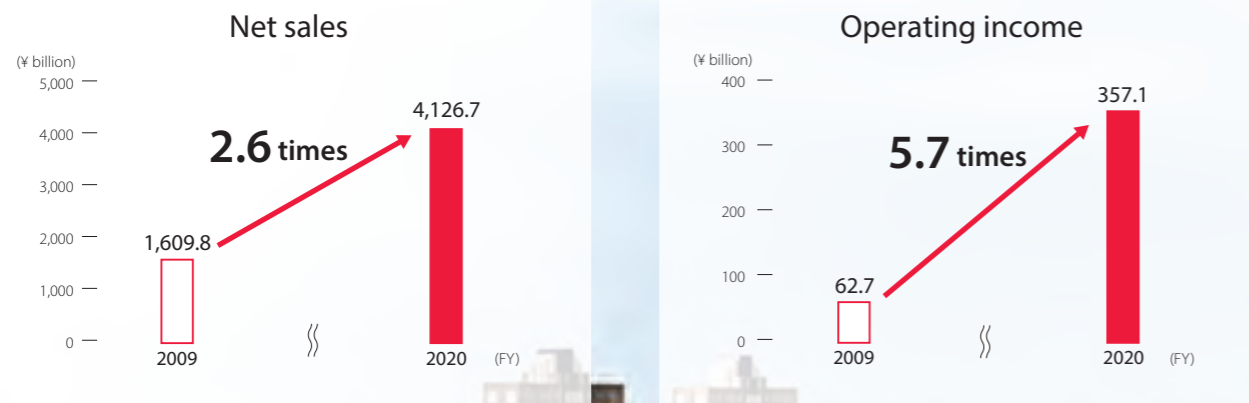


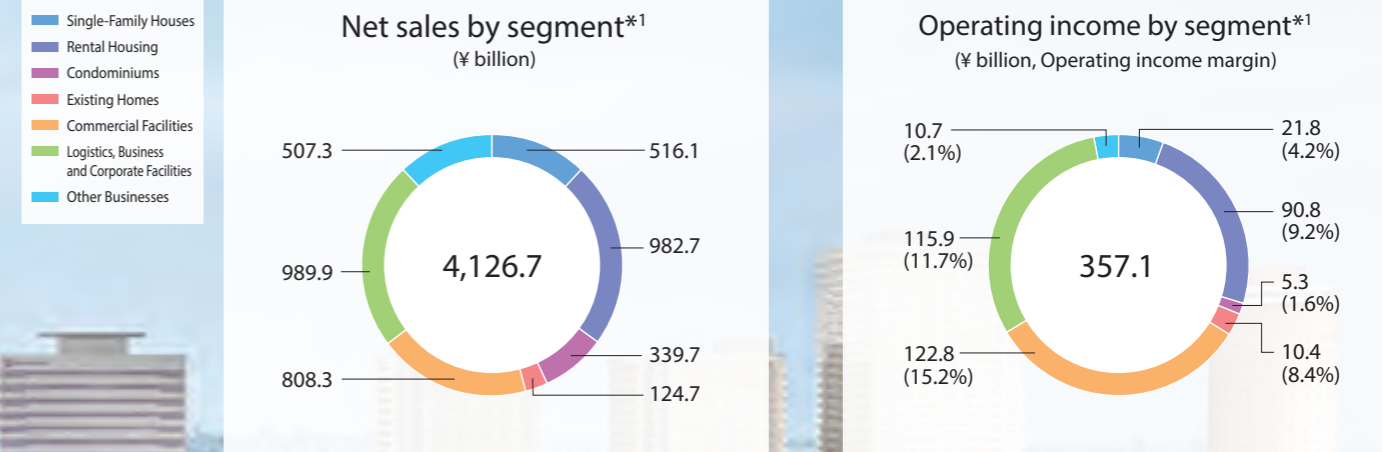
## What kind of company is Daiwa House?

Daiwa House is a corporate group that, working to co-create value for individuals, communities, and people's lifestyles, transcends the narrow boundaries of "home builder" to pioneer the future.

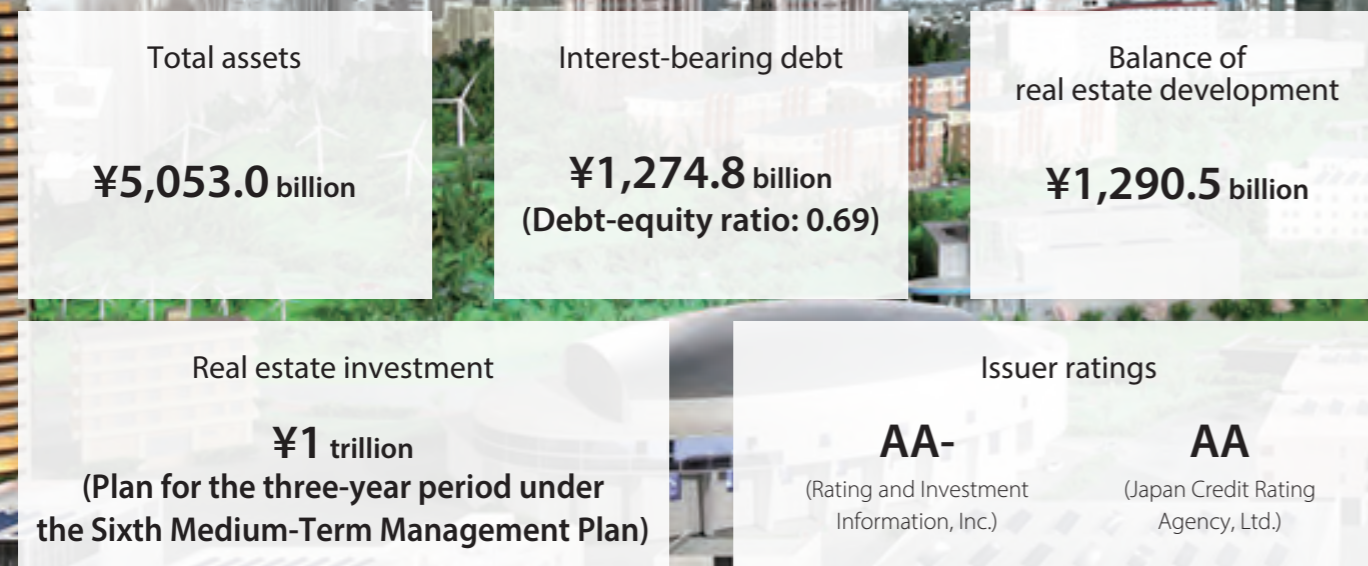
### A company leading the housing, construction and real estate industries



### Diverse business portfolio



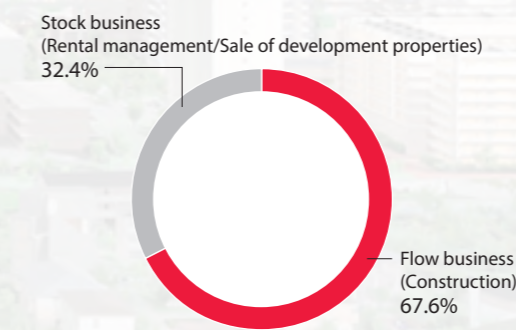
### Promote aggressive real estate development while maintaining financial soundness



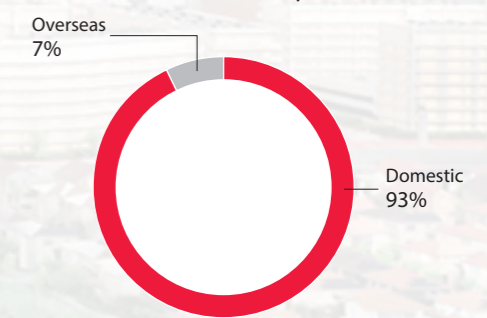
### Contributions to the global environment



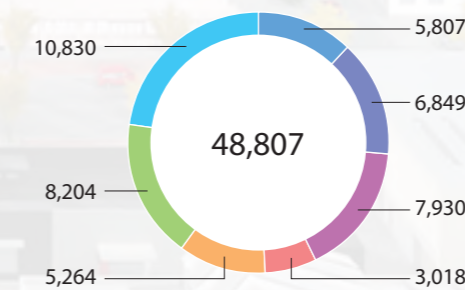
### Flow business and stock business\*2



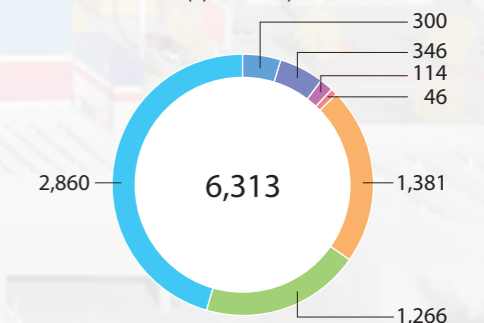
### Domestic and overseas sales (Overseas is for the 24 countries in which Daiwa House operates)



### Number of employees \*3



### Contribution to GHG reduction (GHG: Greenhouse gas) (1,000t-CO<sub>2</sub>)



\*1 Figures include intersegment transactions.

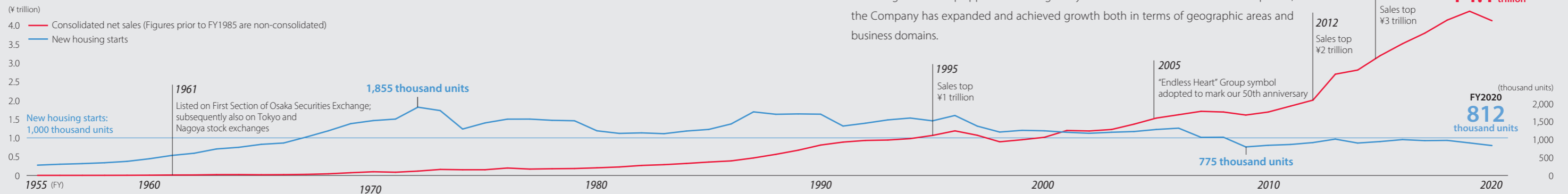
\*2 Other businesses are excluded.

\*3 Regular employees only. Total figures include all personnel in the Company (joint).

## Does Daiwa House have a track record of co-creating value for individuals, communities, and people's lifestyles?

**Yes! Daiwa House has grown by generating products and services that anticipate changes in what society wants and needs, in line with our founder's exhortation to do things because they will be of service to society.**

### Consolidated net sales and housing starts

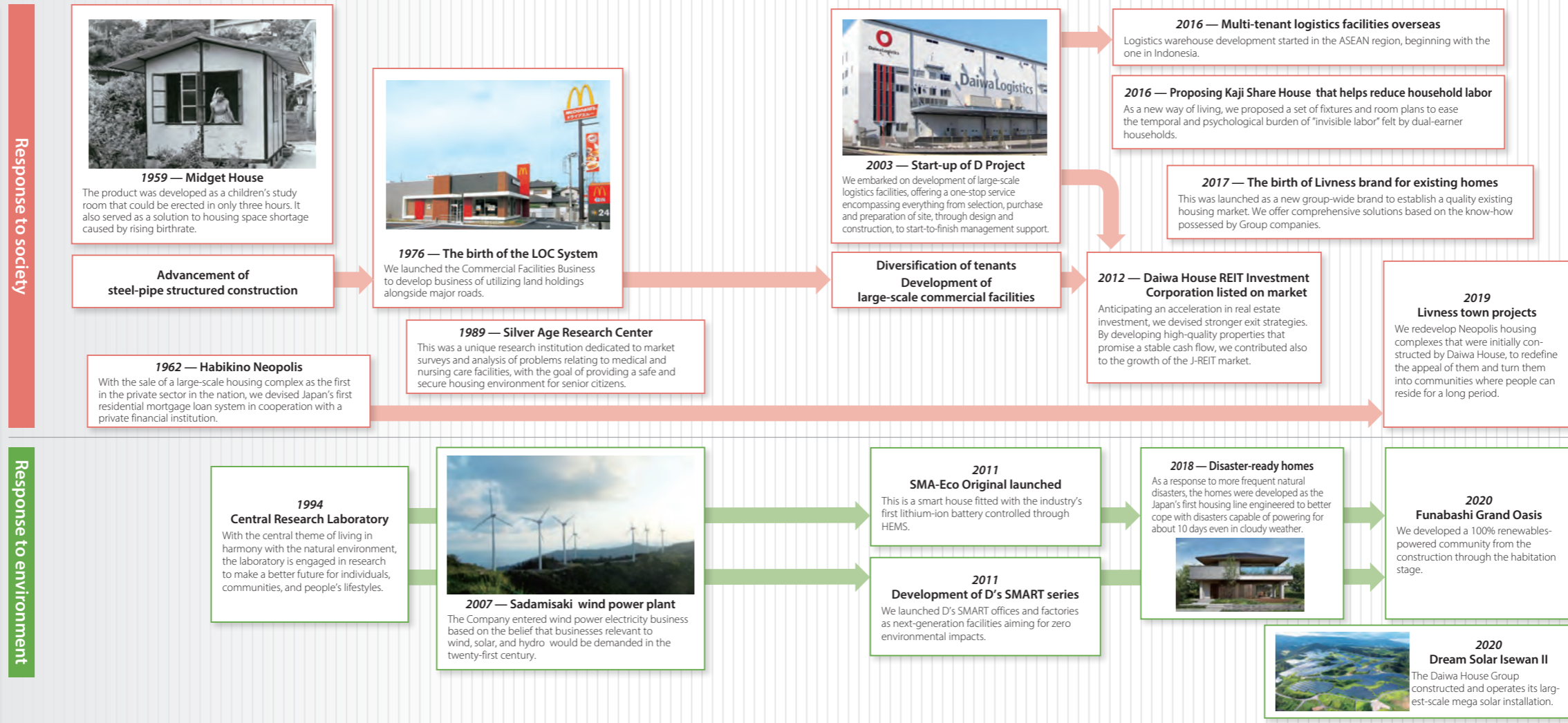


### Business development to optimally leverage a land property



1955 — Pipe House

Mr. Ishibashi conceived the idea of a steel-pipe structure, which contributed to resolving the lack of lumber during the postwar reconstruction period.



Daiwa House Industry was founded by Nobuo Ishibashi in 1955 with "industrialization of construction" as a corporate philosophy. A major typhoon had recently devastated parts of the country, and he noticed that bamboo and rice plants in the fields had been largely unaffected by the typhoon. This was because their hollow-tube structure allowed them to bend with the wind without breaking. Inspired by this, he created the Company's first product—the Pipe House. Using cylindrical steel pipes in place of wooden ones, the product also contributed to resolving the lack of lumber, a pressing issue faced by Japan that needed large amounts of timber for use as buildings materials during the postwar reconstruction period.

Since then, following our founder's guiding principle of "doing things because they will be of service to society," we at Daiwa House have been creating both business value and social value. As we developed businesses to optimally leverage a property, we accumulated data on the land usage and tenants across the nation and refined our problem-solving skills through a thorough bottom-up approach. Seeking always foothold for further business development, the Company has expanded and achieved growth both in terms of geographic areas and business domains.

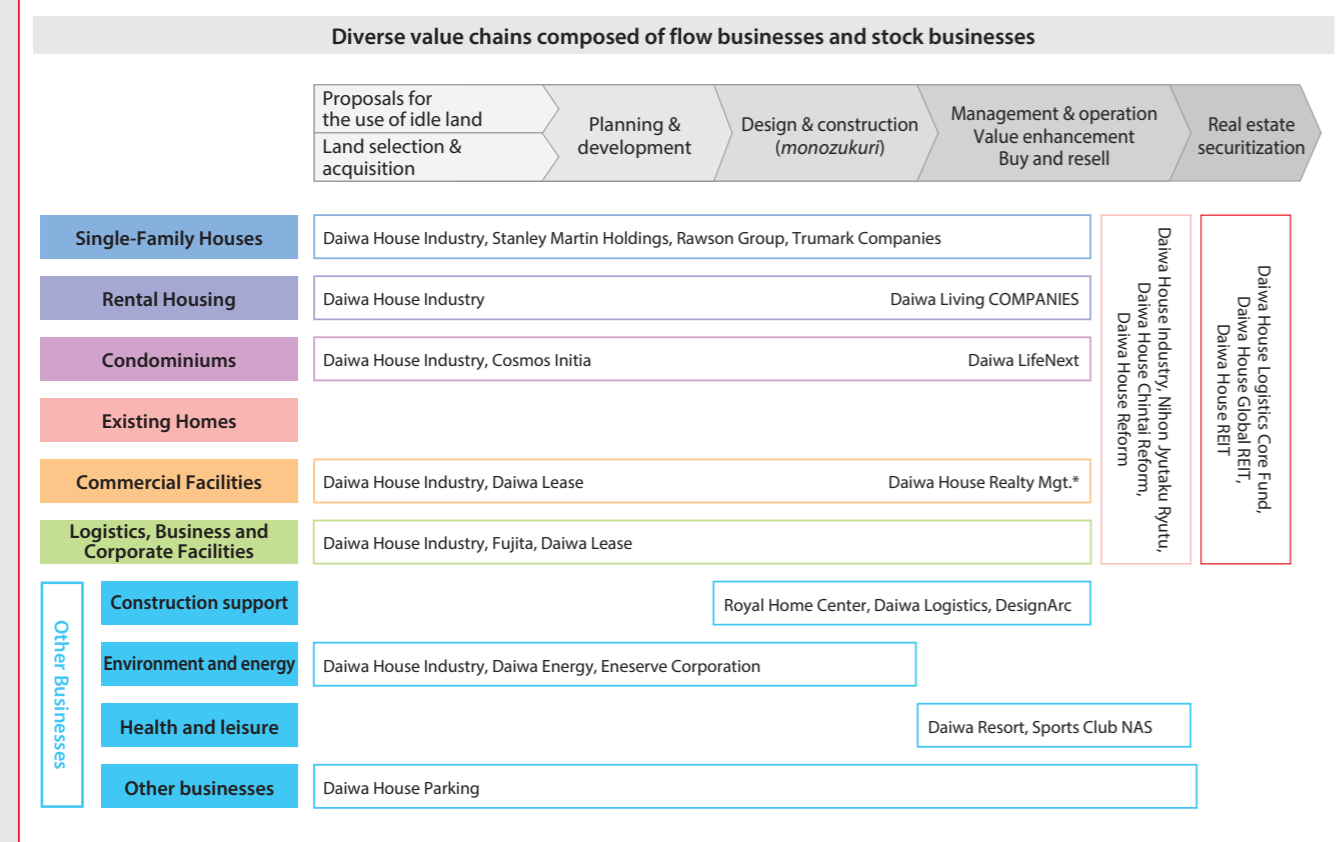
Accumulation of data on the land usage and tenants across the nation

Capacity to grasp quickly what is needed in the frontlines and present solutions

## What gives the Daiwa House Group its competitive advantage in developing its businesses?

**Our capacity to offer comprehensive business ideas on optimally leveraging a land property is a foremost element. Our diverse value chains are built on our organization and its capabilities in aggregating data into solutions.**

### Our greatest strength: Capacity to offer comprehensive business ideas on optimally leveraging a land property



Accumulation of data on the land usage and tenants across the nation

Capacity to grasp quickly what is needed in the frontlines and present solutions

Matrix organization based on business divisions and offices as chains of command

#### Materiality

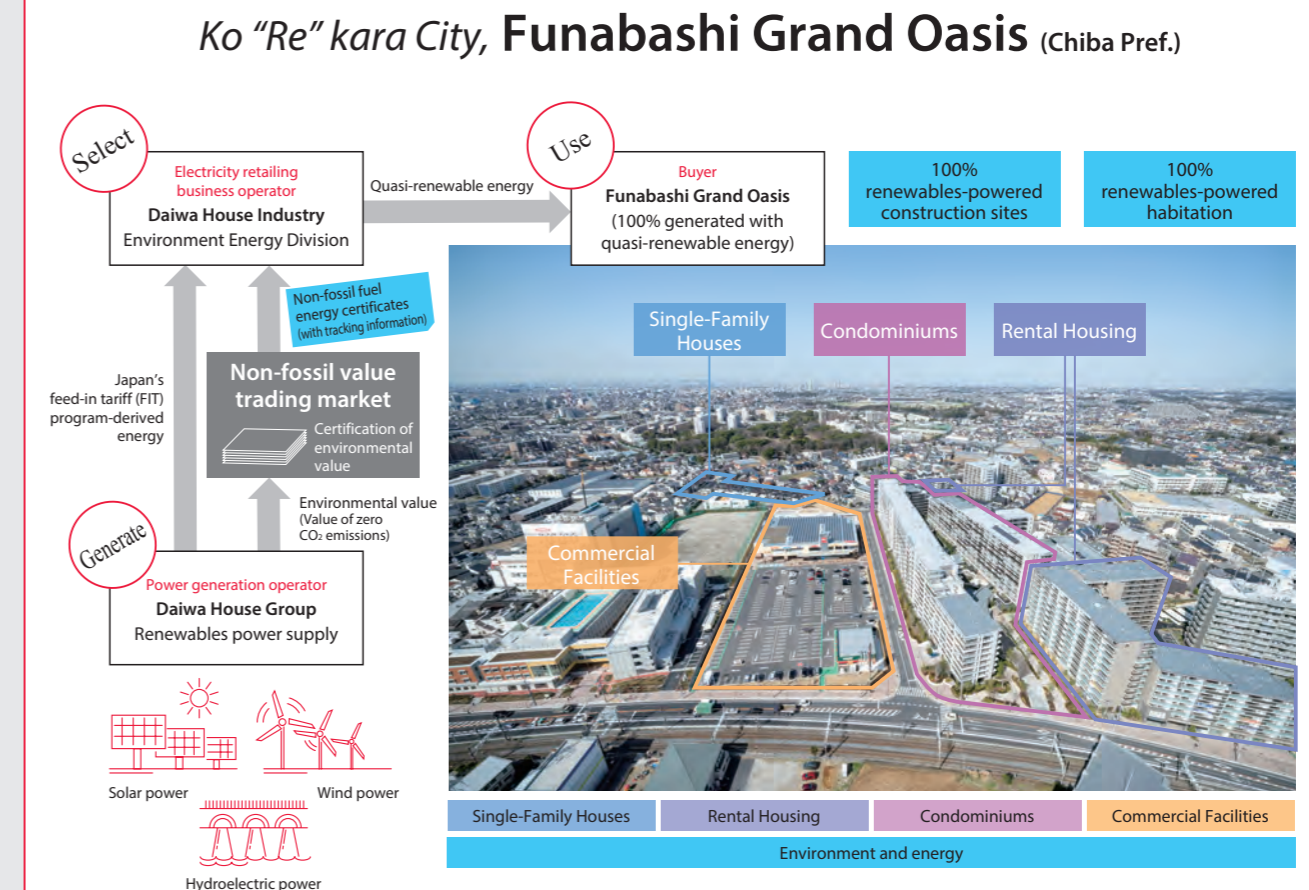
- Expanding business opportunities deriving from social issues
- Balance of flow businesses and stock businesses
- Constructing a portfolio of businesses with differing life cycles
- Efficient management and financial soundness aware of capital costs

\* Established through the management integration of Daiwa Information Service and Daiwa Royal on October 1, 2021.

Our capacity to develop and offer customers comprehensive business ideas on optimally leveraging a land property is a foremost element. This capacity is underpinned by our three capabilities. The first is a wealth of data on the land usage and tenants across the nation that we have aggregated over years. The second is our ability to grasp quickly what is needed in the frontlines and present solutions to the issues faced by customers and society. The third is our matrix organization supported by our 71 branches and offices rooted in communities across the nation, with a business division-based system that can optimally and agilely leverage our specialist skills serving as a main chain of command.

The Group's such capacity to offer comprehensive business ideas—which is being applied to new community development—is born of its diverse value chains, and is the competitive advantage unique to it that no other home builders and developers possess.

### Example Community development with 100% renewable energy born of our capacity to offer comprehensive business ideas



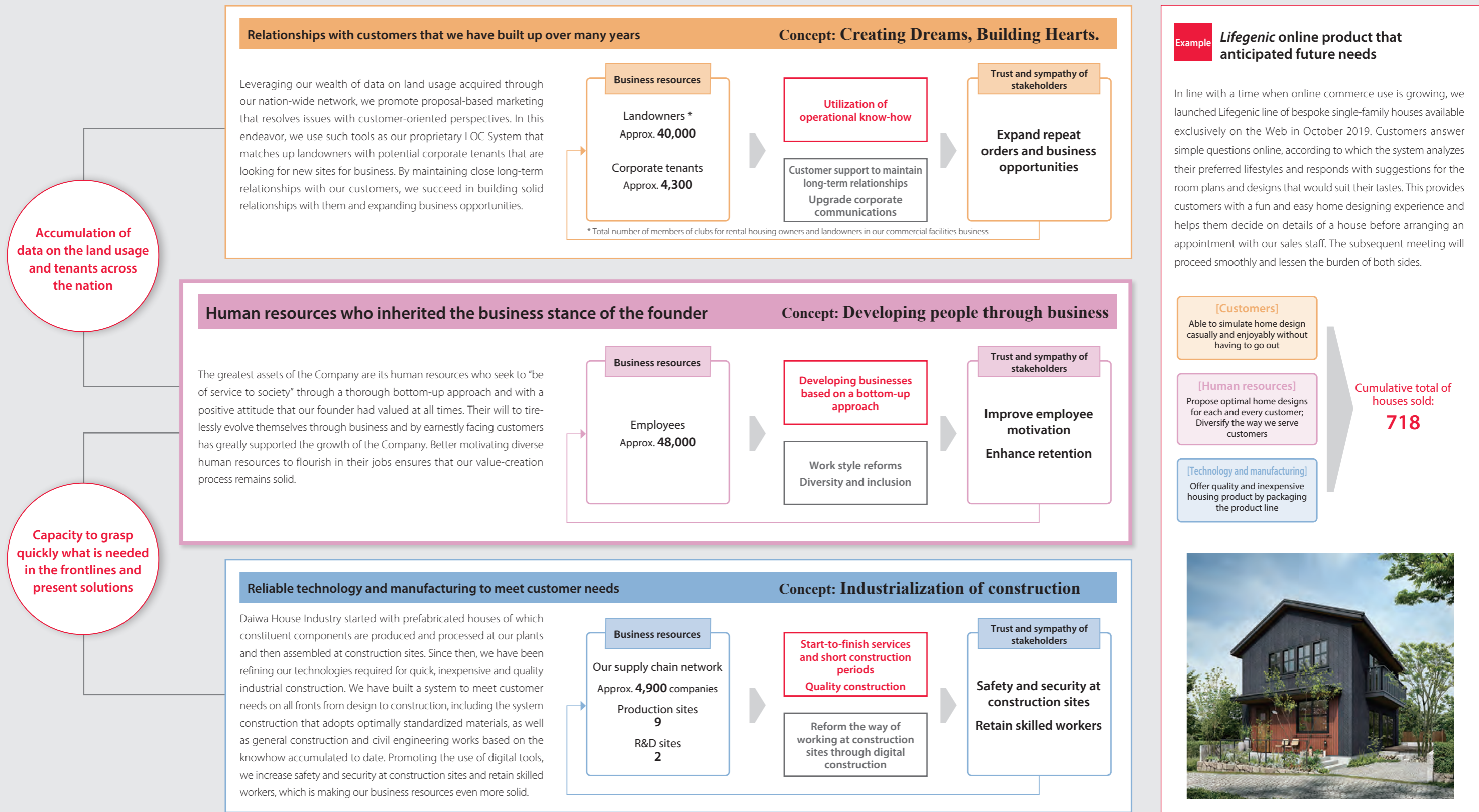
Funabashi Grand Oasis completed in March 2021 is a project based on our capacity to offer comprehensive business ideas on optimally leveraging a land property. Comprising single-family housing, rental housing, condominiums and commercial facilities, the complex development made possible by the Group's wide-ranging business portfolio is highly convenient for day-to-day living. With the addition of our expertise in environmental energy business, the site achieved the Japan's first 100% renewable electricity from the construction through the habitation stage.

The community is powered mainly by electricity derived from Japan's feed-in tariff (FIT) program, which is generated by the Group's Saganuma Hydroelectric Power Plant in Gifu Prefecture. By granting non-fossil fuel energy certificates to the power from the plant, the electricity is considered quasi-renewable energy. This energy was used for the construction and is currently supplied to all the 859 households in the community through Daiwa House Energy, which is our electricity retailing service. Funabashi Grand Oasis is a type of sustainable community that only the Daiwa House Group can deliver with its start-to-finish services, from generation through retail of renewable energy, as well as from development through management of communities.

## What's the source of Daiwa House Group's ability to create value?

### Our three business resources: human resources, customers, and technology and manufacturing expertise.

Our data-collection capability to aggregate information on the land usage and tenants across the nation and problem-solving skills to grasp quickly what is needed in the frontlines and present solutions are born of our three types of business resources, namely, human resources who inherited the business stance of the founder; relationships with customers that we have built up over many years; and technology and manufacturing to meet customer needs. Leveraging these solid business resources, we create both business value and social value and develop them into new business opportunities.



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## What does the Daiwa House Group consider crucial for improving corporate value?

**We believe strengthening our bases for adapting to changes in the social and business environment is essential for improving corporate value. They serve to reduce risk and achieve sustainability.**

**Materiality**

**Pursue both minimization of environmental impacts and corporate earnings**

The Daiwa House Group tries to make zero environmental impacts within our Group, globally, and through supply chains, with the aim of realizing a sustainable society.

**Long-term environmental vision**      Challenge ZERO 2055  
Taking on the challenge of Zero Environmental Impacts

Mitigating and adapting to climate change (Energy) 	Harmony with the natural environment (Preservation of biodiversity) 	Closed-loop resource sourcing and conservation of aquatic environments (Greater durability and waste reduction) 	Prevention of chemical pollution 
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Efforts at Environment P.55-60

**Materiality**

**Form management base, strengthen relations with stakeholders**

We strengthen contact with five types of key stakeholders and contribute to society through business.

**Long-Term Social Vision**      Strengthen relations with stakeholders

Customers 	Employees 	Business partners 	Community residents 	Shareholders 
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Efforts at Social P.61-66

**Materiality**

**Strengthening corporate governance**

We enhance our governance system based on the four basic policies and sustain growth into the future.

**Enhancing governance**

Optimization of management structure	Foster next generation of business managers
Entrench risk management structure	Improve system of business execution

**Ongoing updates**

Management Structure P.67-78

The Daiwa House Group views ESG engagement as consisting of two elements: lowering risk to ensure corporate viability and creating business opportunities to generate cash flows. We closely examine the risks and opportunities present in an ever-changing social environment and move forward on various initiatives. In addition, we are increasing the effectiveness of our corporate governance by following the four basic policies under the measures to enhance governance. Through these efforts, we achieve sustainability of the Group and a virtuous cycle of our value-creation process.

**Example**

### A power self-sufficient office by renewable energy Daiwa House Saga Building (Saga Pref.)



**Issue: Climate change**

To reduce energy consumption in our business operations, we have pursued a policy of developing ZEB for our own facilities since fiscal 2017. A prime example is Daiwa House Saga Building completed in February 2018, which achieved energy self-sufficiency by introducing a power self-sustaining system that combined solar power generation and storage batteries. The building is a ZEB that can cover 100% of the electricity consumed at the office with renewable energy.

<b>Generate cash flows</b>	<b>Enhance sustainability</b>
<ul style="list-style-type: none"> <li>● Propose eco-friendly buildings by showrooming its own facilities</li> </ul>	<ul style="list-style-type: none"> <li>● Respond to tougher regulations to help realize a carbon-free society</li> <li>● Serve as a business continuity plan (BCP)</li> </ul>

Daiwa House Saga Building (Saga Office, Daiwa House Industry)

**Example**

### Reduce operational burden with digitalization Smart Control Center



**Issue: Serious labor shortages and aging of workforce in the construction industry (more than 30% of the workforce is 55 years old or above)**

To cope with a decrease in skilled workers and to advance the work style reform for builders at construction sites (reduction of working hours), we have been pushing ahead with digitalization initiatives to reduce onsite operational burden. As part of this effort, we established Smart Control Centers in October 2020, each of which can monitor remotely five of our construction sites of single-family houses at a time. The images of the sites are analyzed by AI to increase operational efficiency and safety.

**Enhance sustainability**

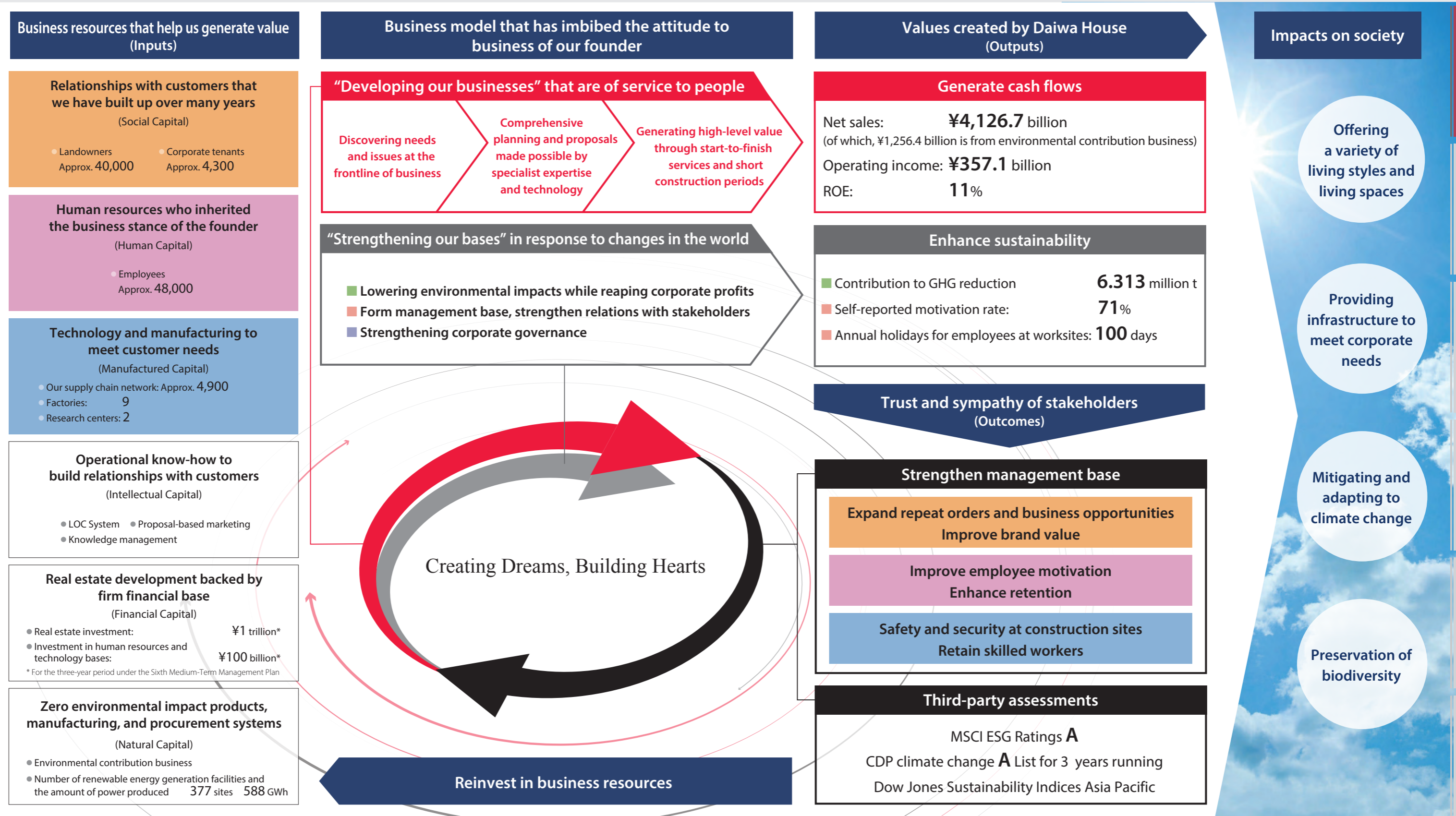
- Labor saving of construction sites
- Increase operational efficiency and safety

Smart Control Centers (Established at 10 locations nationwide including Tokyo Head office and Fukuoka Office to consolidate the management of construction sites in the aspect of safety and quality.)

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# The Daiwa House Value Creation Process

Making maximum use of the three types of business resources that underpin our value creation, we have been creating values based on our stance that "we do things because they will be of service to society," which constitutes the starting point for Daiwa House. Our value creation is built on a business model that generates cash flows through "developing our businesses" and enhances sustainability through "strengthening our bases." With the value we create in this way, Daiwa House seeks to earn the trust and sympathy of stakeholders, which make our management base even stronger. By making reinvestments that would open up new business opportunities, we aim to realize both "society where people can live truly fulfilling lives" as expressed within our management vision, and continuous enhancement of our corporate value.



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## What kind of tomorrow is the Daiwa House Group working towards?

**Our vision is to help bring about a society where people can live fulfilling lives. To that end the Daiwa House Group wants to be indispensable member of society that helps address the issues society faces.**

As the pace of social change is accelerating and customer needs are becoming more diverse and sophisticated, the role that corporations must play has grown increasingly important.

Building a bond with stakeholders through business, we at the Daiwa House Group are working to offer houses and buildings in which people with diverse values can lead their lives in safety and with peace of mind, and developing communities where people wish to reside for a long period. Staying in close to those living in the spaces we build, we aim to achieve continued growth and raise the Group's corporate value over the medium-to-long term, toward realizing a society where people can live fulfilling lives.



### How we pursue our management vision

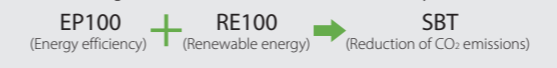
**A society where we collaborate with stakeholders and partners**

A new training facility, the Daiwa House Group MIRAI KACHI KYOSO Center scheduled to be opened in the autumn of 2021 is a facility intended to foster our human resources that contribute to society. The center is to serve also as a base for publishing information to parties both inside and outside the Company including the local community, and to facilitate collaborations with stakeholders with a view to seizing upon new business opportunities.



**A society that adapts to climate change where people can live safely and in peace**

In an effort to "decarbonize" our operations, we press forward with initiatives for "energy efficiency, energy generation and energy storing." We leverage the outcomes to seize upon business opportunities and enhance our business competitiveness, thereby contributing to the realization of a carbon-free society.



Responding to needs of society, we pursue DX initiatives that drive innovations with "diverse working styles" and "manufacturing."

**A society with increased convenience with technology revolution**

**An inclusive society where diverse human resources can live to their fullest**

We are redeveloping the Kamigo Neopolis town (Yokohama, Kanagawa Prefecture) so that values of the building itself as well as life quality for the people living there will increase with the passage of time. With a view to developing it into a digital smart town, validation experiments have been underway, of which outcomes will be applied to the redevelopment of 61 Neopolis towns across the nation.



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## Relationship between issues of material importance (“Materiality”), risks and opportunities

**Creating both business value and social value, Daiwa House Industry is working to sustainably enhance corporate value, based on recognition of changes in the operating environment over a short, medium and long term and from the perspective of risks and opportunities.**

Medium- to long-term changes in operating environment (Megatrends)		
	Short and Medium term (to FY2025)	Medium and Long term (to FY2030)
<b>Demographic trends</b>	<ul style="list-style-type: none"> <li>Changes in the number of households in Japan Declining new housing starts</li> <li>Labor shortage, decline in skilled construction workers Decreasing working-age population/ Necessity of systematically securing human resources/ Leveraging the talents of diverse human resources</li> <li>Growing importance of digitalization and DX Enhancing productivity/ Progressively more advanced and efficient business/ Expansion of i-Construction</li> </ul>	<ul style="list-style-type: none"> <li>Regional depopulation, urban population concentration Compact cities in regions/ Increasing demand for revitalization of local economies and redevelopment of housing complexes/ Development of smart cities</li> <li>Shrinking and aging population Greater social acceptance of the elderly and people requiring nursing care/ Increasing elderly participation in society/ Increasing demand for nursing care</li> </ul>
<b>Climate change</b>	<ul style="list-style-type: none"> <li>Meteorological disasters growing in frequency and intensity Intense heat become normalized/ Increasing demand for rebuilding and relocation/ Growing importance of BCP preparedness</li> <li>Shift to carbon neutrality and a carbon-free society (Transition) Lowering environmental impacts (Uptake of ZEH and ZEB, etc.)/ Expanded percentage of renewable energy/ Stronger international rules</li> </ul>	
<b>Changing values</b>	<ul style="list-style-type: none"> <li>Coexisting with the COVID-19 Burgeoning online activity/ Diversifications of working styles (increased and entrenched teleworking, more use of virtual offices)/ Changing values pertaining to living styles (more relocation to local regions, country life and dual residence, and diversification of lifestyles and preferences)/ Heightening desire to belong to communities</li> <li>Growing demand for ethical, environmental and recycling-oriented economy Increase in ethical consumption/ Full-scale social impact evaluation of business and real estate investment/ Diversification of the sharing economy/ Shift to circular economy</li> <li>Initiatives and contributions toward achieving SDGs More opportunities for business models focused on addressing social issues</li> </ul>	
<b>Intensifying social issues</b>	<ul style="list-style-type: none"> <li>Increase in untenanted houses Expansion of the existing housing market</li> <li>Promotion of earthquake resistance</li> </ul>	<ul style="list-style-type: none"> <li>Age deterioration of social infrastructure</li> <li>Growing and intensifying economic disparity</li> </ul>
<b>Overseas markets</b>	<ul style="list-style-type: none"> <li>Advent of the AI/ IoT/ big data society Progressive use of ICT in real estate/ Spread of connected homes</li> <li>Accelerating involvement in open innovation</li> <li>Advancement of information disclosure Standardization of non-financial information disclosure by securities exchanges and Financial Services Agency/ Progress in sustainable finance/ Stronger leverage of ESG engagement by institutional investors</li> </ul> <hr/> <ul style="list-style-type: none"> <li>Increasing global population</li> <li>Economic and income growth in developing countries</li> <li>Encouraging generational changeover (Rise of Generation Z)</li> <li>Progressive social divisions</li> <li>Full-scale acceptance of immigrants</li> <li>Changing importance of “Business and Human Rights”</li> </ul>	

Daiwa House Industry identified issues of particular importance (Materiality) in line with the four management items defined in our Corporate Governance Guidelines (secure a stable level of profits and maintain or improve growth rates; maintain and improve profitability based on an optimal capital structure; strengthen the management base required to realize sustained growth; and lower capital cost by enhancing the Group's trustworthiness and management transparency).

In full recognition of our operating environment, we are creating both business value and social value from the perspective of risks and opportunities, working to sustainably enhance corporate value.

	Materiality	Focal themes of the Sixth Medium-Term Management Plan	Major opportunities	Major risks
<b>Demographic trends</b>	<ul style="list-style-type: none"> <li>Expanding business opportunities deriving from social issues</li> <li>Balance of flow businesses and stock businesses</li> <li>Constructing a portfolio of businesses with differing life cycles</li> <li>Efficient management and financial soundness aware of capital costs</li> </ul>	<ul style="list-style-type: none"> <li>Grow share in core businesses</li> <li>Expanding field of business</li> <li>Expanding geographic business area</li> <li>Redevelopment of communities and home</li> <li>Leveraging our customer base and stock of existing properties</li> </ul>	<ul style="list-style-type: none"> <li>Business opportunities deriving from social issues</li> <li>Adapting to the age of the new normal</li> <li>Capture changes in the market and link them to business opportunities based on our capabilities to cope with unforeseen circumstances and to innovate new trends, which are the key to growth</li> </ul>	<ul style="list-style-type: none"> <li>Risks associated with legal regulations</li> <li>Risks associated with competitive activities</li> <li>Risks associated with business and Group strategies</li> <li>Risks associated with overseas business operations</li> </ul>
<b>Climate change</b>	<ul style="list-style-type: none"> <li>Lowering environmental impacts while reaping corporate profits</li> </ul>	<ul style="list-style-type: none"> <li>Mitigating and adapting to climate change</li> <li>Harmony with the natural environment</li> <li>Closed-loop resource sourcing and conservation of aquatic environments</li> <li>Prevention of chemical pollution</li> </ul>	<ul style="list-style-type: none"> <li>Climate change</li> <li>Increase in demand for houses and building with low greenhouse gas emissions</li> <li>Expansion of environmental energy business due to rising demand for renewable energy</li> </ul>	<ul style="list-style-type: none"> <li>Climate change</li> <li>Risks associated with the strengthening of Japan's Building Energy Efficiency Act</li> <li>Risk of heat stroke at construction sites due to higher maximum summer temperatures</li> </ul>
<b>Changing values</b>	<ul style="list-style-type: none"> <li>Form management base, strengthen relations with stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Improve motivation and diversity</li> <li>Improve CS and corporate brand</li> <li>Enforce safety and security at construction sites</li> <li>Upgrade innovation and corporate communications</li> <li>Strengthen risk management</li> </ul>	<ul style="list-style-type: none"> <li>Seize business opportunities through building a management base</li> </ul>	<ul style="list-style-type: none"> <li>Risks associated with human resources base</li> <li>Risks associated with technology and manufacturing base</li> <li>Risks associated with natural disasters</li> </ul>
<b>Intensifying social issues</b>	<ul style="list-style-type: none"> <li>Strengthening corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>Optimization of management structure</li> <li>Foster next generation of business managers</li> <li>Improve system of business execution</li> <li>Entrench risk management structure</li> </ul>		

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## Response to major opportunities and risks

To further strengthen the virtuous cycle of our value-creation process, we respond to risks appropriately and seize opportunities aggressively

**Generate cash flows through promoting business**

**Strategies to seize opportunities**

<p><b>Business opportunities deriving from social issues</b></p> <ul style="list-style-type: none"> <li>• Capture changes in the market and link them to business opportunities by constantly focusing on what we can offer to the society, based on our capabilities to cope with contingencies and to innovate new trends, which are the key to growth</li> </ul>	<p><b>Social issues in Housing segment</b></p> <ul style="list-style-type: none"> <li>• Changes in lifestyles caused by increasingly diverse working styles such as teleworking</li> <li>• More frequent and intensifying natural disasters</li> <li>• Changes in household numbers in Japan</li> <li>• Expanding existing housing market</li> <li>• Advancing societal aging and falling birthrate</li> <li>• Shift toward more compact regional cities</li> </ul> <p><b>Social issues in Business segment</b></p> <ul style="list-style-type: none"> <li>• Changing consumer behavior and tastes</li> <li>• Rising demand for e-commerce</li> <li>• Advances in business sophistication and efficiency due to digitalization</li> <li>• More frequent and intensifying natural disasters</li> <li>• Economic growth in developing countries</li> </ul>	<p><b>Strategies and initiatives in Housing segment</b></p> <ul style="list-style-type: none"> <li>• Development and roll out of customer and local needs-oriented products</li> <li>• Ideas on housing adapted for working at home</li> <li>• Uptake of ZEH</li> <li>• Initiatives for combination housing (housing combined with those for other uses)</li> <li>• Diversification of revenue streams from large-scale multi-use development, redevelopment, and rebuilding projects leveraging Group strengths</li> </ul> <p><b>Strategies and initiatives in Business segment</b></p> <ul style="list-style-type: none"> <li>• Diversification of tenants reflecting social trends and local attributes</li> <li>• Development of high-performance logistics facilities and promotion of digitalization</li> <li>• Development of data centers</li> <li>• Propose capital investments and a review on the network of bases to transform our supply chain</li> <li>• Seize demand for the "cold chain" market</li> </ul>
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**Risk countermeasures**

<p><b>Legal regulations</b></p> <ul style="list-style-type: none"> <li>• Risks associated with revision or abolition of legal regulations or the creation of new laws</li> <li>• The risk of penalties, punishment, or other sanctions, or defamation of social credibility or image resulting from legal violations</li> </ul>	<p>Diverse legal regulations pertain to the widespread business operations of the Group. As such, we have a system in place to monitor in advance the trends in regulations to adapt to or take measures against their revision or abolition or creation of new laws, while also preventing actualization of the risks. To prevent the risk associated with legal violations, we actively offer trainings to employees on knowledge of relevant laws and regulations to heighten their awareness, and promote creation of various manuals and checklists.</p>
<p><b>Competitive activities</b></p> <ul style="list-style-type: none"> <li>• The risk that the Group may fail to demonstrate an advantage over competitors in one or more of its business areas in respect of product quality or price, the nature of its services, or the effectiveness of its marketing activities.</li> </ul>	<p>In order to maintain and develop our business model, we engage in policies and investment to strengthen our bases. This enhances our comprehensive business proposal capability and heightens our superiority over rivals. We see resolving social issues as one of the Company's objectives. Based on a belief that delivering values to society will lead to strengthened competitiveness over the medium-to-long term, we enhance our systems to enable business and real estate development to keep pace with the times, while creating new added value in our business.</p>
<p><b>Business and Group strategies</b></p> <ul style="list-style-type: none"> <li>• The risk that the Group may fail to achieve projected earnings in its business strategies as a result of the acquisition of companies or businesses, reorganization and other plans that fail to go as expected, leading to the synergy between Group companies failing to gain the anticipated business result.</li> </ul>	<p>Our basic policy is to expand into new business fields where we can put to use the competitive superiority that we have built up and the know-how that we have acquired in business fields peripheral to our existing businesses. Our priority in M&amp;A is to respect the other company's history and human resources while enabling the sharing of our mindset and corporate philosophy. In cases in which the Group intends to move into a business field in which it has comparatively little experience, it is our policy firstly to form joint ventures with other companies, to invest in venture companies, and/or to engage in joint research, so as to build up sufficient knowledge relating to the new field in question, and to examine the feasibility of the proposed project.</p>
<p><b>Overseas business operations</b></p> <ul style="list-style-type: none"> <li>• The risk of delays or inability in the conduct of business or collection of receivables, or restrictions in remittance due to sudden inflation, exchange rate fluctuations, conflict caused by political and economic uncertainties, disturbances, the risk of litigation, deteriorating diplomatic relations, legal restrictions, etc.</li> <li>• The risk attributable to external factors, such as a decline in consumers' willingness to purchase as a result of tightened policies on real estate and other revisions in legal systems and government policies.</li> <li>• The possibility of a violation of local laws or wrongful business practices occurring, or delayed discovery of a risk due to geographical remoteness.</li> </ul>	<p>For investments in overseas businesses or expansion overseas, we make a decision at Investment Committee and the Board of Directors, and via collective decision-making, after consulting with Overseas Strategy Committee pursuant to the Investment Management Guidelines. Business development with a joint venture partner is not adopted, unless the Company can take a majority stake. In terms of a business execution system, we built management systems for respective regions overseen by regional corporate functions. When political and economic circumstances deteriorate, we take timely actions by placing priority on the safety of employees.</p>

**Enhance sustainability through strengthening our bases  
(Risk countermeasures that help lower capital cost and compatibility with society)**

**Strategies to seize opportunities**

<p><b>Climate change</b></p> <ul style="list-style-type: none"> <li>• Increase in demand for houses and buildings with low greenhouse gas emissions</li> <li>• Expansion of environmental energy business due to rising demand for renewable energy</li> </ul>	<p>The Japanese government has indicated a policy target to achieve net-zero energy for new houses (ZEHs) and buildings (ZEBs) by 2030, and should incentives to support achievement of this target be continued and expanded, it is possible that demand for ZEHs and ZEBs, which have high unit prices per building, will increase. In view of this, we are enhancing our product lineup and proposals that support ZEHs and ZEBs.</p> <p>Toward achieving the targets under the Paris Agreement, the Japanese government has indicated a policy target to increase the ratio of renewable energy in electricity generation in Japan. There has been also an increase in the number of companies committed to going '100% renewable' both at home and abroad. As the environmental energy business involved in the development and supply of renewable energy is expected to expand going forward, the Group promotes generation and retailing businesses of renewable energy.</p>
<p><b>Building of a management base</b></p> <ul style="list-style-type: none"> <li>• Increase operational efficiency and productivity and seize business opportunities through building a management base to keep pace with the times</li> </ul>	<p>In light of a society coexisting with the COVID-19, we are developing a management base that can adapt to new ways of working and living. We aim for sustained growth by accelerating reforms in our business and management base.</p> <ul style="list-style-type: none"> <li>• Remove constraints of time and place to increase efficiency by introducing teleworking and flextime program</li> <li>• Review personnel evaluation systems to adapt to new working styles</li> <li>• Develop new forms of marketing, such as online business meeting and virtual reality (VR)</li> <li>• Further promote industrialization of construction</li> <li>• Increase on-site productivity by labor-saving and automation of operations</li> </ul>

**Risk countermeasures**

<p><b>Climate change</b></p> <ul style="list-style-type: none"> <li>• The risk of greater workloads and costs for the houses and buildings we offer due to stronger regulations of the Building Energy Efficiency Act or carbon tax hikes and expansion of emissions trading affecting more business operations and properties.</li> <li>• The risk of higher maximum temperatures in summer causing heatstroke that may delay construction periods and lower productivity on construction worksites</li> </ul>	<p>In expectation of higher operating costs due to tougher regulations, efforts have been made pursuant to the policy of maximizing sales increase and minimizing profit decrease with early development of ZEH and ZEB, as well as cost reduction. We evaluate the risks based on hazard information upon developing new projects, and for construction sites, we compiled manuals to prevent heatstroke, ensure installation of shaded rest areas, and introduce environmental sensors that measure the wet bulb globe temperature (WBGT), so as to protect workers from heatstroke.</p>
<p><b>Human resources base</b></p> <ul style="list-style-type: none"> <li>• The risk that the Group may lose new business opportunities due to its diverse human resources being unable to fully utilize their abilities</li> <li>• The risk that the Group may lack vibrancy as an enterprise and lose competitiveness due to not having in place an optimal personnel system and working environment</li> </ul>	<p>We actively develop and offer a personnel system and working environment whereby our employees can fully demonstrate their abilities. We conduct the Sustainability Survey annually as an effort to confirm the level of employees understanding and permeation of Daiwa House Group Principles of Corporate Ethics, through which we identify issues and work for improvement. Creating a sound organizational climate where each employee can fully demonstrate their capabilities, we offer them a motivating work environment, in order to build a solid human resources base.</p>
<p><b>Technology and manufacturing base</b></p> <ul style="list-style-type: none"> <li>• The risk of poor operational management due to the shrinking workforce in Japan and a shortage of site supervisors</li> <li>• The risk that a trouble in one part of our supply chain may significantly affect the entire business performance</li> </ul>	<p>By keeping close relationships with business partners, we work to thoroughly manage this risk in terms of safety, quality and compliance. At construction sites, in particular, with active utilization of ICTs, we earnestly strive to eliminate worksite accidents, while managing supply chains appropriately in each phase of procurement, production and operation.</p>
<p><b>Natural disasters</b></p> <ul style="list-style-type: none"> <li>• Direct damages to employees, facilities and equipment</li> <li>• The risk that the Group may be damaged indirectly by an interruption or disruption in information systems, communication networks, and logistics/supply networks</li> <li>• The risk that the Group may incur expenses to recover from damages, losses due to suspension of business activities, and expenditures to provide inspections and temporary repairs to customers' properties</li> </ul>	<p>We implement proactive measures that would allow us to take proper and quick actions in the case of disasters. For this purpose, we developed regulations and manuals regarding business continuity management (BCM). One such example is the drills we conduct to confirm the safety of our employees, communications between sites, and recovery of our core system.</p>