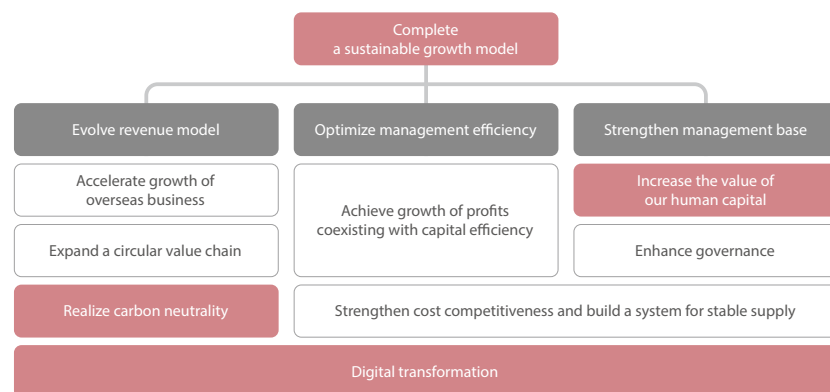


## Strengthening our Bases

Stance on strengthening of our bases under the 7th Plan	65
Environmental Management	66
Efforts at Social	74
Strengthening the Customer Base	74
Strengthening the Human Resources Base	75
Strengthening the Technology and Manufacturing Base	78
Creating Social Value (Impact)	79
Strengthen Relations with Stakeholders	81

Policies and focal themes of the Seventh Medium-Term Management Plan



# Chapter



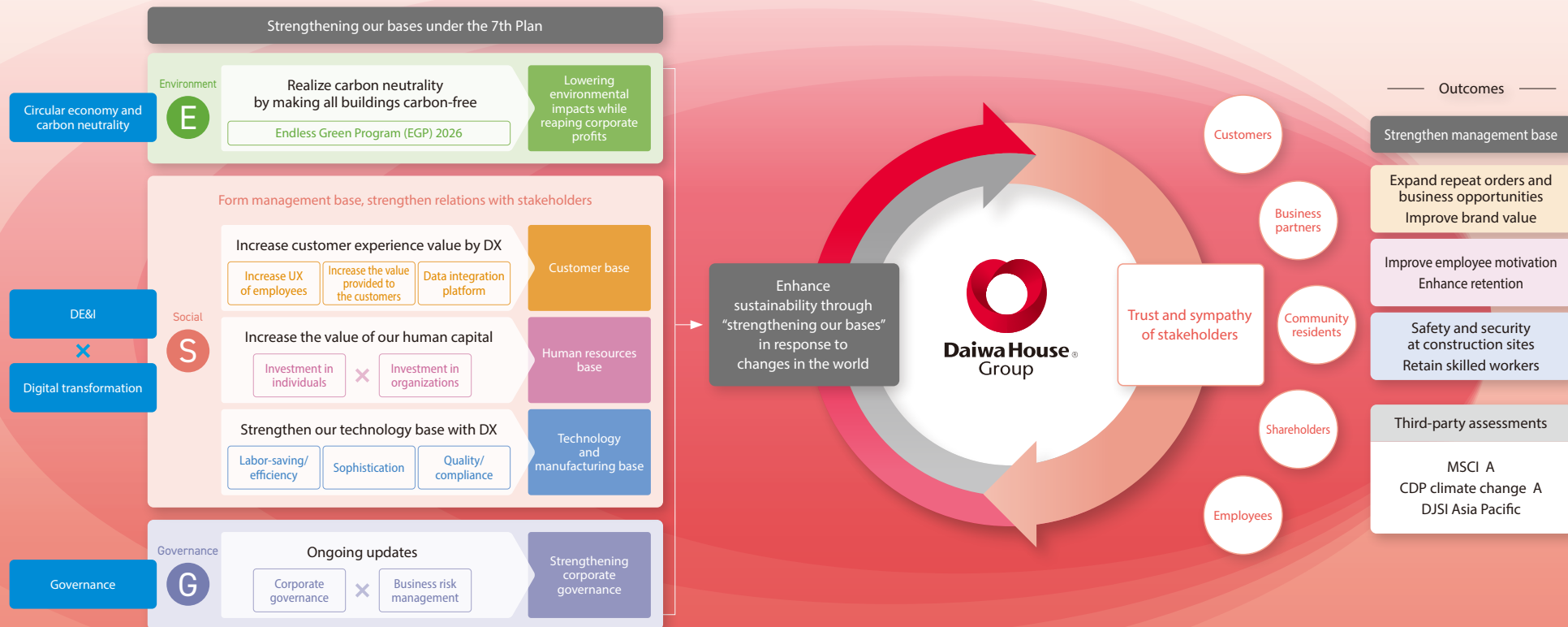
## Chapter 6 Strengthening our Bases

### Stance on strengthening of our bases under the 7th Plan

With the promotion of ESG in light of newly identified Materiality, we work to accelerate a virtuous cycle that drives the process in which we create value.

In particular, we strengthen the three management bases of customers, human resource, and technology and manufacturing, which are the sources of value creation.

We strengthen these bases with the use of digital technologies, aiming to forge stronger relations with our stakeholders.



Circular economy and  
carbon neutrality

Environment

## E Environmental Management

### Promoting environmental management to achieve regeneration (vision/strategy/KPI)

Aiming to achieve Our Hopes for the Future, the Group announced an ultimate goal for 2055 and specific milestones for 2030 in our environmental initiatives.

In order to achieve these targets, we formulated the Action Plan for the Environment “Endless Green Program (EGP) 2026” upon compiling the Seventh Medium-Term Management Plan.

Through the Endless Green Program (EGP) 2026, we will steadily pursue circular economy and carbon neutrality, which are one of the materiality for 2030.

#### Our Hopes for the Future

##### Our Future Landscape— Celebrating the Joys of Life.

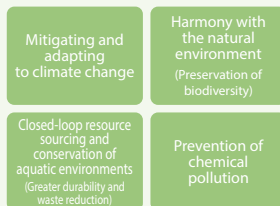
Creating the fundamental societal infrastructure and lifestyle culture rooted in regeneration, ensuring a world where we live together in harmony embracing the Joys of Life.

#### Long-Term Environmental Vision

##### Challenge ZERO 2055

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

##### Four themes



##### Three phases



#### Seven Challenge ZERO

We set seven targets of particular importance as Challenge ZERO, and defined an ultimate goal for 2055 and milestones for 2030 to accelerate our initiatives.

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

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

#### Key policies of Endless Green Program (EGP) 2026

- Turning all buildings into ZEH/ZEB and installing solar power generation systems in all buildings in all our businesses in principle toward achieving “carbon neutrality in community development”
- Aiming to achieve RE100 in FY2023, as well as turning all the company's newly constructed facilities into ZEBs in principle, toward achieving “carbon neutrality in business activities”
- Sharing “carbon neutrality,” “zero deforestation,” and “zero waste emissions” policies with suppliers to strengthen our supply chains with the environment as a starting point
- Stepping up our efforts to satisfy expectations of society and stakeholders toward further improving ESG evaluation (expanding environmental contribution businesses, responding to climate change risk)
- Firming up the foundation of environmental management in order for us to implement faster the EGP2026 (enhancing the environmental management system, developing human resources for environmental management)

## Carbon neutrality for individuals, communities, and people's lifestyles

## Challenge 1

Challenge ZERO for CO<sub>2</sub> in community development

## ■ Ultimate goal for 2050

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

## ■ Targets for FY2026 and FY2030

Management indicators		FY2021	FY2026	FY2030
GHG emissions from building use		vs FY2015 -30%	vs FY2015 -54%	vs FY2015 -63%
ZEH/ZEB rate	Single-Family Houses	53%	90%	100%, in principle
	Rental Housing	2%	50%	
	Condominiums	46%	100%, in principle	
	Commercial Facilities	27%	50%	
	Logistics, Business and Corporate Facilities	40%	70%	

## ■ Major initiatives

- Turning all new buildings into ZEH/ZEB in principle
- Installing solar power generation systems in all new buildings in principle



## Challenge 2

Challenge ZERO for CO<sub>2</sub> in business activities

## ■ Ultimate goal for 2050

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

## ■ Targets for FY2026 and FY2030

Management indicators		FY2021	FY2026	FY2030
GHG emissions from business activities		vs FY2015 -20.8%	vs FY2015 -55%	vs FY2015 -70%
Energy-efficiency	Energy efficiency (= sales/energy consumption)	vs FY2015 1.47 times	vs FY2015 1.9 times	vs FY2015 2 times
Renewable energy	Renewable energy utilization rate (= renewable energy utilization / electricity consumption)	18%	FY2023 100%	100%
Electrification	Introduction rate of clean energy cars (= number of CEVs / company vehicles and privately owned permitted vehicles)	0.3%	15%	30%

## ■ Major initiatives

- Turning all the company's newly constructed facilities into ZEBs and installing solar power generation systems in principle
- Replacing equipment in the company's existing facilities with the energy-efficient one and electric heavy construction equipment
- Achieving RE100 by using electricity generated by the company-owned renewable-energy power stations
- Introducing vehicles fueled by clean energy for internal use



## Challenge 3

Challenge ZERO for CO<sub>2</sub> in the supply chain

## ■ Ultimate goal for 2050

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

## ■ Targets for FY2026 and FY2030

Management indicators		FY2021	FY2026	FY2030
Setting rate of principal suppliers' SBT-level GHG reduction targets		34%	FY2025 90%	All principal suppliers to achieve GHG reduction targets
Environment and Energy business	The number of contracts for energy-efficiency and energy-generation solutions (cumulative from fiscal 2022)	—	50	

## ■ Major initiatives

- Strengthening engagement with principal suppliers (decarbonization WG, decarbonization dialogue)
- Strengthening proposals of energy-efficiency and energy-generation solutions for principal suppliers



## Initiatives for Biodiversity

## Challenge 4

## Challenge ZERO Deforestation

## ■ Ultimate goal for 2055

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

## ■ Targets for FY2026 and FY2030

Management indicators		FY2021	FY2026	FY2030
Ratio of C-ranked timber		2.7%	0%	0%
Adoption rate of sustainable plywood concrete form		—	20%	100%
Setting rate of suppliers' zero deforestation policy	Primary suppliers	—	90%	100%
	Secondary suppliers and beyond	—	50%	100%

## ■ Major initiatives

- Requiring suppliers to formulate zero deforestation policy to avert timber procurement with deforestation risk
- Promoting sustainable timber procurement by adding plywood concrete forms to the scope of survey

## Zero deforestation policy

- 1 Purchase timber (lumber) and wood products only from suppliers with declared Zero Deforestation policies
- 2 Purchase timber and wood products only from suppliers that handle products harvested or manufactured with due consideration for the safety and rights of labor and indigenous peoples in the country of origin
- 3 Purchase only timber and wood products whose traceability is certain
- 4 Extend the scope of the survey on sources (added plywood concrete form; wood used in fixtures, fittings, doors, and windows; and wallpaper)

## Challenge 5

## Challenge ZERO Harm to Biodiversity

## ■ Ultimate goal for 2055

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

## ■ Targets for FY2026 and FY2030

Management indicators		FY2021	FY2026	FY2030
Eco-friendly surface area of green spaces (vs 2021, cumulative)		—	+ 1,000,000m <sup>2</sup>	+ 2,000,000m <sup>2</sup>
Ratio of formulation of protection plans of significant sites at the company's facilities		—	100%	100%

## ■ Major initiatives

- Promoting exterior planting with indigenous species in consideration of the network of ecosystems
- Completing biodiversity assessments of all the company's facilities and formulating biodiversity protection plans for significant sites

## What is an eco-friendly surface area of green spaces?

The sum of surface area of green spaces in the exterior planting for properties, where the number of indigenous species accounts for 50% or more \*

\* 50% or more in each of tall trees and shrubs

## Initiatives for resource use and water-associated risks

## Challenge 6

## Challenge ZERO Waste and Reuse

## ■ Ultimate goal for 2055

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

## ■ Targets for FY2026 and FY2030

Sector	Management indicators	FY2021	FY2026	FY2030
Livness business	Number of assets subject to effective use	3,989	4,500	To be formulated in FY2026
	Number of assets subject to durability extension	3,246	4,900	
Factories	Recycling rate of waste plastics material	11%	30%	
Hotels	Recycling rate of items subject to the Plastic Resource Circulation Act	—	50%	100%
Supply chains	Achievement of zero waste emissions targets by principal suppliers	35%	90%	Achievement of zero waste emissions targets

## ■ Major initiatives

We step up our efforts to contribute to the long-term use and recycling of resources based on a circular economy approach (expanding Livness business, promoting greater durability, encouraging material recycling, zero waste emissions in supply chains).



Promoting effective use of aged assets by brokering and renovating existing properties

## Challenge 7

## Challenge ZERO Water-Associated Risks

## ■ Ultimate goal for 2055

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

## ■ Targets for FY2026 and FY2030

Management indicators	FY2021	FY2026	FY2030
Water-saving device adoption rate	90%	98%	100%
Water consumption per unit of sales	vs FY2012 -47% *1	vs FY2012 -40% *2	vs FY2012 -45% *2
Implementation rate of water risk surveys	—	100%	Completing response to water risks

\*1 Affected by COVID-19 \*2 Set based on the pre-pandemic results

## ■ Major initiatives

We work to reduce water consumption throughout supply chains across the Group and complete the survey and identification of water risks.



Waterless toilet  
(Sports Club NAS)

Developing human resources  
for environmental management

We encourage our employees to obtain the Eco Test certification as it is a good way to acquire basic knowledge regarding varied and complex environmental issues. We strive to raise environmental awareness internally and develop human resources engaged in this area.

## ■ FY2026 targets

Management indicators	FY2021	FY2026
Number of those who acquired the Eco Test certification	19,033	38,000

## ■ Major initiatives

By linking the certification with the employees evaluations, the Group aims to improve their environmental literacy and awareness. We have employees take to heart the Action Plan for the Environment (Endless Green Program 2026).

## Voice of an Eco Test certification holder /

When I was an elementary school student, economic development was given priority; the fog of pollution would often cover the sky, and I even heard a photochemical smog warning issued in the middle of class. Environmental issues are a pressing task that must be addressed immediately for the sake of our children and their children's children.



Katsuhiro Sugiyama  
Saitama Branch Manager,  
Executive Officer  
Daiwa House Industry Co., Ltd.  
(Acquired the certification  
in August 2021)

## Environmental management system

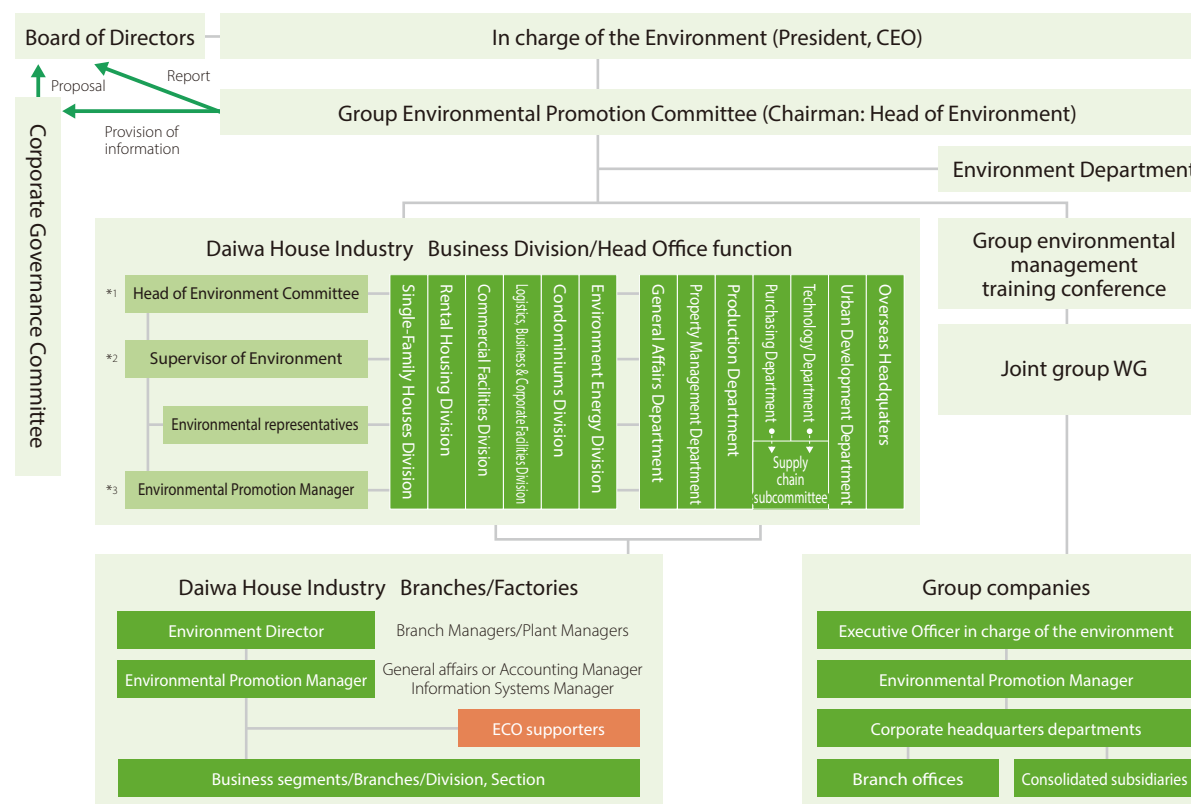
### Governance

The Daiwa House Group has positioned mitigating and adapting to climate change as one of its key management issues and has appointed an Executive Officer in charge of the Environment with responsibility for implementing climate change strategy. We have established the Group Environmental Promotion Committee, which is chaired by the Executive Officer in charge of the Environment. The Committee, which meets biannually, deliberates and makes decisions on fundamental matters related to the Group's environmental initiatives, including climate change, as well as risks and opportunities related to the environment, and supervises Group-wide environmental initiatives.

In addition, the Endless Green Program, the environmental action plan formulated alongside the Medium-Term Management Plan, contains the Group-wide strategy, performance targets, plans, and risk management policy on climate change issues, and important matters are reported to the Board of Directors. During the term of the program, the Executive Officer in charge of the Environment reports on progress to the Board of Directors once a year in time with the compilation of results for each of the management metrics and conducts a timely review of strategy, targets, and plans.

In fiscal 2021, the Board of Directors deliberated a basic plan for Endless Green Program 2026, a new environmental action plan, and decided the levels of environmental goals for fiscal 2026. In line with the start of the Seventh Medium-Term Management Plan, the Board of Directors also reviewed the directors remuneration system in June 2022 to reflect the progress of our actions for climate change.

### Environmental management system



\*1 Business divisions only \*2 Appointed from the chief and deputy general manager class of the business management department in the business division  
\*3 One person each appointed from the administrative class of the sales, development, design, and construction departments


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

### Supporting the TCFD Recommendations and enhancing disclosure

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

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

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

 Sustainability Report 2022: Response to the TCFD ► P.40

### Transition plan to achieve carbon neutrality

The Daiwa House Group has positioned mitigating and adapting to climate change as one of its key management issues and has continued efforts toward achieving carbon neutrality by 2050 as declared in the Long-Term Environmental Vision.

In the carbon-neutral strategy under the Seventh Medium-Term

#### Mitigation plan for reducing GHG emissions (by scope)

##### Key actions for achieving 2030 targets

##### Scope 3 (procurement, other)

- Setting and achieving SBT-level GHG reduction targets for major suppliers
- Helping major suppliers reduce GHG emissions by offering ideas for saving and generating energy

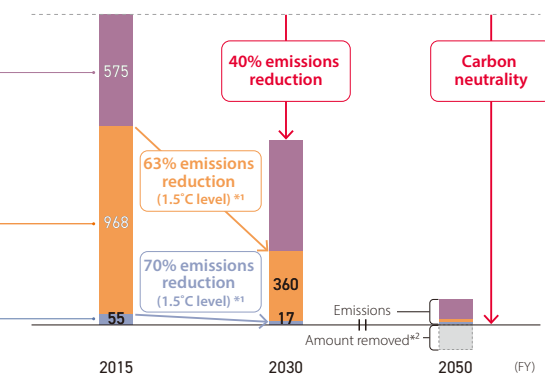
##### Scope 3 (Use of sold buildings)

- All buildings to be made ZEH/ZEB in principle
- All buildings to have solar panels installed in principle

##### Scope 1 and 2

- Upgrading to energy-saving equipment in our existing facilities
- Achieve RE100 through renewable energy generated by us (2023)
- Building all new owned facilities to be ZEB-ready as a rule, and equipping them all with solar panels
- Electric vehicles and heavy machinery

##### GHG emissions across the entire value chain



\*1 Annual average of 4.2% or more

\*2 As reducing emissions to absolute zero is impracticable, we will achieve net zero emissions by removing the commensurate amounts of GHGs whose emissions are inevitable.

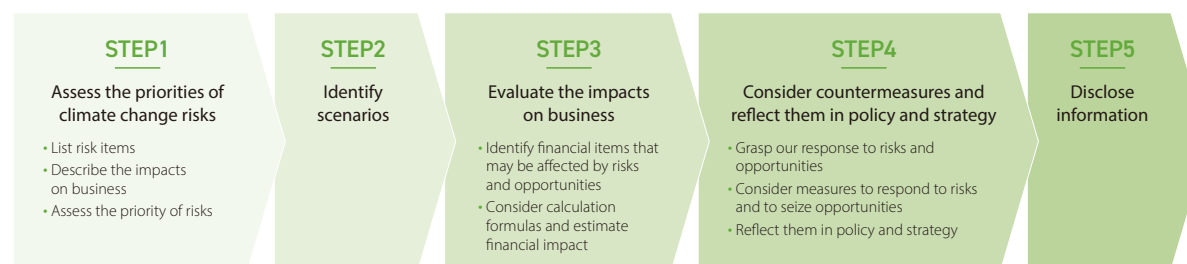


## Strategy

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

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

## Steps for strategy development



## Main risks and opportunities related to climate change

Affected period: Short: less than 1 year; Medium: over 1 year but less than 5 years; Long: over 5 years  
Degree of financial impact: Small: less than ¥10 billion; Medium: over ¥10 billion but less than ¥100 billion;  
Large: over ¥100 billion

Type			Details	Period of impact	Level of financial impact
Risks	Transitions	Policy, laws and regulations	Cost price increase due to change in specifications owing to tougher regulations of the Building Energy Efficiency Act	Short term	Medium
			Increase in operational costs due to expansion of carbon tax and emissions trading system	Medium term	Small
	Physical changes	Chronic	Increase in risk of heatstroke at construction sites due to rise in summer maximum temperatures	Short term	Small
		Acute	Damage to our facilities due to meteorological disasters and increase in insurance premiums	Medium term	Small
			Impact on supply chain due to meteorological disasters	Short term	Small
Opportunities	Transitions	Products and services	Increase in demand for houses and buildings with low greenhouse gas emissions	Short term	Large
			Generation of carbon credits through provision of low-carbon houses and buildings	Long term	Medium
			Expansion of Environment and Energy business due to rising demand for renewable energy	Medium term	Medium
	Physical changes	Products and services	Rising demand for houses and buildings equipped for meteorological disasters	Medium term	Medium

## Summarized results of scenario analysis

### 1.5°C scenario

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

Reason for selection	The scenario is aligned with Net Zero by 2050 (1.5°C goal) declared by Japan, in which we mainly operate, and involves relatively high transition risks.
Result of analysis	An increase in operational costs due to strengthening of regulations is expected, which can be covered by revenue growth due to increased sales of ZEHs, ZEH-Ms, ZEBs, and the environmental energy business.
Reflection in policies and strategies	Under the banner of “turning carbon neutrality into a growth engine for all businesses,” we have decided on policies of making all new buildings into ZEH and ZEB as a rule, and installing solar power generations systems on all buildings. We monitor progress using sales rates for ZEH, ZEH-M and ZEB as key management metrics and reflect the results in our business strategies.

#### Main approach

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

### 4°C scenario

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

Reason for selection	The scenario with the biggest physical impact was selected to hypothesize the most extreme situation.
Result of analysis	Additional costs could arise due to supply chain disruptions and asset impairment due to damage to our facilities caused by heavy rain and heavy snow, and construction delay damages as extremely hot days will increase, which can be covered by sales growth of products to mitigate and adapt to climate change.
Reflection in policies and strategies	We have decided on policies of thoroughgoing measures against heatstroke at construction sites and development and popularization of products with low GHG emissions and products adapted to physical changes. We monitor progress using the number of heatstroke cases, GHG emissions per unit of floor space through provision of products, and sales rates for ZEHs, etc. as key management metrics and reflect the results in our business strategies.

#### Main approach

We deployed environmental sensor at our construction sites in an effort to act promptly to prevent heatstroke or prepare for strong winds. We also formulated a business continuity plan for our supply chain, based on which we promoted measures, such as procuring materials from multiple suppliers and manufacturing sites. In the single-family housing business, we released the “Anti-Disaster House” equipped with the All-Weather Three Battery Linking System which can secure power, heating, and hot-water for some ten days in case of power outages even when it is raining. We have sold a total of roughly 450 such houses by the end of fiscal 2021. In fiscal 2021, roughly 70% of single-family homes had solar power generation systems and about 50% had storage batteries.

Social

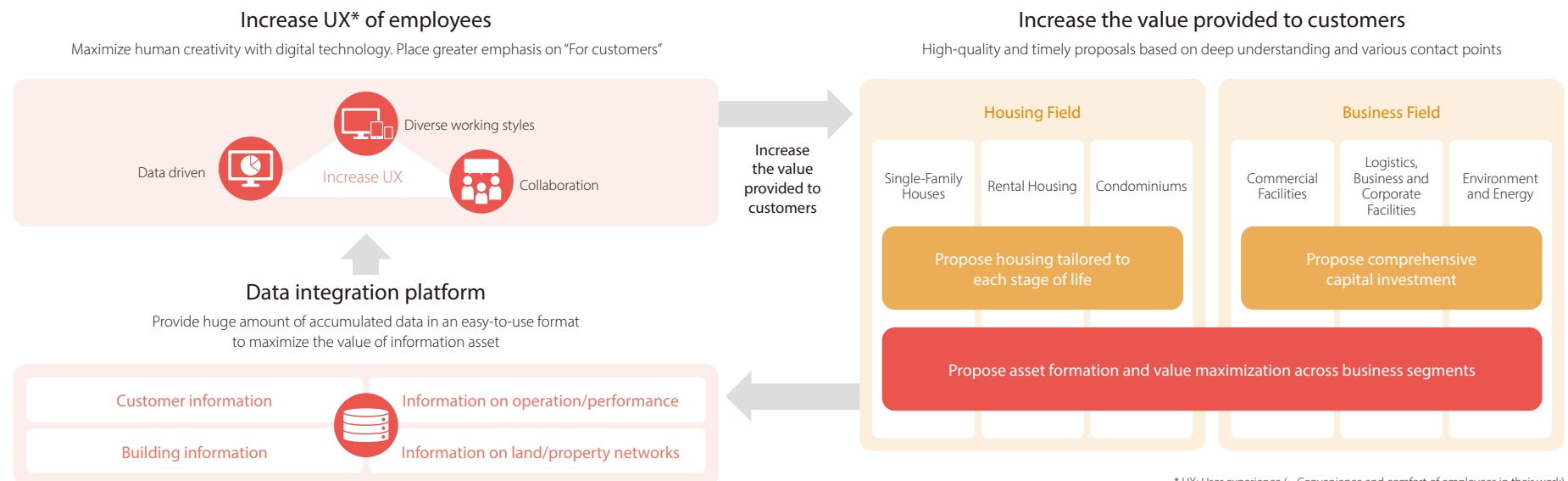
## S Efforts at Social

### Strengthening the Customer Base

We promote proposal-based marketing that resolves issues based on customer-oriented perspectives. By maintaining close long-term relationships with our customers even after construction, we succeed in building solid relationships with them. Under the Seventh Medium-Term Management Plan, we develop an integrated platform to utilize information we gain through the largest business scale in the industry and maximize our employees' creativity with digital technology. Through these efforts, we enhance operational know-how to build relationships with customers—intellectual capital—so as to maximize the value we provide to customers, with an aim to further strengthen the customer base as social capital.



#### Increase customer experience value with DX



\* UX: User experience (= Convenience and comfort of employees in their work)

## Strengthening the Human Resources Base (1) Views on human capital management

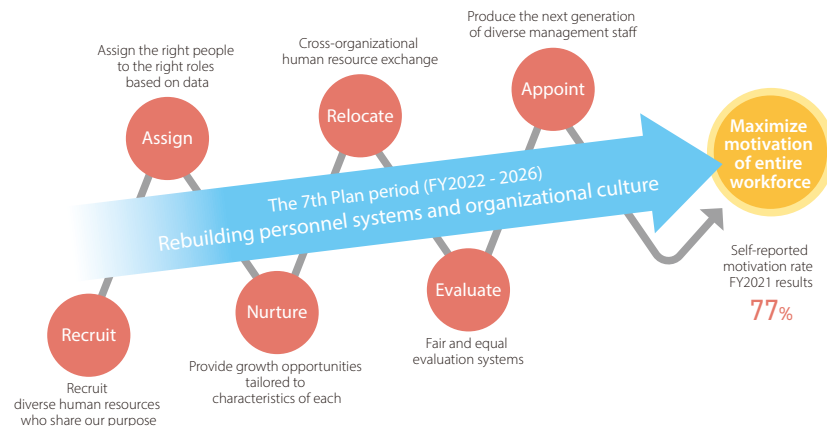
### Maximizing employees' motivation and pride in their work to build a base for value creation

Under the Seventh Medium-Term Management Plan, we actively invest in human capital and maximize individual and organizational values to build innovation base. While attracting a diverse workforce aligned with our business strategies, we provide growth opportunities for them with a focus on each individual's personality and set of values to support their self-directed career development. Our aim is to foster a sound and reassuring work environment where diverse individuals can fully exert their own characteristics and connect with colleagues through dialogue. Such a corporate culture will be conducive to our new value creation as an organization.



### Maximizing employees' motivation and pride

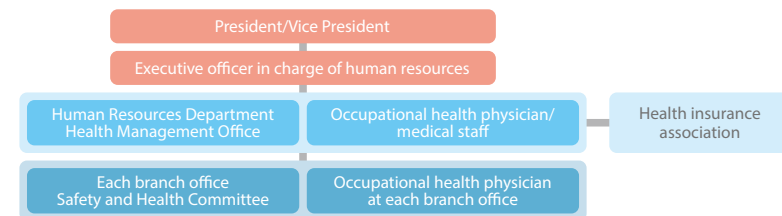
Under the 7th Plan, we boost employee engagement by thoroughly rebuilding and integrating the personnel systems and initiatives for each stage of career development. Establishing a system that encourages the fulfillment of Our Hopes of the Future (our Purpose), we build foundations of human capital management.



### Health is the basis of everything

With "the foundation of home and community development starts with health" as its health management policy, the Company is making company-wide efforts to enhance employees' well-being—mental, physical and social health.

#### Health management promotion system



### Raising awareness of our founder's spirit

"Develop people through business" is the first point of our corporate creed, based on which we have been developing human resources through resolving issues in a thorough bottom-up approach. With our founder's spirit as the underlying basis, we systematically provide educational and training programs to all employees from senior management to new recruits, using *The Future of the Daiwa House Group* as a textbook. We strive to nurture human resources who drive businesses that will be of service to society.



*The Future of  
the Daiwa House Group*  
by Nobuo Ishibashi

## Strengthening the Human Resources Base

### (2) Intensify recruitment and enhance human resources development

**Intensively recruit diverse human resources who share our purpose, and support their self-directed career development through multi-track growth opportunities.**

To enhance human capital, we intensify recruitment and enhance human resources development. Upon thoroughly reviewing the conventional recruiting method, we continue an annual recruitment of about 700 new graduates with an eye to the group's future in 2055. We also focus on employing mid-career recruits aligned with our business strategies, such as those with a high level of technical expertise, those versed in digital technologies, and talents from overseas. We have also embarked on designing a personnel system (for evaluation and remuneration) in order for us to be ready for accepting individuals with advanced experience and skills. Once employed, we will support their personal growth and fulfillment of their hopes for the future by providing multi-track growth opportunities conducive to their self-directed career development. We also facilitate exchange of people across organizational boundaries, aiming to increase the value of our human capital.

#### Attract a diverse human resource



We hire about 10 graduates of industrial high schools every year. They receive advanced special education for two years at the company's expense, and are assigned to construction sites. (Introduced in 2018)

#### Views on human resources development

We aim to maximize the value of individuals by enhancing personality and capabilities of employees through the provision of multi-track growth opportunities. The Human Resources and Interpersonal Relationships Development Department takes the lead and cooperates with each business division. We implement a training program for each class of employees and supporting programs for the female employees belonging to sales and technology divisions. We also aim to maximize the value of the organization through dialogue, which would connect capabilities, ideas, and experiences possessed by individuals. The human resources development costs amounted to approx. ¥1.4 billion during the Sixth Medium-Term Management Plan. At MIRAI KACHI KYOSO Center (Kotokurie), a facility in which we invested to strengthen the human resources base, we started offering trainings to nurture personnel who inherit the founder's DNA and co-create value for the future.



Construction management jobs were long considered for men, but we actively assign female employees to that post, and a total of 146 women is active as of April 1, 2022. Increasing female supervisors has also improved the working environment of construction sites.

#### Cross-border career support system (Introduced in FY2022)

The Company supports employees' self-directed career development and networking, as well as the acquisition of new skills and capabilities. We provide opportunities for them to engage in discussions and problem-solving in different fields and industries, such as through cross-border experience and working in a different sector, while maintaining their employment.

#### System menu

(As of April 1, 2022)

##### Company-arranged secondary employment

Work at another employer (a corporation or NPO) is arranged by the Company through an open call for each project

##### Self-arranged secondary employment

The employee themselves arranges to work at another employer (a corporation or NPO)

##### In-house secondary employment

The employee spends some of their working hours on a project or other work at a different department while remaining a member of their current department

##### Secondment to a different company

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

## DE&amp;I

## Strengthening the Human Resources Base

### (3) Foster a working environment where diverse human resources can maximize their potential

Create an organizational culture where diverse human resources can perform to the best of their abilities in a fair environment, while deciding how to live by themselves

We believe that the source of innovation is a diversity in knowledge and experience possessed by diverse human resources. Based on this belief, we create an environment that supports human capital (DE&I)—an organizational culture where people mutually respect and leverage differences in terms of gender, disability, gender identity, sexual orientation, age, or nationality. For example, to the child-bearing and child-rearing generations, generous support is provided, including the one-time childbirth allowance introduced in 2005. With such an assistance, the Group aims to create a virtuous cycle in which child bearing and rearing experiences can be utilized in work. We also promote senior employees' active participation regardless of age. In addition, the Group introduced in 2021 a Same-sex Partnership Program, another system that is not bound by conventional framework.

#### Support for child-bearing and child-rearing generations

##### One-time childbirth allowance

Employees receive a one-time payment of ¥1 million for each child born; this allowance has already been used by over 10,000 people (for payments of ¥10 billion) in 2021

##### Childcare leave system

Extra childcare leave is available until the child turns three years of age, beyond the childcare leave system legally stipulated (up to one year of age in principle, until two years of age at maximum)

##### Reduced working hour system for childcare

Short-hours working (six or seven hours) is available during pregnancy and until the child is in the third grade of elementary school, beyond the legally stipulated period

##### Career support system for child-rearing employees

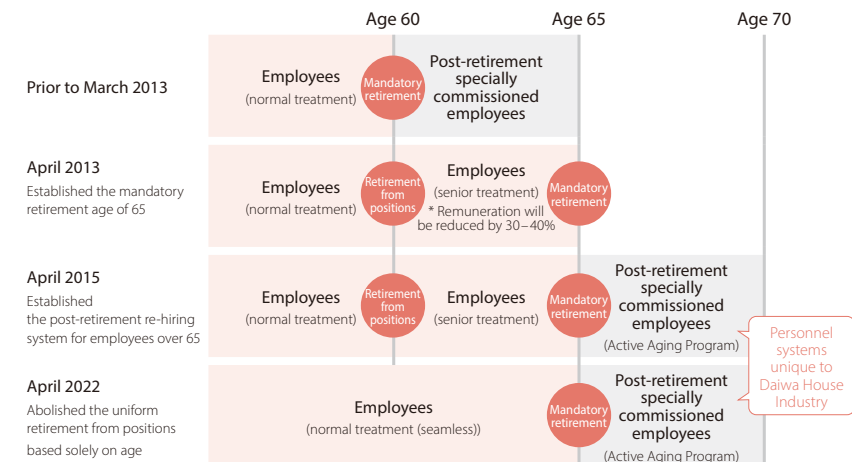
Support for early return from childcare leave and ensuring working hours after returning to work, by providing assistance in finding a nursery and babysitting subsidies

#### Same-sex Partnership Program

A program that allows LGBTQ employees to, by notifying their partner to the Company, receive the same benefits package offered to those with legal spouse

#### Promoting senior employees' active participation

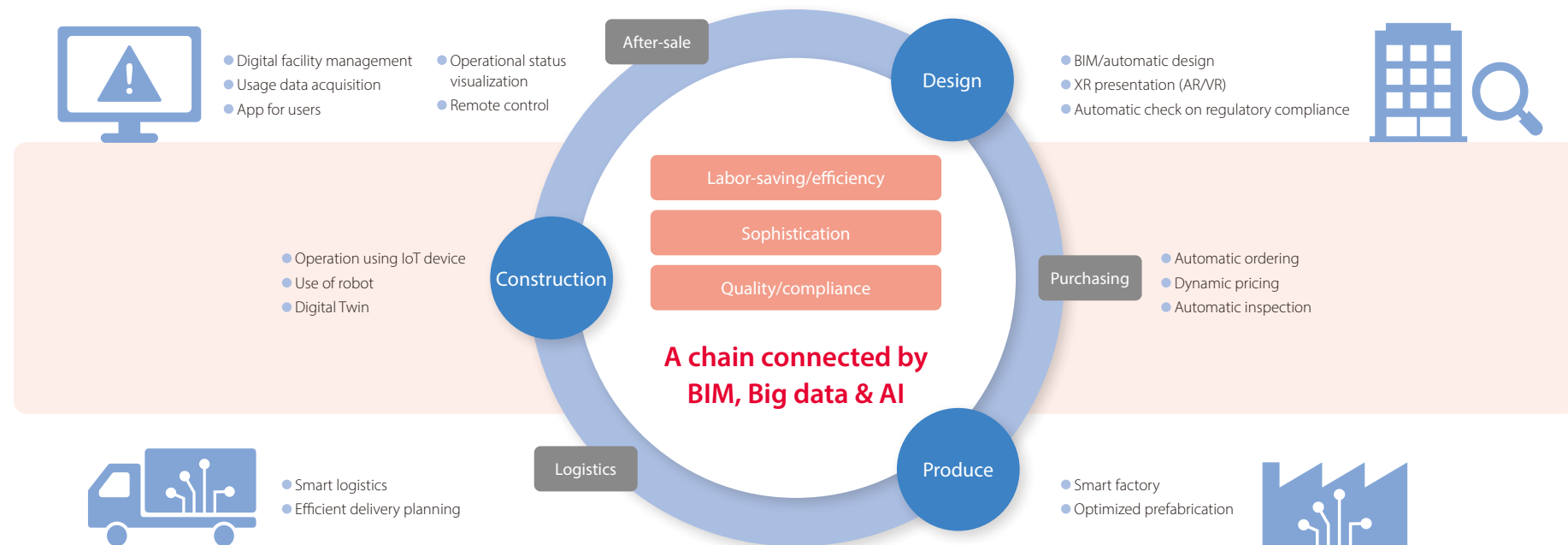
In anticipation of an aging and decreasing population, the Company established the mandatory retirement age of 65 in 2013, ahead of industry peers. In 2022, we revamped the system to treat senior employees and developed a one so that highly experienced and skilled human resources can perform to the best of their abilities throughout their lives.



## Digital transformation

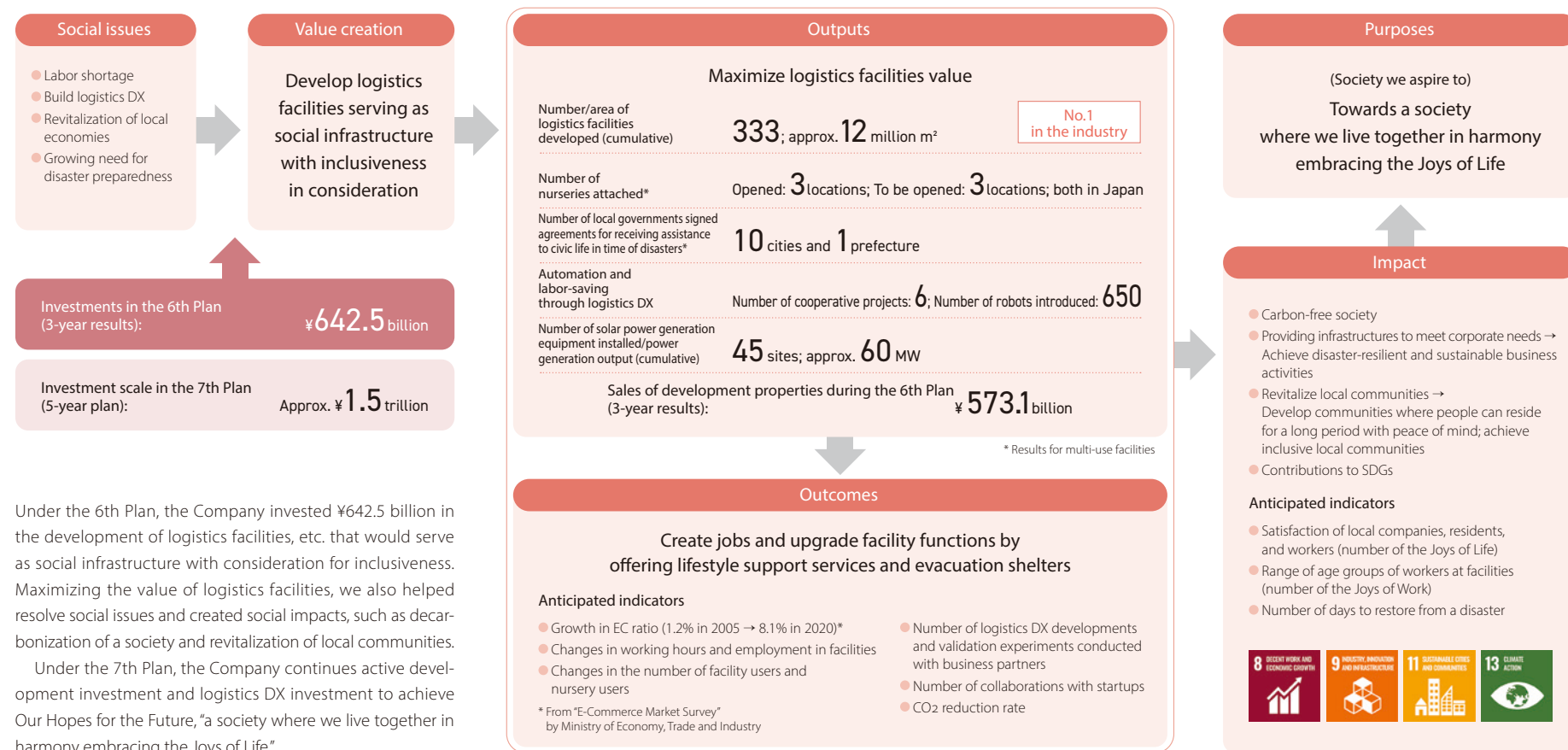
# Strengthening the Technology and Manufacturing Base

Daiwa House Group has pioneered manufacturing with “industrialization of construction” as its corporate philosophy. The construction industry is confronted with a variety of issues, such as shortage of younger workforce and soaring resource prices. Given the situation, the Group takes measures to evolve supply chains with digital technology. By making smarter the entire construction industry, we will help reform it to an attractive one for workers, and strengthen the technology and manufacturing base.



## Creating Social Value (Impact)

As an example of social value (impact) created with the purpose as a starting point, we introduce our initiative in logistics development in the Logistics, Business and Corporate Facilities Business.



Under the 6th Plan, the Company invested ¥642.5 billion in the development of logistics facilities, etc. that would serve as social infrastructure with consideration for inclusiveness. Maximizing the value of logistics facilities, we also helped resolve social issues and created social impacts, such as decarbonization of a society and revitalization of local communities.

Under the 7th Plan, the Company continues active development investment and logistics DX investment to achieve Our Hopes for the Future, "a society where we live together in harmony embracing the Joys of Life."



## Our Future Landscape in 2055 created through logistics DX and revitalization of local economies

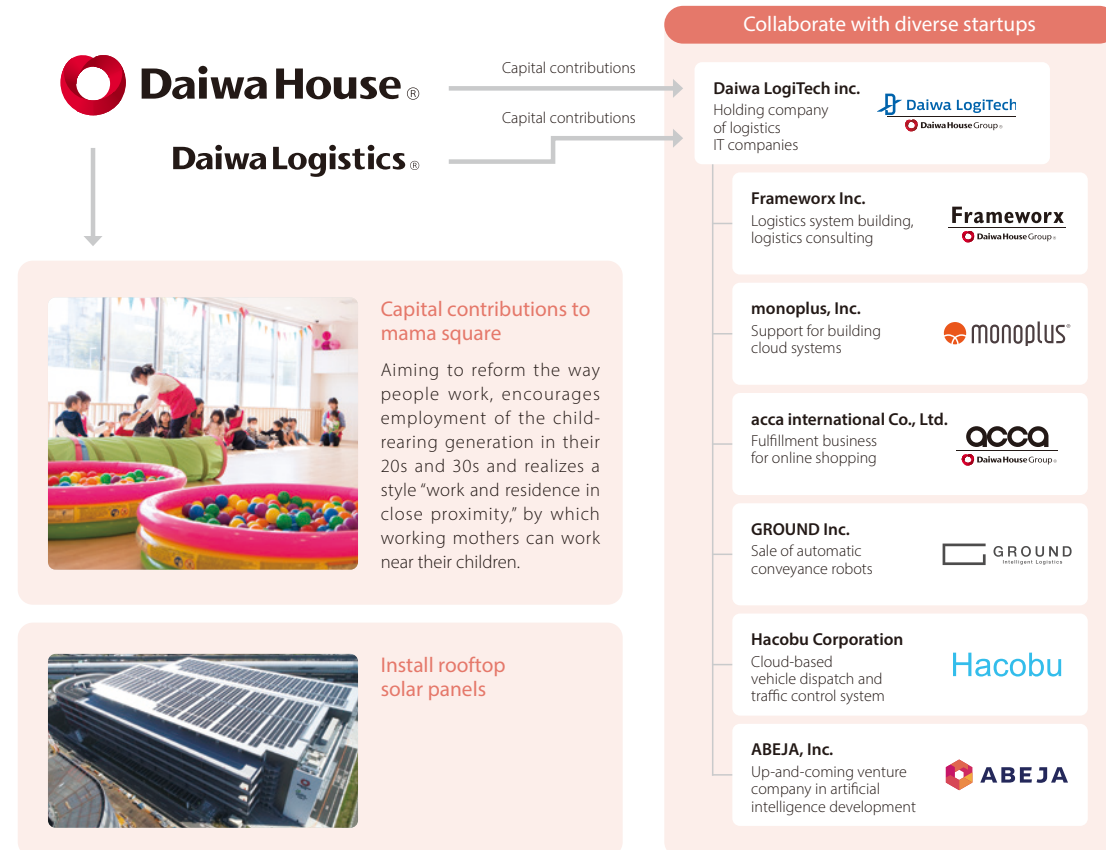
Daiwa House Industry has its operating sites across the nation. As such, our development of logistics facilities under the watchword “regeneration” should help revitalize local economies, exerting a massive impact on society.

In Japan, the ratio of the e-commerce market scale to the total amount of transactions is approx. 8%, which is lower than the global level and has room to grow. The progress in logistics DX has resulted in increased use of robots in facilities, which is still insufficient to keep pace with the growth in cargo volumes. To tackle labor shortage and ensure stable delivery and supply, the Company intensifies proposals related to logistics DX and accelerates cooperation and collaboration with a variety of startups with proprietary technologies.

Attracting tenants to developed facilities and creating jobs are ways to revitalize local economies. At DPL Nagareyama IV, a large-sized multi-tenant logistics facility constructed in 2021, we have an onsite nursery named mama square. With the nursery built within the facility, local residents of child-rearing generations can work with peace of mind, pursuing both work and childcare, while we secured the employment of that generations. Reassuring that there is a place to work would motivate the next generation of residents to rear their children, thus promoting “regeneration.” We have also concluded an agreement with Nagareyama City for providing assistance to civic life in time of disasters. We believe that offering the facility as a temporary evacuation shelter and storage of emergency provisions helps ensure safety and security of local residents.

We also seek to maximize the “rooftop value” of logistics facilities. Offering value-added proposals, such as installation of solar panels, we contribute to the uptake of renewable energy toward realizing a carbon-neutrality.

## Efforts in logistics facilities development



## Strengthen Relations with Stakeholders

### Kotokurie, a place to learn and grow together with community residents

At Kotokurie, we are promoting the cutting-edge “provision of opportunities and environments for learning and connection” with a future mindset by integrating Daiwa House Group's employee education for the creation of new business value with activities focused on society, such as co-education activities centered around the children of local communities and co-creation activities with diverse stakeholders. These are to enhance the three values of Value for Living, under which everyone can be themselves and have lively and proactive lives, Economic and Social Value, to revitalize society as a whole, regions, towns and people, and Global Environmental Value, to enable the sustainable coexistence of humans and the Earth.

Co-educational  
activities



Junior Kotokurie DAY Orientation

Co-creation  
activities



Co-Creation Forum Smart Community Workshop

### Inclusive community created together with community residents

#### ■ Cooperation with residents to resolve community issues (Livness town)

As a way to redevelop the Neopolis branded suburban residential complexes we developed in the past, we are working on the Livness Town Projects in eight locations across the nation. In order to make communities more attractive and livable, not only do we need to upgrade hardware, but also must think together with home owners about how to operate and utilize the town on their own. We are working in coordination with our group companies to enhance the lifetime value of each home owner.



Midorigaoka Neopolis  
(Miki City, Hyogo Prefecture)  
Opened in January 2022 a satellite base  
where home owners can drop in casually



Hankyu-kita Neopolis  
(Kawanishi City, Hyogo Prefecture)  
Participated in a local event, aiming to  
build a relationship with home owners

#### ■ Job creation in local areas (COCOLAN)

At Midorigaoka Neopolis, we are working to achieve social inclusion together with mentally challenged employees and part-timers living in local communities through the cultivation of COCOLAN, a miniature variety of moth orchid.

📄 Sustainability Report 2022:  
Community engagement in urban development ▶ P.81

### Contribution to communities through business

#### ■ Contribution to community revitalization through urban development business

From fiscal 2019 to 2021, we implemented initiatives that would revitalize communities for all the urban development projects that Daiwa House Industry involved in from the design stage. As components of these initiatives, we assisted residents in forming and activating community associations and built systems to finance community management with proceeds made from renewable energy sales.

At 14 forest-side towns around Japan, we have been engaged in community development and offering encouragement for relocation, under the Kurasu Mori (forest living) brand established in 2020. We are working to improve customer satisfaction and provide safe and secure living by opening Kurasu Mori Sharing Salon community spaces and an Owners Club Members' site, and by holding exchange events both online and offline.

#### ■ Cooperation with local governments to improve resilience for communities

The Company is promoting initiatives for sustainable community development together with local governments while resolving local issues, taking steps with facility tenants to establish a system for supporting and accepting commuters who have difficulty going home when a disaster strikes. This includes agreements for cooperation during disasters with local governments upon developing new real estate projects, and agreements with the governments of towns in which Neopolis residential districts are located.

📄 Sustainability Report 2022:  
Collaboration with tenants and local community ▶ P.82