type: none"> - Enacting the operations under the Environment and Planning Act - Introducing an enhanced system for corporate governance - Initiating a project to develop a better system for managing contracts 	To be determined

Business conduct culture

Our policies

Business code of conduct

In 2022, Daiwa House Modular Europe implemented a Code of Conduct, recognising that the behaviour of its workforce significantly influences the organisation's reputation. This initiative underscores the importance Daiwa House Modular Europe places on ethical business practices and the safety of its operations, which are critical for maintaining the trust and confidence of clients, suppliers, partners and employees. The company's commitment to acting responsibly and with integrity has not only bolstered its standing but also cemented the trust of its stakeholders.

The introduction of both the Code of Conduct and a Whistle-blower policy in 2022 serves as a cornerstone for ensuring that all employees act in a manner that aligns with societal expectations and the company's core values. These policies are designed to guide employees in their professional conduct, emphasising the necessity of a professional and honest working attitude for the safety and continuity of the business. The Code of Conduct addresses three key areas: interactions within the organisation, engagements with partners and competitors and the approach to handling inquiries and suspicions. It aims to provide clear guidelines on acceptable behaviour, fostering a work environment that respects both internal and external relationships and the broader community.

Acknowledging the importance of these policies, Daiwa House Modular Europe has integrated them into the company handbook, making them readily accessible to all employees. Additionally, the company plans to leverage a Learning & Development (L&D) platform in 2024 to offer regular eLearning sessions on company policies for managers and employees, ensuring ongoing awareness and adherence to these crucial guidelines. This approach not only reinforces the company's commitment to ethical practices but also supports the continuous education and engagement of its workforce in upholding high standards of conduct.

Whistle-blower policy

Daiwa House Modular Europe is dedicated to maintaining a strong integrity policy, highlighted by its comprehensive Whistle-blower policy. This policy ensures that employees can report suspicions of misconduct securely and without the burden of proof, requiring only a reasonable suspicion supported by facts or circumstances. It's designed to address internal misconduct and irregularities effectively, promoting a culture of openness, accountability and integrity. The policy details how suspicions of misconduct are defined, the steps for internal reporting and the measures in place to protect the confidentiality and safety of employees.

The process for internal reporting is structured into a series of steps. Initially, employees are encouraged to report alleged misconduct to the confidential adviser, ideally in writing to minimise disputes over the content. The confidential adviser then assesses the report and communicates the next steps to the reporter. Following this, the adviser informs the Daiwa House Modular Europe Board, adhering to an agreed-upon procedure with the employee. If necessary, the Board or Supervisory Board undertakes an investigation into the suspicion of misconduct. Within eight weeks of the report, the employee is informed about the company's position and any corrective actions to be taken.

This approach not only secures a safe avenue for reporting but also underscores Daiwa House Modular Europe's commitment to ethical business operations and a transparent workplace environment.

Anti-Bribery & Corruption policy

Daiwa House Modular Europe upholds a commitment to conduct its business with the highest levels of honesty and ethical integrity. We have a zero-tolerance policy towards bribery and corruption, ensuring that our business practices and relationships are conducted with professionalism, fairness and integrity, no matter where we operate. Our Anti-Bribery & Corruption policy is designed to establish clear responsibilities for our employees and those associated with us in preventing bribery and corruption. It also provides essential information and guidance on recognising and addressing bribery and corruption.

The consequences of bribery and corruption are severe, including imprisonment for individuals and unlimited fines for Daiwa House Modular Europe, as well as the risk of being excluded from public contract tenders and suffering reputational damage. Therefore, we take our legal obligations very seriously. The term 'third party' in our policy refers to any individuals or organisations our employees may interact with in their work, including clients, suppliers, business contacts, agents,

Students



New perspectives for TU Delft students

Client: **DUWO**
Delft, the Netherlands

 **137**
Number of student flats

 **4,000 m²**
Floor area

DUWO, a prominent student housing provider, has taken action to alleviate the shortage of student accommodation in Delft. Anticipating a deficit of 2,100 student homes by the 2028/2029 academic year, DUWO initiated the construction of BalPol IV student apartments on Balthasar van de Polweg. Comprising 137 spacious student flats with private facilities, the project also includes two communal areas—a sizable covered outdoor space and a smaller indoor area. Despite facing delays due to resident procedures and the presence of dwarf bats, construction began in September 2023 after a decade-long planning process. BalPol IV is designed to be environmentally friendly, featuring all-electric systems, a well-insulated building envelope for energy efficiency, and a green roof to enhance biodiversity and cooling. Studio Ninedots from Amsterdam designed the complex, with completion expected in summer 2024, providing much-needed housing for students ahead of the new academic year.

government bodies and political parties. Our policy details the scope of its application, defines bribery, outlines unacceptable behaviours, specifies employee responsibilities and explains how to raise concerns about bribery or corruption. It also outlines the steps to take if an employee becomes aware of or is a victim of bribery or corruption and describes our procedures for monitoring and reviewing the policy.

We encourage all employees to report concerns about potential malpractice or suspicions thereof at the earliest opportunity. If employees are uncertain about whether a specific act constitutes bribery or corruption, or if they have other related questions, they are advised to speak directly to the Director. This approach ensures that concerns are addressed promptly and effectively, reinforcing our dedication to ethical business practices.

Anti-competitive behaviour prevention and detection

Daiwa House Modular Europe has specific clauses dealing with anti-competitive behaviour prevention and detection integrated in its standard labour contracts.

Performance management

Corruption or bribery events

Daiwa House Modular Europe has had no legal proceedings related to corruption or bribery during the reporting period.

Beneficial ownership

20% of Daiwa House Modular Europe is owned by the minority shareholder Harry van Zandwijk, CEO of Daiwa House Modular Europe, and 80% is owned by the majority shareholder, which is Daiwa House Modular Group.

Payment practices

Daiwa House Modular Europe applies a payment term for debtors of between 14 and 30 days and a payment term for creditors of 45 days and 30 days for SME suppliers. In 2023 all creditors were paid within 43 days on average and debtors paid on average in 38 days.

Political influence and lobbying activities

Political influence and lobbying activities refer to efforts made by individuals, organisations or interest groups to shape government policies, laws and regulations in their favour. These activities aim to influence decision makers, such as politicians, legislators or government officials, to adopt policies or take actions that align with the interests of the individuals or groups involved in the lobbying process. Although our direct political influence is very limited, we do try, as part of our commercial activities, to establish contacts in the right networks with the relevant administrators, such as aldermen or deputies, as they are stakeholders in the process of land positions and/or decision making related to the development of (temporary) housing. In the Netherlands and Germany we are a member of several associations in order to exert influence in favour of our interests. About once a quarter we join meetings of these associations. We have no further policy or target for the number of times we have contact with (local) politicians or policymakers. The organisations we have joined as members include:

- **Platform 3D-Modulaire Woningbouw:** Platform 3D-Modulaire Woningbouw is an expertise centre for modular housing. Several modular builders are member of the association. It was established in 2012 as the Expertise Centre Flex Living for Labour Migrants. It soon became clear that the demand among this target group is very similar to that of other groups, such as refugees with residence permits, students and people with temporary employment contracts. Instead of seeing that as competing demand, their plea is to meet that overall need with a flexible shell in the housing market. That leads to more support in society and better business models for investors and operators. Working towards that is therefore the mission of the Platform 3D-Modulaire Woningbouw.
- **Modulair Nederland:** Modulair Nederland is the trade association for modular circular builders. Modular Netherlands represents the interests of the leading suppliers of modular housing in the Netherlands. Daiwa House Modular Europe is a member and CEO Harry van Zandwijk is a board member. Together with its members, Modular Netherlands has a focus on strengthening the adaptive capacity of our living environment. Modular Netherlands does this by uniting the innovative power of modular and circular builders and jointly assisting them in their ambitions to provide sustainable housing solutions for the needs of today and tomorrow, from health care and education to offices and homes.
- **Deutsche Gesellschaft für Nachhaltiges Bauen (DGNB):** DGNB is the German Sustainable Building Council. The DGNB is Europe's largest network for sustainable building. DGNB strives to make sustainability and climate protection the new normal. DGNB can be a helping hand for

Daiwa House Modular Europe to make sure we are up to date with German laws and regulations regarding sustainability. In addition, we can engage with DGNB to see where improvement opportunities exist in terms of sustainability of our own buildings. The DGNB certification system is designed to make the transformation demonstrably feasible. As a planning and optimisation tool for assessing sustainable buildings, interiors and neighbourhoods, it helps to increase real sustainability in construction projects. The DGNB system is based on a holistic understanding of sustainability that takes into account the environment, people and economic efficiency in equal measure.

- **Bundesverband Bausysteme:** Bundesverband Bausysteme is an association for new developments in industrial prefabrication, rational building projects, new building products and information processing under the aspects of economic building, ecology and sustainability. They maintain important contacts with ministries, committees and bodies at federal and state level on behalf of their members and their interests. They place member-relevant topics there and work on standards, legal requirements, guidelines and regulations.

Customer satisfaction

Customer satisfaction is very important to Daiwa House Modular Europe. It illustrates whether our customer base likes what we are doing. Research shows that high satisfaction leads to greater customer retention, higher lifetime value and a stronger brand reputation. At Daiwa House Modular Europe our general satisfaction is 7.5, which is comparable to and has been stable since the 2019 measurement. Improvements have been made in several areas, such as communication during execution, price, follow-up and service in case of damage.

In addition to monitoring satisfaction, it is important we understand which aspects customers consider most important, because they have the biggest influence on general satisfaction. Those aspects are quality, on which Daiwa House Modular Europe scores 7.6, and ESG (environmental, social and governance), with a score of 7.4. Even though Daiwa House Modular Europe scores relatively high on these aspects, it is vital that we continue to actively work on improving in these areas, as our customers consider them very important. The customer effort score indicates that it's easy to do business with Daiwa House Modular Europe, and this is an important indicator of the company's performance.



We prioritise improvement areas based on their importance in relation to general satisfaction and brand awareness in order to gain a competitive advantage. Daiwa House Modular Europe will focus on the following two areas in the future: 1. Introducing yourself to the market; 2. Promoting your quality and ESG (environmental, social and governance) framework.

Our long-term targets

2025	2030	2050
>8	>8.5	>8.5

Our actions to achieve our targets

Actions 2023 realised	Actions 2024	Actions 2025-2030
Improved response time for service calls	<ul style="list-style-type: none"> Quickly respond to service calls: Aim to reduce the wait time for service inquiries, demonstrating promptness and respect for customer time Enhance customer communication: Proactively update customers on the progress of their concerns and engage them after service completion to ask about their experience – this approach fosters transparency and builds a relationship based on trust and feedback 	Adopt a more proactive strategy by introducing maintenance contracts that pre-empt issues before they arise – this includes preventive measures like cleaning roofs to prevent leaks and adjusting doors before they start to stick, ensuring a seamless and anticipatory approach to property upkeep



Foundation

Empowering hope: Daiwa House Modular Europe Foundation's support for Ukrainian refugees

Kiev, Ukraine, the Netherlands

Through the Daiwa House Modular Europe Foundation, we are dedicated to aiding homeless individuals. In 2023, numerous colleagues generously contributed the value of their Christmas gifts to our foundation, with management matching the total amount. After careful consideration, we identified a meaningful recipient for our support: the WeAreBrain Foundation. This organisation assists 42 Ukrainian families, comprising over 100 individuals, by providing them with housing in Kiev. These homes are fully furnished and equipped with essential resources to offer a safe refuge for those affected by the conflict. In 2023, the Daiwa House Modular Europe Foundation pledged €50,000 to support the WeAreBrain Foundation, enabling them to expand their efforts in aiding Ukrainian refugees and continuing their invaluable assistance during these challenging times.

About this report

Scope of consolidation

The financial statements have been prepared on a consolidated basis and include all legal entities. The reported data in the sustainability statement is prepared on a consolidated basis on a selected number of entities. The sustainability statement has been prepared based on the organisation boundaries as described in the GHG Protocol. For CO₂ emissions, Daiwa House Modular Europe's organisational boundaries have been determined according to the operational sphere of influence principle. In practice, this means that where activities fall under the direction of Daiwa House Modular Europe, the company takes responsibility for CO₂ production, as the management clearly lies within the organisation. The organisational boundaries for the sustainability statement include the group companies within Daiwa House Modular Europe Jan Snel Holding B.V. Group companies that do not hold resources and activities are excluded. All entities above Daiwa House Modular Europe B.V. are financial entities and have no CO₂ emissions.

Omissions and changes in preparation due to specific circumstances

The sustainability statement has been made on a consolidated basis based on the above methodology. The emissions in Germany and the UK are expected to increase the upcoming years due to increased activities. Until now, emissions at construction sites in Germany have been excluded from the sustainability statements; they will be included as of 2023. Compared to previous years the statements deviate as Daiwa House Modular Europe disinvested.

Time horizon

The goals of the sustainability statement are aligned with the goals of the Paris Agreement. The short, medium and long term are set at 2025, 2030 and 2050. The goals are reviewed annually, and when progress is insufficient, actions are adjusted accordingly. This review process is part of our audit of the SKAO CO₂ Performance Ladder, a CO₂ sustainability management instrument.

Value chain

When identifying emissions, in accordance with the Greenhouse Gas (GHG) Protocol, a distinction is made between three sources of emissions (known as scopes) in two categories: direct emissions and indirect emissions. In essence, scope 1 emissions refer to direct emissions that a company owns or controls, while scope 2 and 3 emissions are indirect emissions resulting from the company's activities but originating from sources not owned or controlled by the company. More precisely, scope 3 are emissions that result from activities of Daiwa House Modular Europe B.V. emitted, but which are not directly controlled by the organisation. These emissions can occur throughout the entire value chain, both upstream and downstream.

The sustainability statements include the upstream value chain. Daiwa House Modular Europe needs different materials and raw materials to build and deliver high-quality housing solutions. It is our ambition to realise a closed cycle with a circular construction method, so that we can contribute to a sustainable world in the most effective way possible. We prioritise the origin and selection of materials and raw materials, focusing on those with the least environmental impact that can be effectively utilised in modular construction. Our approach includes a strong emphasis on the high-quality reuse of existing materials, such as concrete, steel and wood, while also exploring the potential use of other sustainable and natural materials. By prioritising reuse and sustainable material choices, we strive to minimise our environmental footprint and promote a circular economy in the construction industry.

We work together with the Mobius platform to provide full insight into and compare the environmental impact of the materials and raw materials used and the production process. To be able to make the calculation, we look at all quantities of our used materials. Together with our suppliers and subcontractors, we are discussing the further options for making the products more sustainable. Everyone is a specialist in their own field. We have an environmental product declaration (EPD) or life cycle analysis (LCA) for most of the materials used in our buildings. An EPD or LCA is a document that provides information on a material's environmental impact, including energy usage, raw materials and waste/emissions. Where the supplier does not have this, we use the National Environmental Database or Ecoinvent. We conduct a thorough analysis of material quantities at the kilogram or square metre level, using a BIM model or cost calculations, to accurately determine the required amount of materials for each unit or building. Through the integration of this information with the environmental impact per material derived from the LCA or environmental database, we can accurately assess the comprehensive impact, which is subsequently incorporated into our sustainability statements. This inclusive approach encompasses the entire upstream value chain within our sustainability reporting.

The downstream value chain is harder to include in our sustainability statement. The building's carbon footprint is defined as the amount of CO₂ it produces during its operations and activities. As our core activity is to sell buildings to third parties, we have limited insight in the actual carbon footprint of these building. Nevertheless, we try to minimise the output through careful design, whereby we focus on items such as energy efficient installations and smart home or building devices to support the reduction of the carbon footprint.



Medical

Source of estimation and outcome uncertainty

We categorise our emissions into three different scenarios based on the GHG Protocol, which are explained in the ‘Climate change’ section of this report:

- Scope 1 – Our direct CO₂ impact
- Scope 2 – Our indirect CO₂ impact
- Scope 3 – Materials and waste

Scope 3 includes most estimations and is where our largest impact comes from. Material calculations are based on the Mobius platform, utilising Environmental Product Declarations (EPDs) where available, which is the case for the majority of our materials. If EPDs are not accessible, we use data from the Nationale Milieu Database (NMD) or Ecoinvent. Material inputs are estimated based on cost calculations and the weight of our buildings. As we use modular construction, we often use the same materials across modules. We determine the impact per module and multiply it by the number of modules produced or refurbished. In the coming year, we aim to improve the precision of our calculations by making them more specific for each project by connecting the systems based on detailed BIM data.

Waste is separated into 35+ different streams, with only three being mixed streams and the rest being mono waste streams. Our waste quantities are based on reports from waste suppliers, and mono waste streams are returned to suppliers for use as raw materials in their products. We have a high level of certainty regarding our waste quantities, but the main uncertainty lies in the impact per waste stream. It is challenging to find national or global CO₂ impact data for each waste stream, especially when dealing with 35+ streams. As a result, we assign a high impact value for construction and demolition waste (mixed streams) and other waste streams (mono streams) and small toxic waste. These values are based on waste authority (NEA) calculations from 2022, which primarily focus on waste incineration. Since our waste incineration percentage is low, our waste impact may be overrepresented. However, until better-regulated sources become available, we adhere to these figures.



New hotfloor at
Rode Kruis Hospital (RKZ)

Client: **RKZ Beverwijk**
Beverwijk, the Netherlands

3 storeys
Number of levels
+ technical room
+ roof structure

5,713 m²
Floor area

18 months
Construction time

On 6 March 2023, Daiwa House Modular Europe celebrated the commencement of construction for the new hotfloor at Rode Kruis Hospital in Beverwijk. This state-of-the-art facility will house an operating theatre complex, including operating rooms, recovery rooms, prep rooms and a complete radiology department with MRI and CT capabilities, along with an Acute Admissions Department. The completion of ground and piling work by May 2023 marked a significant milestone, with the structure reaching its highest point by summer 2023. By mid-October 2023, the building was fully wind and watertight. Scheduled for delivery in mid-August 2024, the new hotfloor signifies a leap forward in health care infrastructure, positioning the hospital to better serve its patients. Occupancy by Rode Kruis Hospital is expected from August to December 2024, with full utilisation of the facility anticipated by December 2024. The building has area of 5,713 m² over three storeys and has been constructed in 18 months.

Double materiality assessment

This table shows the definitions, the value chain boundaries and the assessment criteria used in the double materiality assessment process.



Social

#	Theme	Definition	Value Chain boundary	Actual or potential	Positive / Negative impact	Risk / opportunity	Financial Materiality		Impact Materiality			
							Size of potential financial effect	Likelihood (only potential impacts)	Severity: Scale	Severity: Scope	Severity: irremediability	Likelihood (only potential impacts)
1	Working safely	The impact Daiwa House Modular Europe has on the safety of its employees. Safety is at the forefront of our profession, and safe working is especially essential in the construction sector and a key risk at Daiwa House Modular Europe's project, production sites and offices. Daiwa House Modular Europe needs to ensure that safety is and remains top-of-mind for everyone, working with project teams to ensure proper compliance with all regulations and requirements for safety.	Own organisation: Workers in manufacturing halls Outside organisation: Workers on construction sites	Actual	Negative	Risk	4-Significant		4-Significant	4-Significant	Low	
2	Being a good employer	The impact Daiwa House Modular Europe has on continuously improving the working conditions of our employees and ensuring a pleasant working environment. We contribute to the healthy lifestyle of all our employees, both physical and mental. This includes human and labour rights, training and development of employees and diversity and inclusion. Being a good employer provides Daiwa House Modular Europe with an opportunity to attract and retain new talent in a market facing worker shortages.	Own organisation: Operations HR (office and drivers on the road)	Actual	Positive	Both	4-Significant		4-Significant	3-Moderate	Low	
3	Social developments	Daiwa House Modular Europe's modular, industrial and circular way of building contributes to various social developments, such as fast and flexible construction in connection with the housing shortage, reception of refugees, temporary housing in earthquake areas such as Groningen, and clean construction as a solution to the nitrogen crisis.	Outside organisation: Housing shortage, refugees, earthquake areas	Actual	Positive	Opportunity	4-Significant		4-Significant	4-Significant	Medium	
4	Healthy living environment	The impact Daiwa House Modular Europe has on a healthy living environment. Space for movement, attention to safety, greenery in the neighborhood and healthy air in the home are the themes that ensure a healthy living environment in and around the modular homes we provide for residents.	Outside organisation: People living in the modular houses and in surroundings	Potential	Positive	Opportunity	3-Moderate	4-Likely	4-Significant	4-Significant	Medium	4-Likely
5	Impact on local communities	The impact Daiwa House Modular Europe has on people by working with local communities. It is important to understand how they can be impacted by realising modular construction projects. Involving local communities in the development of new projects at an early stage can help.	Outside organisation: People living in the modular houses and in surroundings	Actual	Negative	Risk	2-Minimal		3-Moderate	3-Moderate	High	



Environmental

			Financial Materiality					Impact Materiality				
#	Theme	Definition	Value Chain boundary	Actual or potential	Positive / Negative impact	Risk / opportunity	Size of potential financial effect	Likelihood (only potential impacts)	Severity: Scale	Severity: Scope	Severity: irremediability	Likelihood (only potential impacts)
6	Circularity	Daiwa House Modular Europe's impact on the environment through circularity: Circular design is about designs to disassemble (Design For Disassembly, Form Follows Function). This is done by large-scale industrialized production by means of standardised processes. In this way, we ensure the most efficient possible product with the least possible impact on the environment. Circular buildings: Industrialised modular and demountable construction means circular construction (IFD building). Buildings are assembled quickly and efficiently, after which they can be dismantled at the end of their service life and reused at another location.	Own organisation: Design, production, assembly, dismantling, reuse of materials	Actual	Positive	Opportunity	4-Significant		4-Significant	4-Significant	Low	
7	GHG emissions	The impact Daiwa House Modular Europe has on climate change through the reduction of CO ₂ emissions. Scope 1 covers direct emissions such as the combustion of fuels in fixed machines, the generation of heat (gas), commercial transport in vehicles owned by Daiwa House Modular Europe and emissions from refrigeration equipment and climate installations. Scope 2 covers indirect emissions from the generation of purchased electricity. The indirect emissions caused by business activities of another organisation fall into scope 3 (material and waste emissions).	Own organisation: Production, electricity of facilities, electrification, procurement, assembly, dismantling Outside organisation: Production of materials purchased from suppliers, energy used on construction sites, electricity during use phase	Actual	Negative	Both	4-Significant		4-Significant	4-Significant	High	
8	Waste	The impact Daiwa House Modular Europe has on the environment through waste, which mainly occurs during the production processes. Daiwa House Modular Europe builds using an industrialised and standardised approach. There is less waste than in a traditional building process, because a large production number of certain materials is taken into account during the design. Materials can therefore be produced to measure, so there is less waste. In addition, more and more residual material (waste) is returned to the supplier. We call this 'from waste to raw material'. When all the residual material can be put back into the production process, there is no longer any waste left.	Own organisation: Production, assembly, dismantling Outside organisation: Construction sites	Actual	Negative	Opportunity	3-Moderate		4-Significant	3-Moderate	High	



Environmental

#	Theme	Definition	Value Chain boundary	Actual or potential	Positive / Negative impact	Risk / opportunity	Financial Materiality		Impact Materiality			
							Size of potential financial effect	Likelihood (only potential impacts)	Severity: Scale	Severity: Scope	Severity: irremediability	Likelihood (only potential impacts)
9	Partnerships	The impact Daiwa House Modular Europe has on the environment, and specifically on circularity, by strengthening the relationship with key partners and by striving for strategic partnerships to reduce its impact on the environment.	Outside organisation: Value chain partners working on circularity	Actual	Positive	Opportunity	3-Moderate		4-Significant	3-Moderate	Low	
10	Digitalisation and robotisation	The impact Daiwa House Modular Europe has through digitalisation/robotisation to make business operations more efficient, sustainable or safer.	Own organisation: Production, assembly, dismantling Outside organisation: Construction sites	Actual	Positive	Opportunity	4-Significant		4-Significant	4-Significant	Low	
11	Scarcity of raw materials	The impact of the availability of raw materials needed in the construction of Daiwa House Modular Europe's projects. This poses a risk to the business model of Daiwa House Modular Europe's business. We strive to put as many of the materials we use for our projects as possible back into use.	Own organisation: Production, assembly, dismantling Outside organisation: Construction sites, ecosystems providing raw materials	Potential	Negative	Risk	4-Significant	4-Likely	5-Severe	3-Moderate	High	4-Likely



Governance

#	Theme	Definition	Value Chain boundary	Actual or potential	Positive / Negative impact	Risk / opportunity	Financial Materiality		Impact Materiality			
							Size of potential financial effect	Likelihood (only potential impacts)	Severity: Scale	Severity: Scope	Severity: irremediability	Likelihood (only potential impacts)
12	Customer satisfaction	The impact Daiwa House Modular Europe has on its customers. The extent to which customers positively assess our services or products. The customer's assessment is shaped by the difference between their expectations upfront and the final experience.	Outside organisation: Customers receiving our products	Actual	Positive	Opportunity	4-Significant		3-Moderate	4-Significant	Medium	
13	Business ethics	Daiwa House Modular Europe's impact on all stakeholders by acting with integrity and ensuring ethical and honest behaviour. Think of respect for laws and regulations, anti-corruption and (fair) taxes.	Own and outside of organisation: Reaches all internal and external stakeholders	Actual	Positive	Risk	3-Moderate		4-Significant	4-Significant	Medium	

 **Governance**

#	Theme	Definition	Value Chain boundary	Actual or potential	Positive / Negative impact	Risk / opportunity	Financial Materiality		Impact Materiality		
							Size of potential financial effect	Likelihood (only potential impacts)	Severity: Scale	Severity: Scope	Severity: irremediability
14	Stakeholder dialogue	The impact Daiwa House Modular Europe has on people and environment by proactively communicating and collaborating with stakeholders (e.g. local communities, governments, customers, suppliers, academia and NGOs) to integrate stakeholder needs.	Own and outside of organisation: Reaches all internal and external stakeholders in value chain	Actual	Positive	Opportunity	2-Minimal		3-Moderate	3-Moderate	Low
15	Laws and regulations	More and more laws and regulations are coming our way in Europe. The arrival of new laws and regulations can offer opportunities and risks.	Own organisation: Production, assembly, dismantling, own offices Outside organisation: Construction sites, people living in our modular houses and communities around it	Actual	Both	Both	3-Moderate		4-Significant	4-Significant	High
16	Innovation	The impact Daiwa House Modular Europe has on people, the environment and its own operations through the continuous innovation of new products and services.	Own organisation: Production, assembly, dismantling, own offices Outside organisation: Construction sites, people living in our modular houses and communities around it	Actual	Positive	Opportunity	3-Moderate		3-Moderate	4-Significant	Low
17	Solid financial position	The impact Daiwa House Modular Europe has on its own operations, people and the environment through a solid financial position. Daiwa House Modular Europe aims for a solid financial position to be able to do business in the long term and to invest further in the organisation.	Own organisation: Procurement, F&A, sales, marketing, operations, production	Actual	Positive	Opportunity	3-Moderate		3-Moderate	3-Moderate	Low

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Colophon

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