

# Strengthening our Bases

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Chapter 7 Strengthening our Bases



# 1 Strengthening the human resources base – Views on human capital management –

In line with the Group's policy of "developing people through business," we believe that increasing the value of human resources (human capital) is the engine that drives enhancement of corporate value. Therefore, since our founding we have prioritized the growth of human resources. Under the Seventh Medium-Term Management Plan, by proactively investing in human capital and creating opportunities for employees to grow, we are maximizing the value of individual employees and the Group's organization as a whole, and building a foundation for innovation.



Toward further strengthening of our human resources base

Centered on DE&I that respects each person's individuality, we will secure and develop human resources and ensure employee job satisfaction and well-being, responding to ongoing social change. In these ways, we will enhance employee engagement and increase the Group's enterprise value in a sustainable manner.

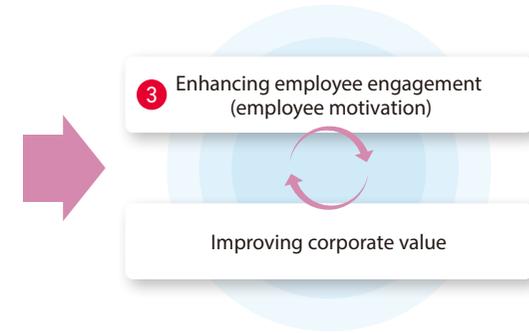
**Principal measures relating to human capital and diversity**

**1 Securing and developing human resources**

By securing diverse human resources in line with our business strategies and providing multi-track growth opportunities that closely match the individuality and values of each employee, we will support autonomous and sustainable career development.

**2 Job satisfaction and well-being**

We will foster an organizational climate and culture in which a wide diversity of employees can express their individuality in a healthy and psychologically safe work environment, and can come together through dialogue to create new value as an organization.



Key indicators and targets relating to human capital ▶ P.117

# 1 Securing and developing human resources

**Strengthen our recruitment of diverse human resources who share our purpose, and support their autonomous career development by providing multi-track growth opportunities.**

We will reinforce our recruitment of new graduates with an eye to the Group's future in 2055. We will also focus on securing the kind of employees that we believe will be of value in realizing our business strategies, particularly those with a high level of technical expertise, those versed in digital technologies, and talented recruits from overseas. We will support employees' personal growth and help them fulfill their ambitions by providing multi-track growth opportunities conducive to their autonomous career development. We will also facilitate exchange of personnel across organizational boundaries, both within the Group and with external companies, aiming to increase the value of our human capital.

## Achieving optimal assignments for new graduate recruits Introduction of "To Do Course" and "To Be Course"

To be able to assign new recruits to businesses and occupations that match each person's aptitudes and career aspirations, starting with new graduate recruitment in 2024, we will be dividing recruitment screening into two courses – the To Do Course (recruitment by the applicant's preferred business & job type) and the To Be Course (in which all business and job type options are still on the table).

## Training program for high school graduates

As part of an educational program for high school graduates, the Company offers a two-year study abroad program at an architectural vocational school (full-time). For the first two years after joining the Company, students do no actual work other than practical training at construction sites during the long vacations, and will be able to focus on acquiring specialized knowledge and skills as an architectural engineer. We have a system in place that maintains contact between the Company and the students during their study program. In this way, we support high school graduates in improving their specialized knowledge and quickly acquiring qualifications, while also cultivating their interpersonal skills and becoming fully rounded adult members of society.

## Multi-Experiential Career Support Program

In fiscal 2022, the Company introduced a career support program for employees wishing to work across industry boundaries. This centers on side jobs to help employees grow and develop independent careers. We support autonomous career development by expanding systems that allow employees to voluntarily find opportunities to excel beyond organizational boundaries.

## Self-Discovery system

In fiscal 2022, we changed the name of the previous self-assessment system to the Self-Discovery system, and revised the content to focus more on improving employees' understanding of their autonomous career development. We have made the questions more specific, so that employees may gain a more accurate and realistic understanding of their career prospects.

## System menu

(As of April 1, 2023)

### Company-arranged secondary employment

Work at another employer is arranged by the Company through an open call for each project

### Self-arranged secondary employment

The employees themselves arrange to work at another employer (a corporation or NPO, etc.)

### In-house secondary employment

The employees spend some of their working hours on other work at a different department while remaining a member of their current department

### Secondment to a different company

The employees can experience work that is different from their current employment by spending a fixed period working at a different company

## Developing Global Human Resources

In fiscal 2022, we introduced the Global Human Resource Development Program in order to systematically develop and strengthen human resources for successful overseas business development. Through this program, we are working to develop global human resources – staff who have the mindset and skills to lead value creation at any worksite, regardless of where or with whom they work.



## 2 Job satisfaction and well-being

Create a healthy and fair work environment where employees can fully demonstrate their individuality while enjoying job satisfaction.

### Empowering female employees

In our Seventh Medium-Term Management Plan (FY2022-2026), we have established a goal of appointing 500 female managers (8% of entire managers), approximately twice as many as in the first year (April 1, 2022). We hope to change the mindset of not only our female employees but also their superiors and male colleagues. By so doing, we aim to create an environment in which capable and motivated women can build their careers and work over the long term, and offer them opportunities for growth.

### Childbirth and childcare support

In 2015, we established a new childcare support system (a support system for balancing childcare/childrearing with career building), which marked a major shift in our policy from allowing time off work to helping to promote career building.

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

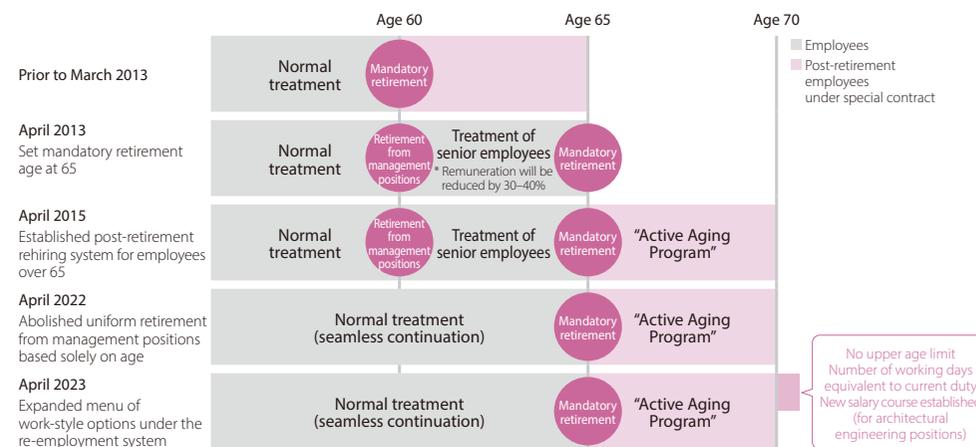
System name	Overview
Lump-sum payment program for fostering the next generation	A program that employees receive a one-time payment of ¥1 million for each child born (started in 2005) (As of the end of March 2023, we had provided total benefits exceeding ¥10 billion to 11,861 employees)
Childcare leave system	A system that allows employees to take leave of absence until their children become three years old; paid leave for the first five days
Shorter working hours system for childbirth & childcare	A system that allows employees to work shorter hours until their children reach the third grade of elementary school
Family nursing care leave	A system that allows an employee to take up to five days leave per year to care for their children, spouse, parents, or grandparents, as well as the parents or grandparents of their spouse
Support system for balancing childcare/childrearing with career building	Providing information for early return from childcare leave and staggered working hours to ensure more working hours after return, and assistance in using childcare and school facilities, babysitters, etc.
Reemployment opportunity priority system	A system in which employees who have retired due to life events are given priority in the selection process when filling vacancies based on their wishes

### Flexible work styles

To increase the flexibility of working hours, in fiscal 2015 we introduced a staggered work shift system as a support measure for employees facing the need for childcare, nursing care for family members, and so on. We then followed this with the introduction in fiscal 2021 of a flextime system with no core time for employees in most job categories. In fiscal 2023, this system will be expanded to all job categories.

### Promoting senior employees' active participation

Anticipating an aging and decreasing population, in 2013 the Company set its mandatory retirement age at 65, ahead of industry peers. Since then, we have regularly reviewed our treatment system for senior employees. In mid-career recruitment, we actively hire new entrants over the age of 50, and have established a system to secure human resources with advanced experience and skills and ensure that they can continue contributing to the Company for a long time.



### 3 Enhancing employee engagement (employee motivation)

#### The Group's concept of "employee engagement"

To realize Our Hopes for the Future, we have positioned improving employee engagement and fostering a healthy organizational culture as one of our most important key goal indicators.

Starting in fiscal 2022, we have revamped the employee engagement survey that we had conducted up to and including our Sixth Medium-Term Management Plan, and have re-specified new KPIs (key performance indicators) in line with our Seventh Medium-Term Management Plan.

Over the next five years, we will focus on whether employees feel that their work is meaningful while empathizing with their hopes for the future. In order to increase the number of employees who can share the joy of living with those around them through work, from 2023 we will shift our focus from instilling Our Hopes for the Future to empathy and practical action. In addition, we will set targets that employees can use to estimate the degree of growth they feel by taking pride in their work.

Going forward, to enhance employee engagement, the Corporate Strategy Planning Department will plan and formulate specific measures in collaboration with each business division, and the business divisions will take the lead in implementing initiatives to promote company-wide improvement.

Main KPIs	FY2022 Results	FY2026 Targets
Job satisfaction	43%	All at 70%
Pride in work	53%	
Sense of growth	52%	

Note: The figures for fiscal 2022 are based on the percentage of respondents who answered "Definitely" or "Yes" to the top two categories shown in the pie chart on the right.

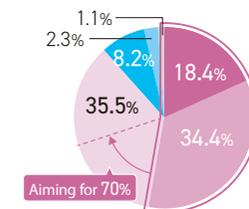
#### Analysis of current situation

The level of employee motivation is at a high 82% when we aggregate positive opinions, but we focused on the 43% who answered "Definitely" or "Yes" and will raise this to the high goal of 70% by FY2026. At the same time, we will take measures to enhance pride in work and a sense of growth. Surveys will be conducted annually to check on the state of progress.

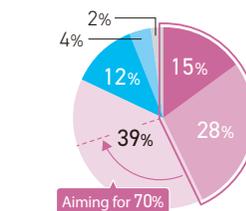
#### Employee motivation Details of 2022 results

- Definitely
- Yes
- Probably
- Probably not
- No
- Definitely not

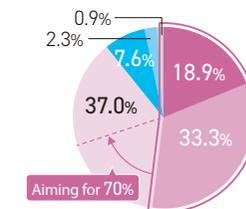
Q Do you feel pride in what you are trying to accomplish in your current job?



Q Are you able to work with a sense of purpose at your current company/job/workplace?



Q Looking back on the past year, do you feel that you have learned and grown on the job?



#### Miraimachi Sengen (Futuretown Declarations)

#### A society where we live together in harmony embracing the Joys of Life

In fiscal 2022, as one of our efforts to realize Our Hopes for the Future (purpose), we promulgated the Miraimachi Sengen nationwide. At each business branch and factory, we worked with stakeholders to envision the community we would like to create by 2055. This initiative gave employees an opportunity to discuss the future of the region, understand the significance of the Group's existence, and reconsider the importance of the social value we create through our business operations. Going forward, we will cooperate with local citizens and other stakeholders to realize the Miraimachi Sengen, while also working to enhance employee engagement.

Sustainability Report 2023 ▶ P.96



Photos show staff drawing up the Miraimachi Sengen at two of our branches (Left: Kyoto Branch, right: Niigata Branch)

Roundtable

## Preservation of Mount Yoshino's Cherry Trees and Our Hopes for the Future



Maho Miyakawa  
Chief, Sustainability Planning Department



Junko Ishizaki  
Managing Executive Officer



Shuhei Kurumada  
President, Yoshinoyama Hoshoukai



Shinsuke Tatsumi  
Director, Business Division,  
Yoshinoyama Hoshoukai

The Daiwa House Group endorses and supports the cherry tree conservation activities of Yoshinoyama Hoshoukai in Mount Yoshino, Nara Prefecture, the birthplace of our founder. We invited Yoshinoyama Hoshoukai's President Shuhei Kurumada and Director Shinsuke Tatsumi to talk about the organization's activities, and the commonalities between cultivating and conserving cherry trees and fostering human capital and developing organizational culture.

**Our Hopes for the Future moving from the awareness-and-understanding phase to the shared-purpose phase. Initiatives to make it happen have begun**

**Daiwa House Industry Managing Executive Officer Junko Ishizaki:** The Daiwa House Group formulated Our Hopes for the Future (our Purpose) and have taken the first steps to achieving it in 2055, the year of our centennial. In the first year, we toured our offices around Japan to explain the thinking behind Our Hopes for the

Future to ensure that employees accurately understand and are aware of our Purpose. We broke it down into three levels (business division, offices, and individual) around October 2022 and have since been inviting employees to join us in exploring what we can do at each level to take action based on our shared Purpose.

We think our employees are also beginning to notice gradual changes. Although some were skeptical at first, after discussions with people of different generations and positions in the company as part of various activities, they are beginning to realize that we are not talking about some utopia, but a mission that we must accomplish.

For activities at offices, we asked each one to formulate



a *Miraimachi Sengen* (Futuretown Declaration)—a vision for the future of the local community—through dialogue among all its employees. Exploring the future landscape of your own neighborhood leads directly to sharing the Joys of Life. Feedback after these discussions is typified by such sentiments as: “I realized how important it was to take a medium- to long-term view” and “I noticed that I hadn’t visualized how I wanted things to be.”

Simply reciting our Purpose does not enhance corporate value. We need to incorporate it into our medium- to long-term strategy, which we must ensure is action that steadily brings us closer to our Purpose. We aim to connect our vision for neighborhoods reflected in *Miraimachi Sengen* (Futuretown Declarations) to initiatives that we put into action.

I feel that your cherry tree conservation activities, we believe, have much in common with fostering human capital and developing our organizational culture.

### **Daiwa House Meets Yoshinoyama Hoshoukai: Nurturing the Soil to Grow Cherry Trees**

**Yoshinoyama Hoshoukai President Shuhei Kurumada:** Yoshinoyama Hoshoukai was established in 1916 to safeguard the cherry trees and preserve the cultural



landscape of Mount Yoshino. Two hundred species of cherry, mainly *yamazakura* (*Prunus jamasakura*)—30,000 trees in total—grow in the Mount Yoshino area. It is a rare natural asset designated a World Heritage Site and a National Park. Yoshinoyama Hoshoukai has 29 members, including 10 directors, 14 councilors, three “cherry tree caretakers” (*sakuramori*), and two office staff.

In 2008, I was desperately seeking an answer to the question of how to restore the cherry trees of Mount Yoshino. I went to consult Daiwa House, because the company’s founder, Nobuo Ishibashi, was born in Yoshino District, Nara Prefecture. At the time, we were mainly doing planting work as we tried to find our way

forward. Although some cherry saplings grew into trees, others failed to thrive. Daiwa House referred us to a specialist, who taught us the concept of growing the soil. Although some were skeptical about the idea, after numerous discussions with the doubters we came to incorporate soil-improvement into our approach.

**Yoshinoyama Hoshoukai Director Shunsuke Tatsumi:** Eight years have passed since we started nurturing the soil, and the areas where we kept it up are clearly changing. A healthy mountain forest is one with a diversity of grasses, trees, and animal inhabitants. Cherry trees that grow in this environment have larger trunks than those in other areas, reaffirming the



importance of the soil. We believe that nurturing the soil so that we can plant healthy saplings anytime is the way to conserve the cherry trees of Mount Yoshino. Throughout the year, we pick cherry stones, germinate them, grow the seedlings into saplings, and plant them in the forest when they reach a certain size. This process is repeated every year. Today, three *sakuramori* maintain some 30,000 trees.

**Daiwa House Industry Sustainability Planning Department Chief Maho Miyakawa:** Daiwa House Group employees take part in conservation activities six times a year as volunteers. Some former employees and family members of current employees also participate, making the sessions enjoyable community-building occasions. As one of my responsibilities, I have joined in the activities for many years. I find it a truly worthwhile experience.

**Kurumada:** We are most focused on putting proper care into growing the roots. We take good care of the saplings to minimize the risk of disease before returning them to the forest. For a tiny cherry stone to grow into a robust tree, it is essential that it has healthy roots. Differences in the soil are reflected in the way the trees grow.

It makes me realize how taking action in 2008 resulted in what we have achieved today.

**Ishizaki:** In this respect, cherry trees are like people.



People can't thrive without good soil to grow in: a positive work environment. Cherry trees take 50 years to attain full size and their lifespan is around 70 years, similar to people. I was impressed by your efforts to strengthen the roots by not applying fertilizer and collecting stones (seeds) from stock trees\* to pass on healthy DNA to the next generation.

Companies are no different in terms of always having to try something new. Our Hopes for the Future passes on to future generations the founder's spirit that we have cherished for decades, as well clarifying the company's role in a way that makes sense today. We learned from an engagement survey we carried

\* Trees whose seeds and shoots are well suited for producing quality seedlings for propagation



Mount Yoshino and its cherry trees in full bloom

out last year that over half of employees wanted to contribute to society, which was a revelation to us. We think we can take a big step forward toward achieving Our Hopes for the Future by merging the intentions of the Company and employees. To make this happen, we have to “improve the soil”—the work environment, a notion we put into action with the aforementioned *Miraimachi Sengen* (Futuretown Declarations). We anticipate new businesses and innovations that address local issues as a result of harnessing the power to co-create and coexist by working closely with and helping the communities we operate in to grow the circle of like-minded people who support our goals.

We conduct regular questionnaire surveys and are keen to utilize the results more. Instead of reacting to each favorable or unfavorable result, we need to look at the results as data for assessing the current situation objectively and apply it to devising ways to improve the working environment and make work more worthwhile for our employees. We must try various ideas to respond to this challenge. There are no right answers. The company will not be placed well unless diverse people bring different values to the table. To me, it feels like a meeting with members of Hoshoukai to exchange knowledge and ideas and put them into practice, is a typical Daiwa House activity.

### Painstakingly nurtured soil and working environments both bring buds magnificent in full bloom

**Tatsumi:** The mountain is all about renewal and circulation. We must take on its challenges, facing them squarely. Likewise, when fostering people to carry on our work, which is an urgent priority—new members to ensure Hoshoukai’s continuity and to train more *sakuramori*. Not many young people live in this area. Of our three *sakuramori*, one was born in Yoshino, but the other two are young people who love cherry trees and

want to keep them healthy and thriving. We are discussing when to hire and train the next intake of caregivers. The timing is tricky because of the cost of employing people.

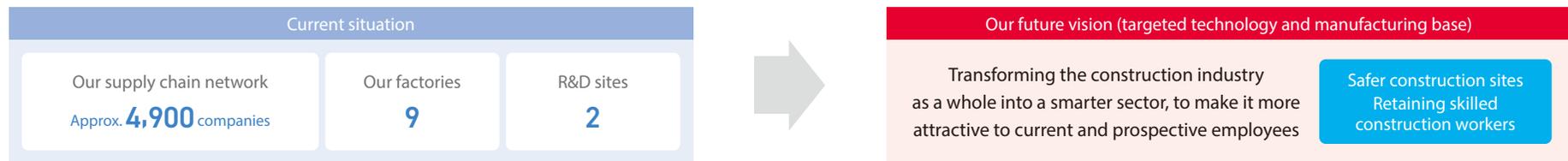
**Kurumada:** Our dream is to make the cherry trees of Mount Yoshino a world-renowned treasure of Japan. We want to continue propagating our cherry trees, one tree at a time. We believe that continuity of effort is meaningful in itself and will continue to work with Daiwa House to grow the world’s best blooming cherry trees.

**Ishizaki:** Nobuo Ishibashi, the founder of Daiwa House Group, always said that we must foster people through our business, because he firmly believed that people mattered the most. Human capital is more valuable than ever in current times of turbulent change. We are building an environment and organization where each individual (our human capital) can flourish while making sure that we maintain the unique character of Daiwa House Group. Each of us harnesses our individual qualities to make many different flowers bloom. Our Hopes for the Future initiatives have only just started and must keep going for many years. We will patiently take one step at a time with all our stakeholders sharing our Purpose. I will do my utmost so that we can create a world where people share the Joys of Life as envisioned in Our Hopes for the Future, like the magnificent flowering cherry blossoms of Mount Yoshino.

## 2 Strengthening our technology and manufacturing base



The Daiwa House Group has pioneered manufacturing based on the “industrialization of construction” as its corporate philosophy. The construction industry is confronted with a variety of issues, such as a looming future shortage of workers and soaring resource prices. Given this situation, the Group is taking measures to evolve supply chains with digital technology. In particular, by making the entire construction industry “smarter” we will be able to increase its attractiveness to current and prospective employees, while at the same time strengthening our technology and manufacturing base.

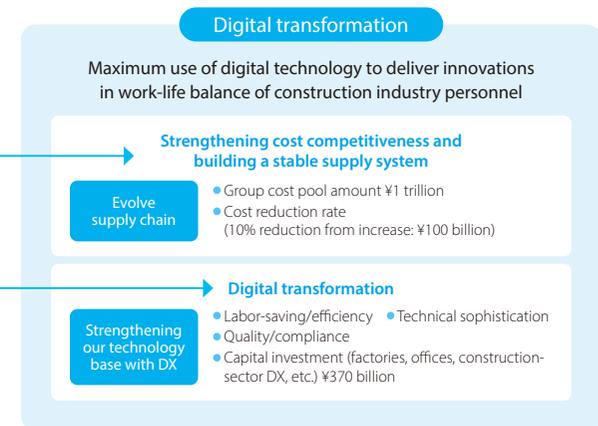


### To further strengthen our technology and manufacturing base

The Japanese construction industry is concerned about the impact of the introduction of a cap on overtime work from April 2024. According to a 2020 survey by the Japan Federation of Construction Contractors, approximately 40 percent of construction engineers take fewer than four days off every four weeks, and only about 20 percent of the total take eight days off every four weeks. In fiscal 2021, we realized a schedule of eight days off in each four-week period. We hope to make optimal use of digital technology to help change the work-life balance of current and prospective employees. We are also working on various initiatives to address issues caused by Japan’s declining birthrate and aging population, such as the shortage of construction engineers and high job turnover rates.

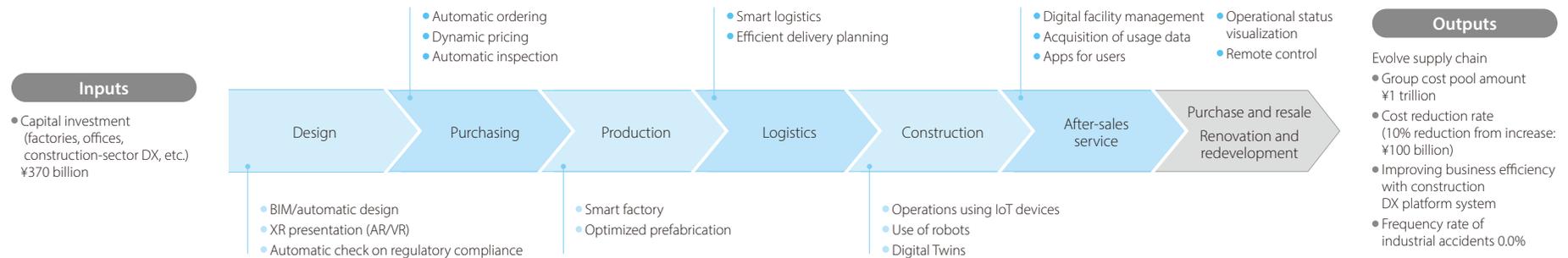
#### Upcoming problems and solutions in the construction industry in 2024

Problems	Solutions
Workforce shortage due to declining birthrate and aging population	<ol style="list-style-type: none"> <li>1. Supplement the accumulation of technical skills and their passing down to younger employees with data accumulation and the use of digital technology</li> <li>2. Boost recruitment of senior employees</li> <li>3. Increase support for foreign workers</li> </ol>
High job turnover rate among young employees	<ol style="list-style-type: none"> <li>1. Recruitment of technical high school graduates (educational support)</li> <li>2. Career advancement support (adoption of construction career advancement system, adopting employment conditions and salary levels matching employees' skills and experience)</li> <li>3. Improving safety (reducing accident frequency rate)</li> </ol>
Normalization of long working hours	<ol style="list-style-type: none"> <li>1. Realization of 8 days off per 4 weeks (achieved in 2021)</li> <li>2. Productivity improvement – Improve work efficiency with the construction DX platform system, Reduce work burden by use of “smart” control centers and ICT-compatible construction equipment</li> </ol>



## Digital transformation (Using DX to strengthen technology and manufacturing base)

We are working to maximize the use of digital technology to innovate the work-life balance of construction industry personnel. By promoting digital transformation that supplements the personal accumulation and passing on of technical skills with the use of databases and digital technology, we can save labor and improve efficiency on-site, achieve technological advances, improve quality and compliance, and realize greater on-site safety. This will lead to improved retention of skilled construction-worker employees.



**Increased sophistication of technology**

**Realizing business DX with BIM**

By making extensive use of BIM (building information modeling) data, we aim to achieve reform of the construction process in the form of "Construction DX," and build a technological foundation that will enable Group sales of 10 trillion yen by 2055. As a first step, we are currently building a digital infrastructure called D's BIM, which uses BIM as a platform to centralize information across product development, sales, design, construction, and maintenance.

In addition, in the construction of the MIRAI KACHI KYOSO Center (*Kotokurie*), BIM was actively utilized from the initial design stage to help many on-site personnel understand the highly difficult spatial configuration and enable them to share information. We also verified the benefits of maintenance management information using digital twin technology to business parties conducting ordering. We believe that these will greatly contribute not only to operational efficiency but also to service improvement.

**Safety & security at construction sites**

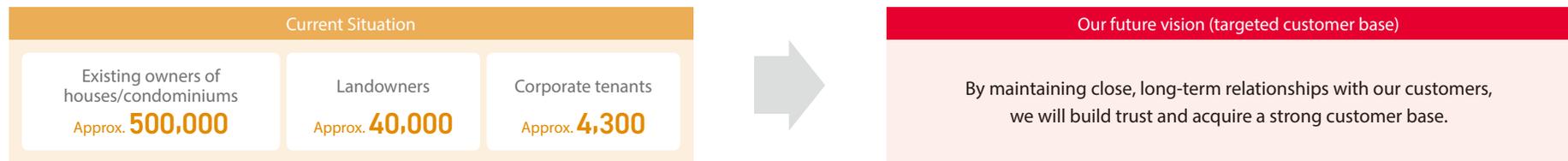
**Digitalization of construction management and construction work**

We are promoting remote management and the accumulation and utilization of on-site information in a smart control environment, with the aim of sharing construction information among those involved in on-site operations, and improving work efficiency. By aggregating and visualizing data on multiple construction sites, it is now possible to perform data-based analysis and predictions, enabling speedy decision making in response to environmental changes. We are seeing results not only in terms of heatstroke prevention and crime prevention, but also in terms of safety education that uses easily-visualized disaster statistics. Ultimately, we aim to create a system that can visualize manufacturing sites and management in real time by linking not only construction site information but also building data and management data. This will support management decision-making based on data.

### 3 Strengthening our customer base

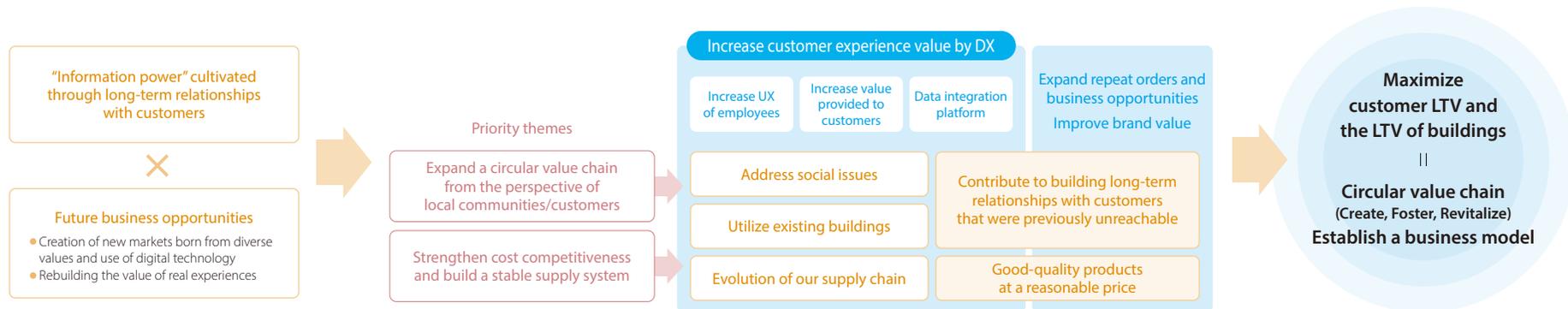


We are building strong customer relationships by promoting proposal-based sales that solve problems from the customer's perspective and by maintaining a close relationship with our customers long after construction has been completed. In particular, under the 7th Medium-Term Management Plan, we are working to establish a circular value chain (create, foster, and revitalize) business model in order to maximize customer life-time value (LTV) as well as the LTV of buildings, accumulate intellectual capital, and build strong and permanent customer relationships.



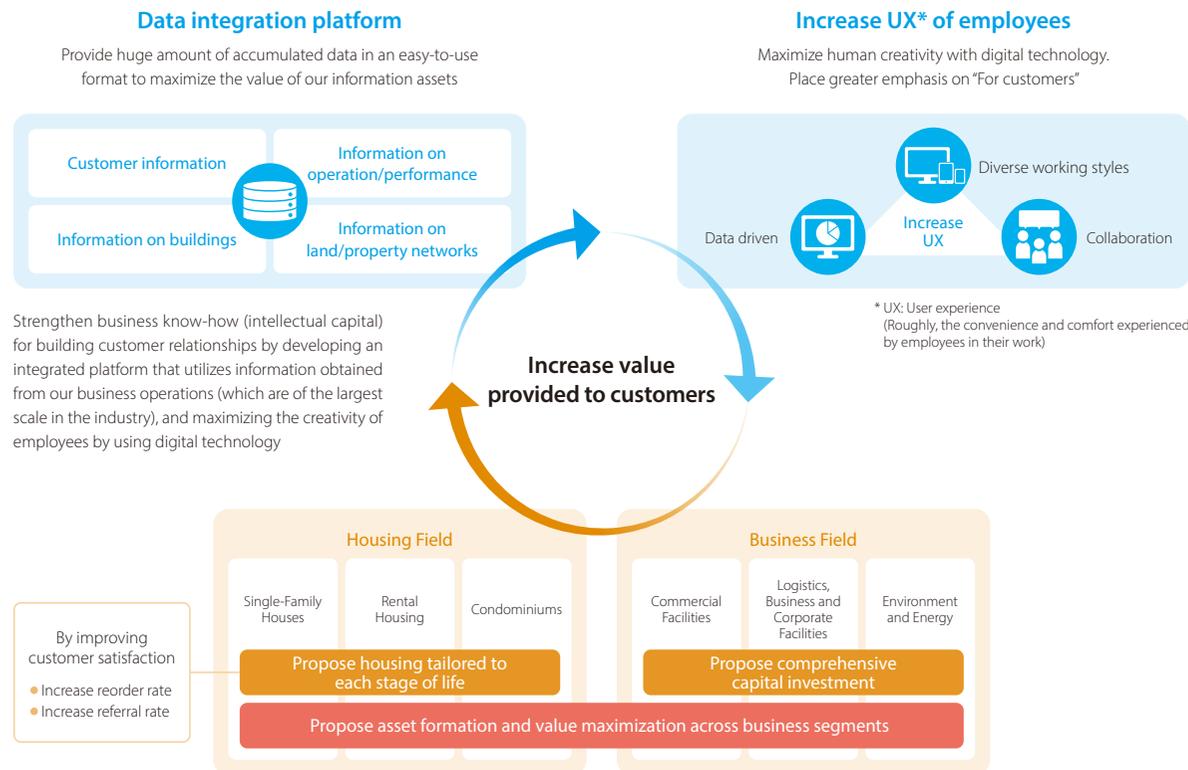
#### To further strengthen our customer base

By combining the "information power" that we have cultivated with new business opportunities through the value of new markets and real experiences that will emerge from future digital utilization, and by working on priority themes, we will increase customer LTV and the LTV of buildings. We aim to maximize this and achieve a sustainable improvement in corporate value.



## Digital transformation (Strengthening our customer base through DX)

We aim to establish an integrated platform that utilizes information obtained through business operations at the largest scale in the industry, and are maximizing the creativity of our employees through digital utilization. Through a circular feedback mechanism created by these initiatives, we will further strengthen our customer base, which is to say our social capital.



Strengthening ties with customers

### Introduction of "3D Fast Plan" in single-family housing business

We create a base plan by analyzing plan data that customers have actually subscribed to in the past. We propose a first plan to customers using a base plan carefully selected from a huge amount of data. From the early stages of negotiations, you can imagine what the completed house will look like, and you can also experience the exterior, interior, and floor plan in virtual reality, which helps foster a level of understanding and satisfaction. The biggest attraction for our customers is that they can enjoy the significant life event of building a home. At Daiwa House, we are able to differentiate our proposals from those of other companies at the initial stage, and are able to shorten the time required to reach agreement on a plan.



Utilizing VR content as a sales tool



3D fast plan

## 4 Human rights management



Customers



Business partners



Community residents



Employees

"Through our business, we strive to fulfill our commitment of contributing to the realization of a society where human rights are respected." To help put this commitment into practice, we established the Daiwa House Group Human Rights Policy in 2018 and we support international standards, including the Universal Declaration of Human Rights and the United Nations Global Compact (UNGC).

### Stakeholder engagement in the application of due diligence to human rights issues

The Daiwa House Group conducts human rights due diligence while utilizing initiatives based on existing policies and guidelines regarding business activities, and protects the human rights of stakeholders (principally customers, employees, business partners, and members of local communities).

We monitor the impact of our business activities on stakeholders through various questionnaires and awareness surveys, and use the results to conduct engagement with our stakeholders.

#### Human rights with regard to employees

Based on the belief that companies have a responsibility to respect human rights, we conduct ongoing education programs for our employees concerning human rights. The Human Rights Awareness Promotion Committee, chaired by the President, regularly checks the implementation status of human rights awareness programs across the Group and supervises the implementation of policies, while also

promptly addressing individual human rights issues through such measures as establishing a reporting and consultation desk.

We have been conducting employee human rights risk assessments continuously since fiscal 2004, but from fiscal 2022 we have revamped these assessments to the level of an "Engagement Survey." This has enabled us to assess the degree of understanding and acceptance among our employees of the Daiwa House Group Corporate Ethics Code, which includes an injunction to respect human rights.

We ensure that all managers are fully aware that proper management of working hours is the minimum requirement in terms of labor compliance. In addition, for issues related to harassment, we have set up consultation desks at all of our offices nationwide, with two staff members on duty at each, and regularly conduct training focused on prevention of harassment. In fiscal 2022, legal advisors conducted training and awareness-raising for business site managers. Regarding training for executives, we received analysis and proposals based on case studies on the Group's legal obligations to respond to various types of harassment.

#### Human rights involved in operations by our business partners

Having established the Supply Chain Sustainability Guidelines and highlighted respect for human rights in our Business Partner Code of Conduct, the Daiwa House Group strives to take responsible

action on human rights problems in our supply chain. Specifically, this requires all primary suppliers to prohibit forced or compulsory labor, child labor, and harassment. In terms of procurement, this has included choosing not to use lumber from regions where illegal logging or violations of the human rights of indigenous people is alleged to take place.

Additionally, the Company annually requires its subcontractors to fill out questionnaires that enable us to check if there is any unfairness or inadequacy in the details of order placement to subcontractors or the attitude of our employees. In this way, we establish sound and good relationships, free from violations of human rights.

#### Regarding the human rights of customers and local community members

We believe that business activities that respect human rights and are not complicit in human rights violations are only possible if each and every employee performs his or her work without favor or prejudice. We are therefore fully aware that providing training to our employees is the most important element in human rights management.

Based on the customer satisfaction (CS) philosophy that has been laid down as our policy, we conduct surveys using CS relationship questionnaires and other means, and seek to make improvements through the CS Committee if any issues are identified.