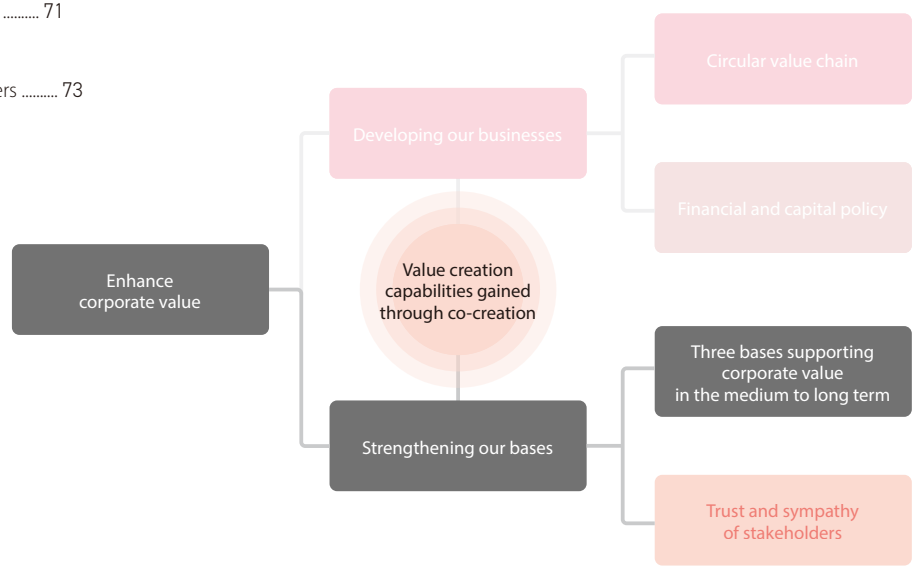
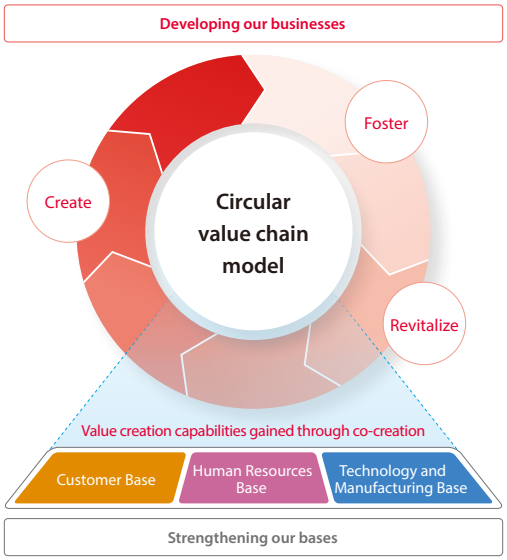
# Strengthening our Bases

We are working to strengthen our three bases to establish a competitive advantage and create an earnings capability that will lead to sustainable growth in the future. The current status of each base will be reviewed from both quantitative and qualitative perspectives, and future challenges and strategic directions will be explored, including the upgrading of human capital, deepening of relationships with customers, and the acceleration of technological innovation.





Chapter 5 Strengthening our Bases

Message from the Officer in charge of Human Resources and Sustainability

# Sustainability management: The foundation of our growth strategy

Moritaka Noumura
Managing Executive Officer
In charge of human resources and sustainability, Head of Logistics Management,
In charge of exhibition at Expo 2025 Osaka Kansai

## Tackling four environmental themes and nine social themes to realize Our Hopes for the Future (Purpose)

We create value by delivering growth driven by businesses that help solve social issues, guided by our founding principle of "Doing things because they will be of service to society." This spirit is the foundation of the Daiwa House Group's sustainability, and we will pass it on to future generations. As the officer in charge of human resources and sustainability, I focus on balancing social and economic value to realize Our Hopes for the Future.

In the environmental domain, we are steadily progressing toward our Endless Green Program 2026 targets. As business divisions take ownership of these targets and drive initiatives proactively, our ZEH, ZEH-M, and ZEB rates are up and GHG emissions across the value chain are down, ahead of plans. We will move forward with new challenges such as reducing embodied carbon* and transitioning to a circular economy.

* Embodied carbon refers to the amount of greenhouse gases emitted during building construction, repairs, demolition, and other phases outside of the operational stage.

## Maximizing the value of the human capital that creates our business

In the social domain, we have redefined nine priority themes and KPIs related to human capital, local communities, and other topics in our new Endless Social Program 2026. To embed these KPIs, we pursue continuous improvement beyond managing metrics. For the Daiwa House Group, human resources are the source of all value creation and our most vital management capital. My belief in this has only grown over my years in the HR department and subsequent experience working with many people as Manager of the Head Branch and of the Environment and Energy Business Division. First, we focus on building an organization where each individual feels pride and fulfillment and can fully showcase their capabilities and shine by implementing HR strategies aligned with management and business strategies. Then, we maximize human capital productivity by placing the right people in the right roles at the right times.

## Accelerating sustainability management leveraging our new structure

With sustainability challenges becoming more diverse and complex, we reorganized our strategic divisions and restructured our Sustainability Committee in April 2025 to better align supervision and decision-making with management policies. Under this new structure, we will practice Group-wide global sustainability management, including in the supply chain, improving alignment with our next medium-term management plan. We will establish mechanisms for Group companies to advance strategies based on shared strategies and foundations, maximizing synergies and capitalizing on competitive advantages. We ask shareholders and investors to look forward to continued growth and value creation at the Daiwa House Group.

# Value chain and Environmental Action Plan / Social Action Plan

To help create a sustainable society, we have identified key issues to be addressed through our Environmental Action Plan (EGP) and Social Action Plan (ESP), formulated based on our business model and value chain, while strengthening three foundations. By fulfilling our accountability, we also contribute to lowering cost of capital.

## Social Action Plan: Endless Social Program 2026 (All targets for FY2025)

### Human rights
- Human rights DD score 67.5
- Attendance rate of human rights awareness training 100%

### Quality
- Clarify quality assurance system and roles
- Customer satisfaction (housing): Maintain 95% or higher

### Supply chain
- Agreement collection rate for CSR Purchasing Policy and Supply Chain Sustainability Guidelines: Both 100%

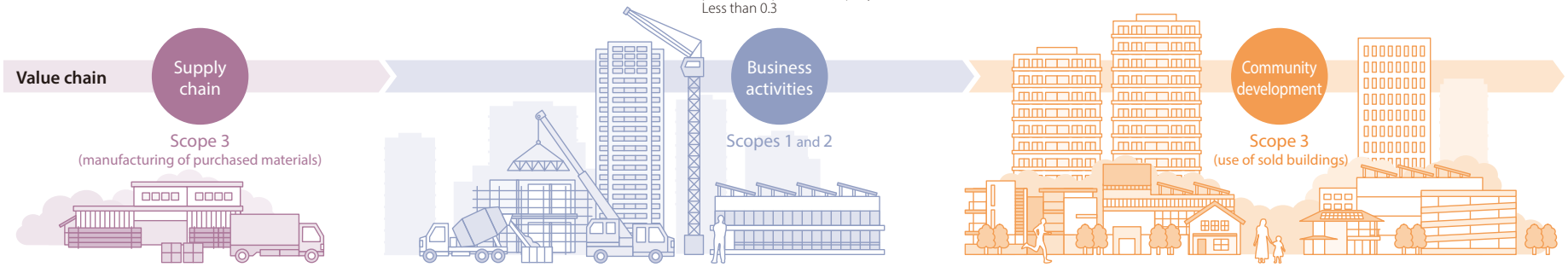
### Occupational safety
- Frequency rate (Employees of our primary contractor): Less than 0.3
- Frequency rate (Employees of production partner company): Less than 0.3

### DE&I
- Ratio of females in managerial positions 6.5%
- Ratio of childcare leave taken by male employees 80%

### Human resources development
- Companywide training hours and cost (per person)*
- &D Campus self-study enrollment rate 55%

### Motivation and working in comfort
- Engagement Survey score*
- Human capital ROI*

* Results management




## Environmental Action Plan: Endless Green Program 2026 (All targets for FY2025)

### Mitigating and adapting to climate change
- Setting rate of principal suppliers' SBT standard GHG reduction targets 90%
- Number of contracts for renewable energy and energy-efficiency solutions (support cases): 29 cases (cumulative over 4 years)
- GHG emissions reduction rate derived from business operations (vs FY2015) -54%
- Energy efficiency (vs FY2015) 2.0 times
- Renewable energy utilization rate 100%
- GHG emissions reduction rate derived from use of products (vs FY2015) -56%
- ZEH rate 95%
- ZEH-M rate for rental housing | condominiums 75% | 100%
- ZEB rate 70%

### Harmony with the natural environment

**Deforestation**
- Rate of C-ranked timber in procurement 0.5%
- Setting rate of zero deforestation policy Primary suppliers | Secondary suppliers and beyond 90% | 20%

**Harm to Biodiversity**
- Eco-friendly surface area of green spaces (cumulative) 900,000m²
- Rate of formulation and implementation of protection and management plans of significant sites within premises of the company's facilities 28%

### Closed-loop resource sourcing and conservation of aquatic environments

**Waste and Reuse**
- Number of assets subject to effective use | Number of buildings subject to durability extension 2,800 | 8,400
- Recycling rate of waste plastics material (production) 26%

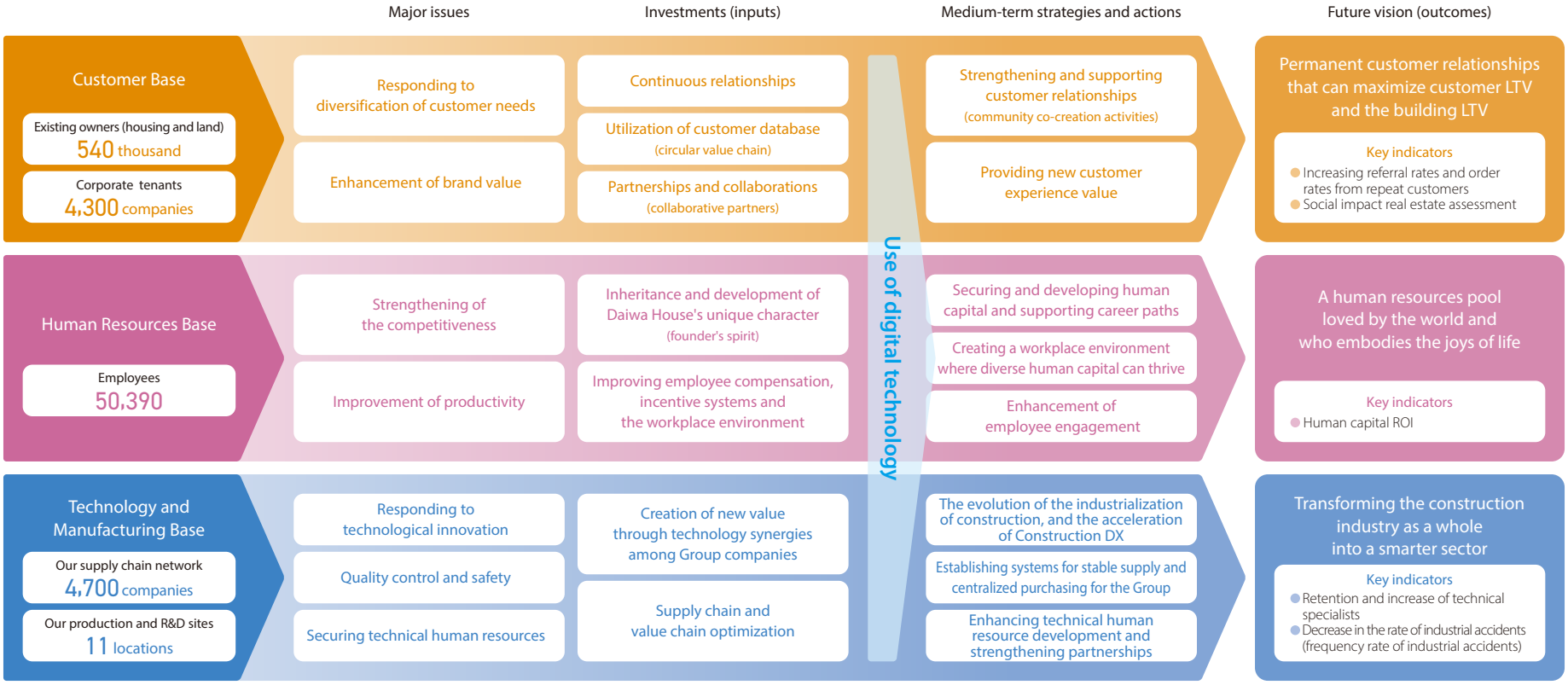
**Water-Associated Risks**
- Water-saving device adoption rate (housing and hotels) 99.3%
- Water consumption reduction rate (vs FY2012, per unit of sales) -44%

### Prevention of chemical pollution

Sustainability Report 2025:
Social Action Plan (Endless Social Program 2026) ▶ P.66
Environmental Action Plan (Endless Green Program 2026) ▶ P.8

# Further strengthening the three bases (sources of value creation)

To enhance corporate value, we are strengthening the three bases that are the sources of our value creation, leading to higher growth expectations and a lower cost of capital.
We have classified issues, both offensively and defensively, and are working to solve issues as we work toward our future vision.



A human resources pool loved by the world and who embodies the joys of life

Key indicators
- Human capital ROI

# Human resources base 1 —Our views and the ROI on human capital—

In line with the Group's policy of "we foster employees' personal growth through business," we believe that increasing the value of our human resources base (human capital) is the engine that drives corporate value and since our founding, we have prioritized growth of human resources in our management. Daiwa House's founder said, "Don't do things because they will make a profit, but because they will be of service to society." In this spirit, while addressing societal issues, we are developing human resources who are loved and trusted by customers and society and building a well-being organization where human resources can strive. By doing this, we aim to create a virtuous cycle that leads to new business opportunities and opportunities for collaboration toward the realization of Our Hopes for the Future (Purpose), thereby enhancing our corporate value.

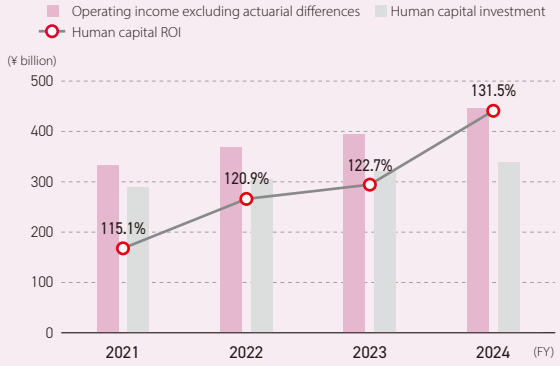
In this era of so-called VUCA (volatility, uncertainty, complexity, and ambiguity), it is essential to have the organizational strength (organizational culture) to be able to grasp the ways of the world and co-create new value through teams with much diversity comprising employees with bright personalities in order to achieve sustained growth in the future. We aim to realize Our Hopes for the Future (Purpose) by identifying Daiwa House strengths and the features of our organization and human resources, and advancing human resource management from the two perspectives of things to stay the same and things to change.

## Human capital ROI over time

Based on our company philosophy of "we foster employees' personal growth through business," we will continue to actively invest in the human resources that will create the future of our business. We will adopt human capital ROI as an indicator to measure how increased investment in our employees contributes to further business evolution and corporate growth, and strive to improve it. For fiscal 2024, our human capital ROI achieved 131.5% (up 8.8 percentage points year on year).

In fiscal 2025, as an investment in our human capital base, we are implementing industry-leading wage increases for employee salaries. In addition to an in-house entrepreneurship program to create human resources capable of taking on diverse challenges, we are also expanding educational and development initiatives such as support for obtaining MBAs and MOTs.

We will continue to provide investments and opportunities that resonate with both our business and our employees, thereby strengthening our competitiveness and increasing our productivity as part of efforts to achieve sustainable growth for both the Company and its employees.




* Human capital ROI = simplified calculation dividing the operating income (excluding actuarial differences) by the human capital investment

Securing and developing human capital and supporting career paths

Inheritance and development of Daiwa House's unique character (founder's spirit)

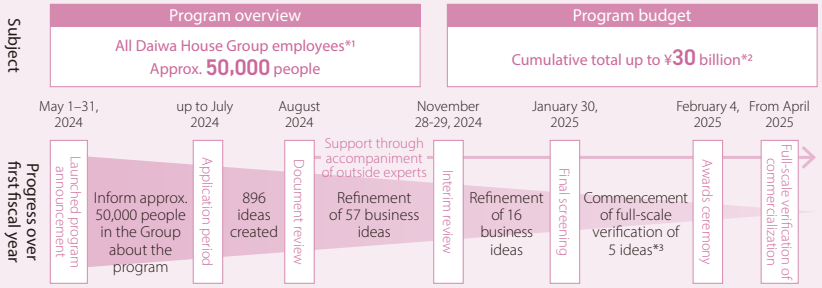
Number of D-Succeed participants
Number of innovation proposals

# Human resources base 2 —Securing and developing human capital and supporting career paths—

In order to avoid a decline in competitiveness due to the obsolescence of employee skills and a reduction in the ability to innovate and solve problems, we have established a variety of human capital development initiatives and support programs. We would like to introduce two initiatives for the development of next generation management talent which we are currently focused on in particular. Please refer to the section beginning on page 73 of Sustainability Report 2025 for more information on "Securing and developing human resources linked to business strategies," which is positioned as one of the important themes for the Group, which has a diverse business portfolio.

## In-house entrepreneurship program "Daiwa Future 100"

The program was launched in fiscal 2024 with the primary objectives of discovering and developing management personnel who will lead the Daiwa House Group in the future and fostering an organizational climate that encourages the taking on of challenges. Based on then-President Yoshii's desire to "give maximum support to new challenges," we have allocated a budget of ¥30 billion. This program is designed so that proposers of the project to serve as representatives and drive business forward, with commercialization as the primary objective. In the first year, 896 project proposals were received across the entire Group, and for the five proposals that passed the final screening stage, we have begun efforts toward commercialization. In fiscal 2025, the program received more than 1,100 project proposals, surpassing the number received in the first year, thereby providing an additional boost to the program. To realize our Company purpose and our dream of becoming an enterprise with sales of ¥10 trillion by 2055, we aim to develop human resources that will create a new core within our business portfolio and to become a growth engine for the Group to create a collection of new businesses with sales of over ¥100 billion.




## Achievements of the Daiwa House succession plan "D-Succeed"

We have adopted the Daiwa House succession plan "D-Succeed" as a mechanism for systematically, continuously, and deliberately producing management leaders. In fiscal 2024, 230 people participated in the program. Currently, a cumulative total of 38 people have been appointed to key managerial positions through a series of ecosystems from selection, evaluation, training, and promotion of management candidates. In addition, we also dispatch selected personnel to external courses where management candidates from various companies come together, and have developed our own global management personnel program to develop personnel who can support our overseas businesses.

**The Daiwa House succession plan "D-Succeed"**

| | |
|---|---|
| 1 Establishment of human resource requirements | **Key positions that are the gateway for management personnel to be covered by the succession plan**<br>At the time of its adoption, the succession plan initially only covered the position of branch manager. However, from fiscal 2023, the scope of the plan has been expanded to cover a variety of key positions in sales, engineering, and management to ensure the diversity of future management personnel. |
| 2 Selection of successor candidates | **Forming a pool of human resources in two tiers: "Next Generation" and "Next"**<br>Next Generation ... Select management candidates, mainly in their 40s, to be "next in line" for key management positions<br>Next..... Select candidates for future management positions, mainly in their 30s |
| 3 Systematic development | **Human resources development is carried out systematically through the training and enhancement candidates program, the next generation training program, and the Next training program (the Next generation in particular undergoes a three-year training program)** |
| 4 Promotion to key positions | **Through various assessments and interviews with top management, we will visualize each person's abilities, characteristics, aspirations, human qualities, and other qualities, and make systematic and strategic appointments and assignments** |

*1 Executives and regular employees, excluding part-time and contract employees
*2 For prototype development and market research expenses for full-scale verification of adopted business ideas
*3 Three finalists and two conditional finalists

Sustainability Report 2025: Fostering successor candidates ▶ P.77

Creating a workplace environment where diverse human capital can thrive

Increase in diversity index
Improvement of ratio of retention of young employees

# Human resources base 3

## —Creating an inclusive workplace environment for diverse human resources—

With the Corporate Creed stating that "We ensure a good working environment for all employees, conscious that it ties directly into our progress," we are committed to creating a safe and healthy working environment for employees and designing a flexible human resources system that allows each individual employee to choose his or her own ways of living and working. Furthermore, out of our belief that diversity within the organization is essential to hedge against the risk of a decline in innovation and problem-solving skills, we are engaging in diversity management.

### Frequently asked questions from institutional investors

**Q1 On the ratio of female executives and managers**

**A** In order to reflect diverse values in our management, our Board of Directors is composed of individuals who we have determined are qualified to serve as directors without regard to age or gender. The TSE's Code of Corporate Conduct stipulates in its "Matters desired to be observed" that the ratio of female executives to be 30% or higher by 2030, a figure that we have not yet reached. In addition to appointing female executives from outside the Company, we also intend to increase the ratio of female officers by developing female human resources within the Company. Specifically, we have set the goals of increasing the ratio of female managers to 8% and the ratio of newly hired female graduates to 30% by April 2027. Over the past several years, the effects of these efforts have been steadily reflected in a significant increase in the number of female construction engineers and the appointment of a female executive officer.

Sustainability Report 2025: Diversity indicators ▶ P.175

**Q2 Initiatives and progress toward the development and securing of human resources required for future growth, such as highly skilled technical human resources, digital human resources, and overseas human resources**

**A** For digital human resources, we have laid out the framework for a digital human resources system aimed at developing human resources who can proactively promote digital transformation (DX), through which we aim to implement everything from DX literacy education for all employees to training programs for those with expertise in technology (AI), project promotion, and data fields. In addition, we are promoting the recruitment of mid-career hires to secure digital human resources while also remaining conscious of salary considerations. Regarding overseas human resources, we aim to discover and develop human resources who can successfully expand our overseas business in the future. Specifically, in addition to the global trainee system (overseas travel-based training) and the global human resources development program, we have also implemented training programs in Japan aimed at enhancing the technical capabilities of national staff (local staff) working at overseas subsidiaries.

Technical human resource development ▶ P.79

**Q3 Initiatives to improve retention of young employees**

**A** With mutual growth between the individual and the organization as our key theme, we are working to recruit diverse human resources based on a recruitment plan linked to our business strategy alongside a recruitment strategy that responds flexibly to the recruitment market in order to secure human resources who will lead our future and create a diverse organization. In terms of new graduate recruitment, we do not use entry sheets for selection at the time of submission, but focus on personal interviews in an effort to eliminate mismatches between the Company and students when hiring by business division and job category, as well as organizing job category get-togethers and job-understanding events, 1-on-1 interviews, workplace tours, and other follow-up activities for provisionally hired candidates so they can both discover more positive points about the Company and minimize any discrepancies in understanding that can occur after they join us. After joining the Company, new and entry-level employees are trained and supported by the entire organization through an on-the-job training (OJT) system to enable them to steadily acquire fundamental skills.

Sustainability Report 2025:
Workability and job satisfaction for employees ▶ P.81
DE&I ▶ P.86

Improving employee engagement

Improving employee engagement scores

# Human resources base 4 —Enhancement of employee engagement (employee motivation)—

One of the key themes of ESP2026 is "job satisfaction and workability," in accordance with which we aim to create an environment where employees can challenge themselves and work with their colleagues to improve themselves and each other, where each individual challenge leads to organizational vitality, and where each employee can work healthily and vigorously in a psychologically safe work environment, thereby fostering a workplace culture that allows them to maximize their performance. As we move toward this goal, we continue to monitor the progress of our performance using the Engagement Survey as a management indicator. Employees take the Engagement Survey annually in order for us to quantitatively assess the actual status of the workplace environment. In addition to analyzing correlations between various items identified from actual performance figures, future issues will be reviewed with management, and measures, targets, and plans will be reviewed on a regular basis.

Results for fiscal 2024 show that 84% of employees reported feeling satisfied with their work, an improvement of 1 percentage point over the previous year's 83%. The results of the survey are fed back to each branch office and business division to visualize the characteristics (strengths and weaknesses) of the organization from which the results were derived, and are used as materials for considering organizational management and the preferred organizational form based on specific characteristics. Examples of which include identifying where the gap lies between workplace expectations and satisfaction levels. We will continue our efforts to realize "Our Hopes for the Future" (Purpose) so that our employees can feel a sense of satisfaction in their work while sharing in the same hopes.

## Performance and analysis of key KPIs

| Job satisfaction | | Pride in work | | Sense of growth | |
|---|---|---|---|---|---|
| Are you able to work with a sense of purpose at your current company/job/workplace? | | Do you feel pride in what you are trying to accomplish in your current job? | | Looking back on the past year, do you feel that you have learned and grown on the job? | |
| FY2023 | FY2024 | FY2023 | FY2024 | FY2023 | FY2024 |
| 83% (45%) | 84% (51%) | 88% (55%) | 88% (55%) | 90% (57%) | 89% (58%) |

To realize Our Hopes for the Future, we place particular emphasis on three items.

Job Satisfaction—The number of respondents who chose the neutral response of "Probably" decreased, while the number of people who chose the highest two responses of "Definitely" and "Yes" increased by more than 5 points.
Pride in work—Remained mostly unchanged.
Sense of growth—Down 1 point, but the proportion of people who selected the highest two choices of "Definitely" and "Yes" is up 1 point.

Note: KPIs are managed by summing the highest three responses of "Definitely," "Yes," and "Probably." The sums of the top two responses of "Definitely" and "Yes" are also shown in parentheses for reference. The target had been set at 70% or higher, but with the formulation of ESP2026, we have changed to a results-based management type of system rather than setting a specific target value.

Future issues

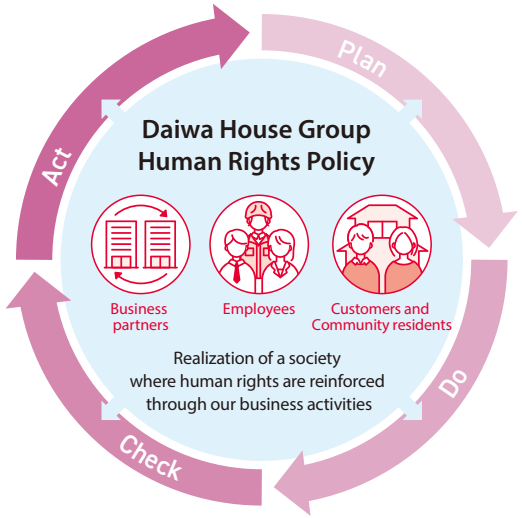
### Increasing engagement with younger and female employees by revitalizing communication

In fiscal 2024, we introduced an external service, Motivation Cloud, which enables us to diagnose organizational conditions based on one of the largest databases in Japan. Our company-wide organization is characterized by the consistency and good relationships that have been established throughout the organization.

On the other hand, we acknowledge that there is an expectation of improvements in company-wide solidarity and mutual respect among employees, and we recognize this as an area requiring attention. While the trends in engagement by age group do not deviate significantly from other companies, we have also identified the fact that they tend to be lower among younger age groups than other companies, and that there are differences between men and women and by role. We will continue to work on revitalizing communication within the organization and fostering an organizational culture that will lead to further improvements in employee engagement.

# Human rights management and due diligence

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). We have designated human rights as one of the key themes in our 2024 social action plan, "Endless Social Program (ESP) 2026." As the vision for our Group, we aim for all employees involved in our business operations to enhance their human rights literacy while respecting the human rights of all people connected in some way to our business activities, including Group employees, our business partners' employees, customers, consumers, and the residents in the regions where our business activities take place. Through these activities, we are advancing initiatives aimed at realizing a society where human rights are reinforced from the perspective of corporations.




### ▶ Remaining challenges

From fiscal 2025, we will begin full-scale operation of the PDCA cycle for ESP 2026, managing progress in targets and actual results for each KPI, and identifying any remaining challenges. Considerations for making improvements in these areas shall then be reported to management. The status of measures, targets, and plans shall be periodically reviewed as necessary. Remaining challenges include identifying medium- and long-term risks and opportunities for the entire Group, identifying key issues, and reviewing existing policies, structures, and systems. These will be deliberated on an ongoing basis.

### Principal initiatives

**P**

The human rights risk map formulated after our fiscal 2023 survey showed that the risks of harassment and industrial accidents were high within the Company (Daiwa House Industry), and the risks of industrial accidents and harassment caused by Daiwa House Industry were also high among business partners (general construction industry, specialized construction industry, and other sectors within the manufacturing industry). In response, in fiscal 2024, we proceeded with the establishment of systems and management methods to address these issues based on the priority of initiatives.

**D ↓ C**

**Business partners' human rights**

The Company is working to deal responsibly with human rights issues in its supply chains, as exemplified by our institution of Supply Chain Sustainability Guidelines. Among the guidelines' specifics is the requirement that primary suppliers prohibit harassment and use of forced and child labor. The guidelines also require suppliers to take steps such as not procuring timber from areas where illegal lumbering or abuses of indigenous people's human rights are suspected. In particular, to address the rights of indigenous peoples, we have established our "Biodiversity Guideline [Timber Procurement]," and the percentage of timber procurement from high-risk areas in fiscal 2024, excluding certified timber, was 0.1%. In addition, we are also working to build healthy, human rights violation-free relations with our subcontractors, for instance by questionnaire-surveying them annually to check for abuses and other problems. Management indicator: Human rights DD score FY2024 result 64.1 points / FY2026 target 71 points

**Employees' human rights**

We have ongoing programs to educate employees about human rights. In addition to periodically checking that these programs are being carried out/executed across the Group and monitoring how well our policies are being adhered to, we have put in place mechanisms—including contact points for reporting incidents and lodging complaints—for reporting and expeditiously dealing with individual human rights problems. We conduct a human rights due diligence digital survey to assess employees' human rights literacy, analyze the survey results, and take measures to address items with a high risk of human rights violations. To appropriately manage employees' hours, we have deployed a PC-based attendance management system to centrally track their time on the clock. The system ensures that employees are not working longer than legally permitted and that no "second books" are being kept of hours worked in deviation from those actually worked. Management indicator: Attendance rate of human rights awareness training, etc. FY2024 result 95.8% / FY2026 target 100%

**Customers' and community residents' human rights**

We have formalized protocols for dealing with accidents and put in place a management framework for ensuring compliance with legal and regulatory stipulations covering quality and safety deficiencies. As part of this, we have built a mechanism for collecting and collating feedback from customers on issues of quality and safety via our support desks and as part of our after-sale services, that we then share with our development units and design, manufacturing, construction, and other processes [where the information could be useful]. At the business-division level, we have established mechanisms for immediately reporting any human rights infringements involving customers or the local community to the Risk Management Committee, which then carefully analyzes incidents and works out measures to prevent recurrence.

**A**

We use situation monitoring to engage with stakeholders, and when conditions at business partners do not meet our standards, we take action that includes interviewing them and ask them to remedy them. As far our own employees are concerned, we work to cultivate an in-house culture geared towards eliminating human rights abuses, particularly harassment; and we have mechanisms in place so victims can get help and problems can be dealt with.

Sustainability Report 2025: Respect for human rights ▶ P.69

Utilization of customer database (circular value chain)

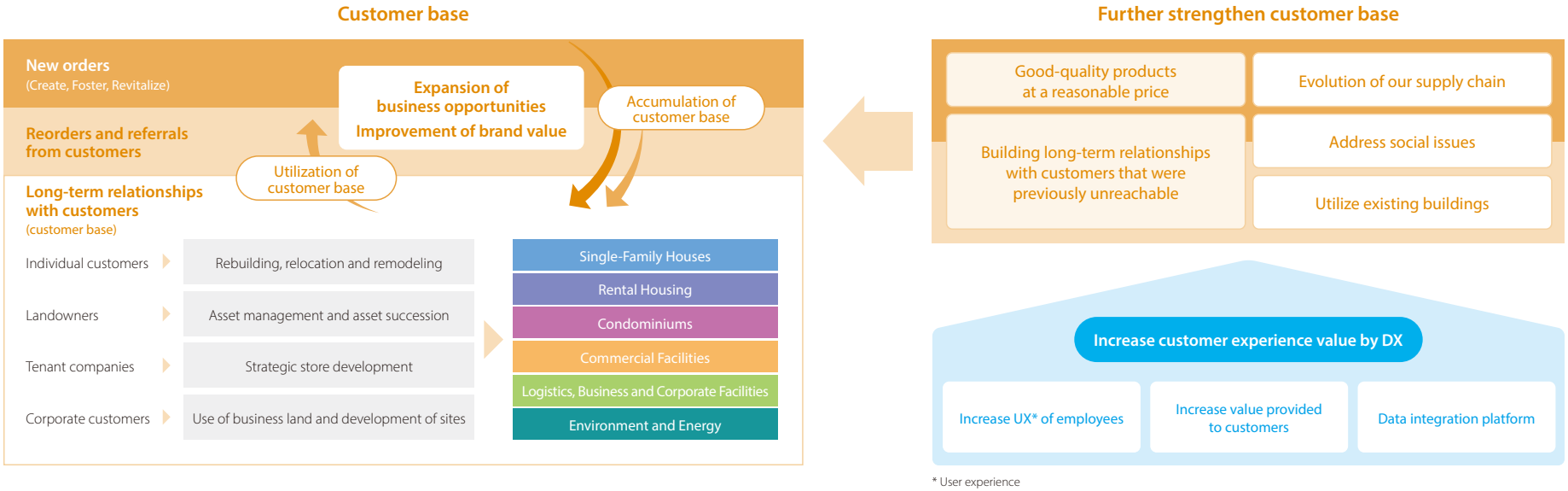
Partnerships and collaborations (collaborative partners)

# Customer base —To further strengthen 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. 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 building LTV, accumulate intellectual capital, and build strong and permanent customer relationships.

## To further strengthen our customer base

While a typical construction company accumulates a customer base from new orders, through reorders and referrals from customers, our circular value chain allows us to provide not only construction, but also management and operation, remodeling, renovation, and purchase and resale.The scope of our business enables us to provide value to customers and buildings in all phases. Maximizing the use of our extensive customer database, we will coordinate with collaborative partners as part of focused efforts to improve customer experience value through DX in order to make more optimal proposals in accordance with customer LTV and the LTV of buildings, thereby further strengthening our customer base.




* User experience

Message from Head of Technology Headquarters

# Solidifying Daiwa House's position as technological powerhouse

Yoshiyuki Muarta

Yoshiyuki Muarta
Executive Vice President, Head of Technology Headquarters

## Corporate culture where growth is a given

When I joined Daiwa House in 2021, the first thing that surprised me was that all officers and employees saw corporate growth as a matter of course. I suppose this is embedded in their DNA; every year they delivered results in pursuit of founder Nobuo Ishibashi's dream to become a group with sales of ¥10 trillion by our 100th anniversary. In the construction industry, contracting work predominates—companies receive orders from customers then construct a building. In addition to contracting, our Company also buys land and constructs buildings to sell to customers. I was impressed that Daiwa House generates its own work to expand the business.

I also note that decision-making is swift, a pioneering spirit prevails, and mistakes are forgiven. The corporate

culture favors thorough reflection on any failures, but also giving people another chance. Before I joined the Company, I felt its approach was aggressive, but also that it was serious about legal compliance.

The culture also places more importance on the process leading up to results than the outcomes themselves. As part of performance management, the president spearheads discussions every month, with lively debate, including online participation from relevant departments. Discourse focus on processes leading up to outcomes, and exchanges of opinion among the departments. I feel that conducting business this way in effect trains the next cohort of managers.

## Building robust supply chains as developer with technological capabilities

Daiwa House Group is a hybrid housemaker, general construction company, and developer. As a developer with technological capabilities it is very important that technology is deeply embedded in our business, so customers trust Daiwa House Industry to deliver quality buildings.

Another feature is strong ties with business partners. The company has a powerful supply chain network including a Confederation of Partner Companies comprising over 4,000 onsite construction and factory production partners, the Trillion Club of materials suppliers, and the Setsuwa Club, for facilities and equipment procurement. Their diligent activities and relationships of mutual trust and collaboration are helping us win projects.

I would like to further deepen and strengthen our relationships of mutual affection, trust, and win–win situations with suppliers to encourage them to work with Daiwa House Industry.

## DX and BIM initiatives to create significant value-added for the overall Group

We have continued to invest heavily since launching our initiatives on building information modeling (BIM) in 2017 and construction digital transformation (DX) in 2019, and are a leader in these areas among Japanese construction companies. Currently, we are at the stage of linking and utilizing construction data, centered on BIM. Initially, we worked with Fujita at our MIRAI KACHI KYOSO Center (Kotokurie) facility in Nara to carry out seamless detailed design, construction, and maintenance using BIM to test the effectiveness of a range of measures. We expect to create significant value-added for the overall Group with DX and BIM initiatives, in light of our broad spectrum of business areas and considerable scale.

Our Group includes two general contractors, Fujita and Daiwa Lease as well as Daiwa House Industry. The three collaborate through Technology Committee activities and an increasing number of joint major construction projects. Each of the three made its mark at the Osaka Kansai Expo. We pursue centralized purchasing and collaborative DX initiatives (BIM and data utilization) which should generate significant value for the overall Group.

## Mission: Bolster technological capabilities and empower technical staff

After I decided to resign from my previous position, Chairman Keiichi Yoshii (then president) told me, "We need to bolster our technological capabilities to achieve our ambition of ¥10 trillion in sales by our centennial. While I won't be here then, my role is to orient the organization to that end. Our entire technical team would be delighted to have you on board." What attracted me was that he spoke about realizing future dreams, not just meeting performance targets during his tenure as president. I thought that it would be rewarding if I could fit in neatly at Daiwa House and get the big gears turning, so on the spot I made up my mind to join Daiwa House. I see my mission as bolstering technological capabilities and empowering our technical employees.

Some four years after my arrival, I find myself liking

the Company more and more. I'm also grateful that I myself am growing through new work.

In our corporate creed, I am especially fond of the references to fostering employees' personal growth through business and offering frank opinions to one another. I'm also keen on the Employee Charter's words urging employees to pursue their own growth and happiness through their work. I believe two things give employees fulfillment: Contributions to society through their work at the Company, and self-development through work.

## Bolstering technological capabilities in pursuit of ¥10 trillion in sales

In recent years, a lack of progress in industrialization is an issue for Japan's construction industry as a whole. Housebuilding has reached its current level after decades of R&D into prefab methods, but where do we go from here? There has been progress in the materials and components used in building construction, but how will construction methods evolve going forward? In the face of such issues, Daiwa House Group is using BIM nimbly to industrialize building construction and advance our shift to off-site construction. The aim of BIM is not simply to streamline work. It improves work quality, makes *monozukuri* (craftsmanship) fun, and boosts value-added. My dream is to evolve DX and BIM to become universal languages in the construction industry and boost our international presence to a position where Daiwa House is a true global company. To realize that dream, the design division is already using BIM. I aspire to a world where this is broadened to include the construction division, and data generated in the design and construction phases is used in building maintenance and management. I also aim for the fusion of information and communication technologies (ICT) with those used in the industrialization of construction (as spearheaded by Daiwa House), prefab, and off-site construction. I see this as an issue to be tackled to bring about the next iteration of industrialization of construction.

In terms of building construction, we will upgrade our technologies to accommodate increasing sophistication in areas like engineering, data centers, and semiconductor plants. In timber buildings, we are rolling out our Future with Wood project in the non-residential as well as the residential sector, and developing wooden-structure BIM and elemental technologies.

In my view, building technological and *monozukuri* platforms overseas will become increasingly important. I believe initiatives in the context of mutual understanding and integration between our overseas partners and Group companies will enable us to make improvements. These include collaboration with partners in the construction business overseas; the global rollout of made-in-Japan industrialization of construction; and adopting in Japan superior aspects of technologies and *monozukuri* from overseas Group companies.

## Conveying the fun of *monozukuri* to raise Daiwa House's profile as a technological powerhouse

A lack of technical staff is a major challenge in bolstering our technological and *monozukuri* infrastructure. As its scale and business areas expand rapidly, the Company increasingly needs seasoned managers who can mentor younger employees. Going forward, we will step up our mid-career specialist hiring and work continuously to optimize personnel deployment.

# Technology and manufacturing base 1 —Responding to technological innovation—

Based on our founding philosophy of "industrialization of construction," we have built a strong technological and manufacturing base through collaboration with our business partners to be able to develop and provide safe and secure buildings with high quality over short construction periods. The strength of our technology and manufacturing base stems from the industrialization of construction, which began with prefabricated housing, and from our circular value chain that provides comprehensive coverage from development to the construction of various types of buildings by our hybrid enterprise group. As a hybrid company rooted in the spirit of housing, we aim to transform Daiwa House into a technology powerhouse.

## Pioneering new frontiers in technology

In recent years, the Ministry of Land, Infrastructure, Transport and Tourism has been leading efforts in Japan to make the construction industry more attractive, working with industry groups on initiatives such as increasing public construction unit prices, implementing CCUS,*1 establishing five-day workweeks at construction sites, and adopting Construction ICT.*2 However, even with the addition of foreign workers, the number of skilled workers*3 remains insufficient. Meanwhile, since the Great East Japan Earthquake prompted a reevaluation of the construction industry's social role, more young people interested in tangible manufacturing have entered the field at the engineer level, leading to a rise in skilled workers since 2011. Technological advances, such as ICT, digital transformation (DX) and BIM,*4 have the potential to boost the industry's appeal and help reverse the decline in skilled workers. To ensure the construction industry can achieve sustainable growth, we will drive technological innovation by encouraging the adoption and use of digital technologies at construction sites and by speeding up the industrialization of construction and DX across the entire Group.

**Achieving work-style reform and productivity enhancement through construction DX and BIM evolution, driving technological innovation**

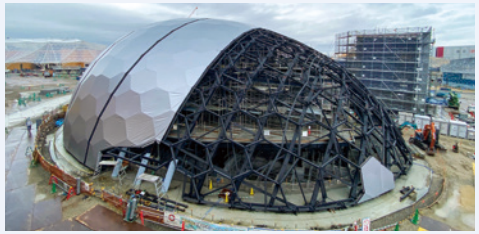
**Strengths of our technology base**

- Full coverage from development to construction, focusing on manufacturing
- Capacity to handle various types of buildings
- Industrialization of construction

*1 CCUS (Construction Career Up System) is a system that records each skilled worker's employment history and qualifications, leading to fair skill assessment, better construction quality, and increased efficiency at construction sites.
*2 Construction ICT: Information and communication technologies that enhance productivity through increased efficiency and progress in the continuous construction production system of investigation, design, construction, maintenance, and repair.
*3 Skilled workers are technical professionals involved in all aspects of construction work, including planning, design, construction, and supervision. They manage technical aspects at construction sites and are responsible for ensuring construction safety, quality, and scheduling.
*4 Building information modeling: A system for managing information across the entire lifecycle of building assets, from initial design through construction and maintenance to eventual disposal, using digital modeling.

86th Term Securities Report: Research and Development Activities (Japanese only) ▶ P.74

## Capacity to handle various types of buildings

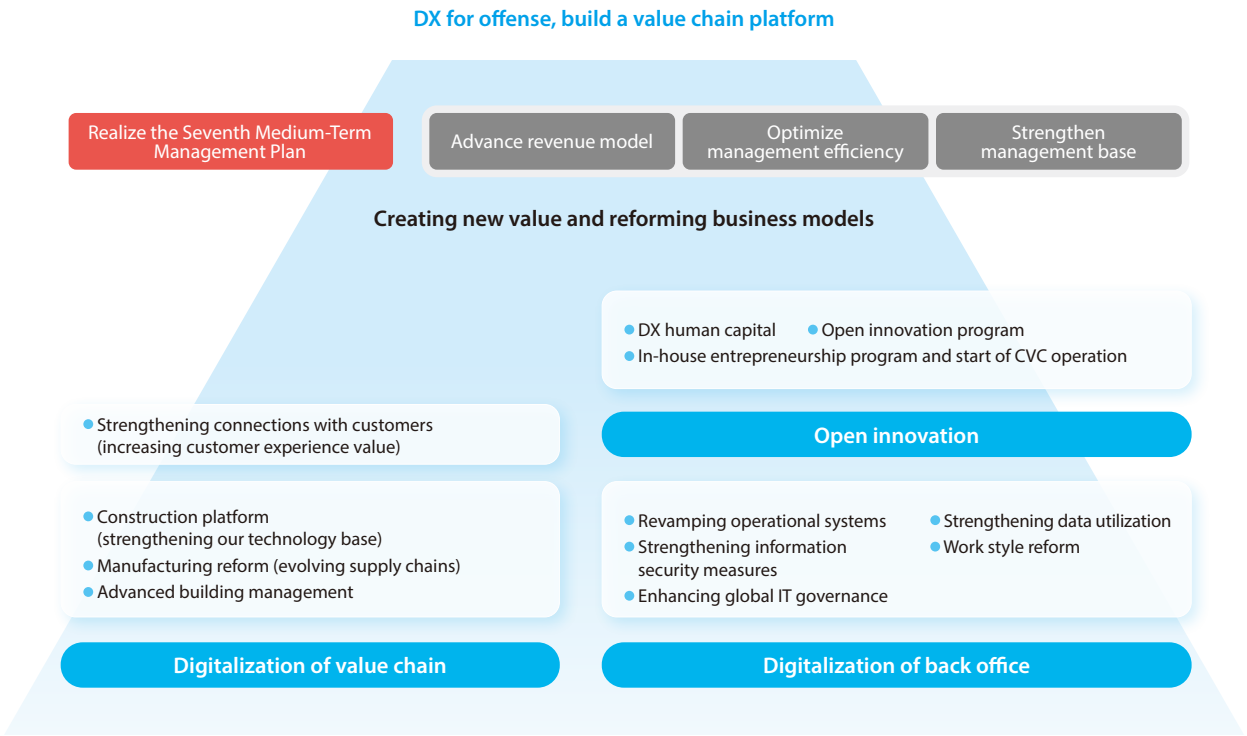


Expo 2025: Electric Power Pavilion – Eggs of Possibilities (The Federation of Electric Power Companies of Japan)

We participated in the 2025 Expo alongside Fujita and Daiwa Lease, engaging in sponsorship, donation projects, and construction contracts. Since challenging architectural projects provide valuable experience and motivation for our technical personnel, we recruited applicants nationwide, with many employees stepping forward. For these buildings with complex shapes, we introduced BIM from the design stage, manufactured steel frames at our own plant, and implemented BIM seamlessly all the way through on-site construction. We will continue to enhance our technical capabilities to handle advanced architecture such as data centers, semiconductor plants, Livness business, and wood structure and interior construction.

# —Digital transformation initiatives—

Digital transformation (DX) is positioned as a backbone of all management policies. Based on this concept, we digitalize our value chain and back office operations and catalyze open innovation to foster new value creation businesses and reform business models. Specific initiatives are being implemented to achieve key objectives, including the strengthening of our technology and manufacturing base, the evolution of supply chains, and the enhancement of customer experience value. To promote these initiatives, we are also working to build a data integration platform, further advance DX in construction, and resolve industry-wide issues through industrialization of construction powered by DX.




## Digitalization of value chain

### Construction platform

In the construction industry, DX initiatives are speeding up in order to tackle challenges like work-style reform, labor shortages, and technology transfer through digital technology and data utilization. Among these, BIM allows for the creation of 3D building models, making it easier to explain buildings to customers in three dimensions that are hard to visualize in 2D plans, and this is expected to boost design work efficiency. In spring 2026, a new system called BIM Drawing Review (a BIM confirmation application) will be introduced as part of the digitalization and efficiency upgrades for building confirmation applications promoted by the Ministry of Land, Infrastructure, Transport and Tourism, supporting efforts to digitize the entire construction industry and increase productivity. We started promoting BIM in April 2017, and by 2020, we had completed BIM implementation for design work on steel-frame commercial and business facilities. Recently, we have been strengthening collaboration among Daiwa House, Fujita, and Daiwa Lease group companies, progressing in developing digital infrastructure to realize construction DX.

▶ For details, please see the DX Annual Report 2025 (Japanese only).

# Technology and manufacturing base 2 —Manufacturing to realize a sustainable society—

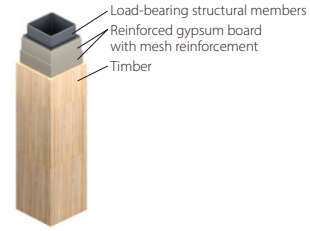
We are working to develop and provide high-quality, safe, secure products in order to help build a sustainable society.

## Promoting timber structure and interiors for non-residential buildings: Future with Wood

The Daiwa House Group has designated the wood structure and interiors construction business for non-residential buildings as a new focus area for achieving carbon neutrality by 2050, as it can contribute to greenhouse gas sequestration and forest resource circulation. We have strengthened cross-functional efforts for wood structure and interiors. In 2024, we signed an agreement with the Ministry of Agriculture, Forestry and Fisheries to promote wood structure and interiors in buildings, and we are advancing related initiatives.

### Development of Dkitto-Column

As part of Future with Wood, we have developed Dkitto-Column, which uses wood as a steel-frame cladding material and is suitable for medium- and high-rise structures such as office buildings up to nine stories. It delivers 1.5-hour fire resistance without restrictions on the type of wood used for fire-resistant cladding material and helps lower $CO_2$ emissions. This enables proposals that include creating spaces where people can feel the warmth of wood, or using local timber.



Dkitto-Column


Building image using Dkitto-Column

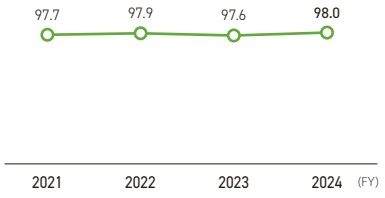
## Environmentally friendly advanced production system

We produce components for commercial buildings, components for commercial/residential complexes, and components for houses and apartment buildings at our nine factories in Japan. By manufacturing indoors, protected from wind and rain, we maintain consistent quality and deliver high-precision components, employing collaboration between industrial robots and skilled workers. Additionally, dedicated inspectors perform inspections at each stage, ensuring that only high-quality components that pass inspection are delivered to construction sites.

### Main environmental initiatives at our factories

1. Our factories are promoting decarbonization by generating renewable energy in buildings, creating energy-efficient production lines, and electrifying equipment that previously used fossil fuels. Some factories also add wall greening.
2. At our construction sites, we have implemented a system we call Factory Depot to reduce the risk of improper waste disposal and promote recycling of construction waste. By using this factory recycling route, we have achieved zero emission of waste.

**Recycling rate of construction waste** (%)



Technical personnel
**9,315***
(As of April 2025)
*Including post-retirement specially commissioned and limited-term contractual employees

Frequency rate of industrial accidents

# Technology and manufacturing base 3

## —Technical human resource development and partnership enhancement—

To transform Daiwa House into a technology powerhouse, we are building a foundation for developing technical human resources together with our business partners.

### Recruiting young engineers

We conduct recruiting efforts to sustainably hire students for technical positions. By forming teams of executives and technical staff to visit universities and follow up with students, we build relationships with educational institutions and make the Company more attractive. We also implement a Technical Staff Development Project that seeks to recruit and develop talented individuals from an early stage to lead the Company's future growth. This project offers a two-year full-time vocational school program for graduates of technical high schools, allowing them to focus on gaining specialized knowledge and skills as engineers while receiving a full salary during the program. We support high school graduates in enhancing their expertise and obtaining qualifications early, while also fostering their education and character as members of society. After recruiting for construction positions, we began hiring for electrical equipment positions in fiscal 2023, with over 100 Technical Staff Development Project participants already active within the Company.

### Developing global human resources

Our global trainee system is an overseas-based training program primarily designed to develop a mindset for future overseas assignments. Employees who are expected to participate in international business are chosen to learn local business practices, technologies, and management methods on location.

The Daiwa In-Tech Program is a training system where selected overseas local staff stay in Japan for about two weeks to deepen their understanding of our manufacturing at construction sites and factories, and learn our founder's spirit at our facilities. In interactions with the colleagues they work with daily, participants gain a sense of belonging in the Group and prepare to become future local leaders.

Scene from Daiwa In-Tech Program training

### Supporting the development of skilled workers at business partners

As part of our efforts to create construction site environments where workers, from highly skilled technicians to young new entrants, can continue working with satisfaction, we became the first housing manufacturer in Japan to introduce a Skilled Worker Career Advancement System. This system provides allowances to workers at construction sites based on levels and abilities certified by Japan's CCUS program. It started in fiscal 2025. We will keep collaborating with business partners to secure and develop skilled workers for a sustainable construction industry.

### Start of engineer experience registration

As part of our efforts to strengthen technical capabilities, we started operation of a "technician information database" in fiscal 2024. As a company, we centrally manage the skills held by each employee, which we utilize for effective placement of engineers and to address the needs of projects requiring advanced skills. Employees themselves can also visualize their personal track record and gain a sense of self-growth.