

## Policies and Procedures in Determining the Remuneration

### [Principle 3.1 Full Disclosure]

In addition to making information disclosure in compliance with relevant laws and regulations, companies should disclose and proactively provide the information listed below (along with the disclosures specified by the principles of the Code) in order to enhance transparency and fairness in decision-making and ensure effective corporate governance:

- iii) Board policies and procedures in determining the remuneration of the senior management and directors
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### [Remuneration policy]

The Company configures its executive remuneration such that it rewards those who share Daiwa House Group's Purpose and contribute to the creation of medium- to long-term business value and social value with a view to bringing about "a world where we live together in harmony embracing the Joys of Life," commensurate to the role they play and the scale of their contribution.

In the short term, in addition to achieving short-term financial targets to create business value, the system is designed to stimulate efforts to enhance the value of human capital and strengthen the organization for which there is a pressing need to promote in order to realize sustainable growth.

In the medium to long term, in addition to the sustainable improvement of corporate value, the system is designed to motivate initiatives to create social value with a view to achieving "a world where we live together in harmony embracing the Joys of Life."

### [Remuneration determination procedure]

The Company strives to ensure independence and objectivity with respect to making decisions on specifics of executive remuneration and amounts paid to executives, and with respect to procedures for handling resolutions in that regard. Accordingly, the Board of Directors makes such decisions after matters have been discussed by the Remuneration Advisory Committee, a majority of whose membership consists of independent Outside Directors and is chaired by an independent Outside Director.

In addition, annual bonus amounts to be provided to Directors in relation to operating performance in a particular fiscal year are to be introduced as proposals at annual General Meetings of Shareholders in order to elicit the preferences of shareholders.

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<Matters to be deliberated on by the Remuneration Advisory Committee>

- Policies regarding Director remuneration, etc.
- Plans for Director remuneration
- Amounts of Directors remuneration to be paid on an individual

[Purpose and summary of Remuneration]

The purpose and the summary of the elements making up the incentive scheme are as follows.

<Basic remuneration>

All Directors and Audit & Supervisory Board Members are eligible to receive a monetary sum of fixed compensation (supervisory and executive compensation) corresponding to their roles and responsibilities as consideration for “fulfilling responsibilities” of management supervision and business execution. The Company does not provide a retirement benefit.

Per resolution of the General Meeting of Shareholders, remuneration paid to Directors is limited to 70 million yen per month, and remuneration paid to Audit & Supervisory Board Members is limited to 18 million yen per month.

<Annual bonus>

Directors for operational execution are eligible to receive a monetary sum of performance-linked remuneration based on the degree of achievement of short-term financial and non-financial targets set by the Company as an incentive for achieving short-term financial targets (operating income and ROIC) and short-term non-financial targets such as improving the value of human capital and strengthening organizational capabilities.

<Share-based remuneration>

Directors (excluding Outside Directors) are eligible to receive the following two types of share-based remuneration to provide incentive to continuously improve the Company’s corporate value and to further align their interests with those of shareholders.

(1) Service-based restricted share-based remuneration

This remuneration is awarded in order to encourage commitment to management with an awareness of the stock price.

This is a system under which shares of Company stock are awarded to Directors of the Company contingent upon continuously holding the position of Director during each fiscal year of the term of the Medium-Term Management Plan.

(2) Performance-linked restricted share-based remuneration

This remuneration is awarded in order to encourage recipients’ commitment to ESG management.

This is a system in which shares of Company stock are awarded based on the degree of

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achievement of environmental indicators set by the Company for each fiscal year during the term of the Medium-Term Management Plan (KPI: environmental indicators set in the Seventh Medium-Term Management Plan).

### [Determining amount of remuneration]

In conjunction with the policy detailed above, the Company strives to ensure that approximately 20% of the total remuneration awarded to Directors for operational execution is awarded in the form of share-based remuneration in order to provide incentive to enhance corporate value over the medium to long term.

The method by which amounts of performance-linked remuneration are determined is as follows.

#### <Annual bonus>

The total amount to be paid shall not exceed 1.5 billion yen per year, and shall be paid upon resolution of the Board of Directors after matters have been discussed by the Remuneration Advisory Committee chaired by an Outside Director. The amount of individual payments is determined based on overall considerations, using the achievement of short-term financial and non-financial targets set by the Company as an indicator.

#### <Share-based remuneration>

##### (1) Service-based restricted share-based remuneration

In order to provide incentive to continuously improve the Company's corporate value and to further align their interests with those of shareholders, Directors (excluding Outside Directors. Hereinafter referred to as "eligible Directors") are eligible for the award of restricted share remuneration in the form of stock at the end of the period in which the eligible Directors performed their duties, namely, the period from the date of the Ordinary General Meeting of Shareholders to the date of the following year's Ordinary General Meeting of Shareholders (hereinafter referred to as the "Period of Service"). This system has been introduced by resolution of the 83rd Ordinary General Meeting of Shareholders on June 29, 2022, and will be added to executive remuneration from the following fiscal year onwards.

Under this system, monetary compensation claims are paid to eligible Directors on the condition that they continuously hold the position of Director (hereinafter referred to as "Position of Director") throughout the Period of Service; Eligible Directors pay all such monetary compensation claims in the form of in-kind contributions to receive the issuance or disposal of Company stock. In connection with the issuance or disposal of Company stock and the payment of monetary compensation claims in the form of in-kind contributions, the Company and the eligible Director shall enter into a restricted share allocation agreement stipulating restrictions on the transfer of Company stock until the time immediately following his or her retirement or

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resignation from the position of director, executive officer, executive officer not serving as a director, corporate auditor, employee, consultant, or equivalent position (hereinafter referred to as the Executive Position) of the Company or a subsidiary of the Company.

The number of shares to be allocated to each eligible Director under the system shall be the number of shares obtained by multiplying the base number of shares allocated (in the system, hereinafter referred to as the “Base Share Allocation”) by a coefficient determined based on the period of service (hereinafter referred to as the “Period of Service Coefficient”) and allocation shall be made at the end of the Period of Service.

However, in the event that a Director retires from the Position of Director due to the expiration of his or her term of office or other justifiable reason (excluding due to death) before the date of the first Ordinary General Meeting of Shareholders to be held after the end of the Company’s single fiscal year (hereinafter referred to as the “Performance Evaluation Period”) (hereinafter referred to as the “Vesting Date”), or in the event that a Director retires from the Position of Director due to the expiration of his or her term of office or other justifiable reason (including due to death) on or after the Vesting Date but prior to the date of issuance or disposal of Company stock, the Company shall pay a monetary amount within a certain period after his or her retirement.

### **1) Method of calculating monetary compensation claims under the system**

The amount of monetary compensation claims to be paid to each eligible Director shall be the amount obtained by multiplying the final number of shares to be allocated to the eligible Director under the system (in the system, hereinafter referred to as the “Final Share Allocation”) by the per share payment amount.

### **2) Method of calculating Final Share Allocation and final payment amounts**

The Final Share Allocation will be the number of shares obtained by multiplying the Base Share Allocation by a Period of Service Coefficient.

However, in the event that a Director retires from the Position of Director due to the expiration of his or her term of office or other justifiable reason (excluding due to death) before the Vesting Date, or in the event that a Director retires from the Position of Director due to the expiration of his or her term of office or other justifiable reason (including due to death) on or after the Vesting Date but prior to the date of issuance or disposal of Company stock, a monetary sum (in the system, hereinafter referred to as the “Final Payment Amount”) equal to the Final Share Allocation multiplied by the closing price for common shares of Company stock on the Tokyo Stock Exchange for said date of retirement (if no transactions were conducted on that date, then the closing price for the most recent date of transactions prior to that (however, when said date of retirement falls on or after the date of the Board Stock Option Resolution, then the payment amount shall be based on the Board Stock Option Resolution)) shall be paid

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within a certain period after his or her retirement.

(Final Share Allocation and Final Payment Amount calculation formulas)

Final Share Allocation = A) Base Share Allocation × B) Period of Service Coefficient

Final Payment Amount = Final Share Allocation × Closing price for Company stock on the date of retirement from the Position of Director (if no transactions were conducted on that date, then the closing price on the most recent date of transactions prior to that (however, when the date of retirement falls on or after the date of the Board Stock Option Resolution, then the payment amount shall be based on the Board Stock Option Resolution)).

### A) Base Share Allocation

The Company Board of Directors shall determine in advance the Base Share Allocation issued to each eligible Director. However, in light of the maximum amount of share-based remuneration permitted under the system, this amount shall be adjusted within a reasonable range when necessary to reduce the Base Share Allocation issued to eligible Directors.

### B) Period of Service Coefficient

Period of Service Coefficient = Months of service / Number of months in the Period of Service (12)

(Notes) 1. Months of service shall be calculated as the number of months from the month following the month of the date of the Ordinary General Meeting of Shareholders on which the Period of Service begins (hereinafter referred to as the “Period of Service Start Date”), up to the month of the date on which the eligible Director retires from the Position of Director.

2. If the Period of Service Coefficient exceeds 1, then the coefficient shall be set as 1.

## (2) Performance-linked restricted share-based remuneration

The Company awards restricted shares in the form of stock to eligible Directors based on the degree of achievement of performance goal during the Performance Evaluation Period in order to provide incentives to continuously improve the Company’s corporate value and to further align interests with those of shareholders. This system has been introduced by resolution of the 83rd Ordinary General Meeting of Shareholders on June 29, 2022, and will be added to executive remuneration from the following fiscal year onwards.

Under this system, monetary compensation claims are paid to eligible Directors in line with the degree of achievement of performance goal during the Performance Evaluation Period. Eligible Directors pay all such monetary compensation claims in the form of in-kind contributions to receive the issuance or disposal of Company stock. In connection with the issuance or disposal of

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Company stock and the payment of monetary compensation claims in the form of in-kind contributions, the Company and the eligible Director shall enter into a restricted share allocation agreement stipulating restrictions on the transfer of Company stock until the time immediately following his or her retirement or resignation from the Executive Position.

The number of shares to be allocated to each eligible Director under the system shall be the number of shares obtained by multiplying the base number of shares allocated (in the System, hereinafter referred to as the “Base Share Allocation”) by a coefficient determined according to the degree of achievement of performance goal (hereinafter referred to as the “Performance Goal Achievement Coefficient”) and allocation shall be made after the Vesting Date following the end of the Performance Evaluation Period. However, in the event that a Director retires from the Position of Director due to the expiration of his or her term of office or other justifiable reason (including due to death) on or after the Vesting Date but prior to the date of issuance or disposal of Company stock, the Company shall pay a monetary amount within a certain period after his or her retirement.

### 1) Method of calculating monetary compensation claims under the system

The amount of monetary compensation claims to be paid to each eligible Director shall be the amount obtained by multiplying the final number of shares to be allocated to the eligible Director under the system (in the system, hereinafter referred to as the “Final Share Allocation”) by the per share payment amount.

### 2) Method of calculating Final Share Allocation and final payment amounts

The Final Share Allocation will be the number of shares obtained by multiplying the Base Share Allocation by the Performance Goal Achievement Coefficient. However, in the event that a Director retires from the Position of Director due to the expiration of his or her term of office or other justifiable reason (including due to death) on or after the Vesting Date but prior to the date of issuance or disposal of Company stock, a monetary sum (in the System, hereinafter referred to as the “Final Payment Amount”) equal to the Final Share Allocation multiplied by the closing price for common shares of Company stock on the Tokyo Stock Exchange for said date of retirement (if no transactions were conducted on that date, then the closing price for the most recent date of transactions prior to that (however, when said date of retirement falls on or after the date of the Board Stock Option Resolution, then the payment amount shall be based on the Board Stock Option Resolution)) shall be paid.

(Final Share Allocation and Final Payment Amount calculation formulas)

Final Share Allocation = A) Base Share Allocation × B) Performance Goal Achievement Coefficient

Final Payment Amount = Final Share Allocation × Closing price for Company stock on the date of retirement from the Position of Director (if no transactions were conducted on that date, then the closing price on the most recent date of transactions prior to that (however, when the date of retirement falls on or after the date of the Board Stock Option Resolution, then the payment amount

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shall be based on the Board Stock Option Resolution)).

### A) Base Share Allocation

The Company Board of Directors shall determine in advance the Base Share Allocation issued to each eligible Director. However, in light of the maximum amount of share-based remuneration permitted under the system, this amount shall be adjusted within a reasonable range when necessary to reduce the Base Share Allocation issued to eligible Directors.

### B) Performance Goal Achievement Coefficient

The Performance Goal Achievement Coefficient is calculated based on the environmental indicators (CO2 emissions reduction (business activities) and CO2 emissions reduction (building use phase) and CDP climate change score) specified in the Company's Seventh Medium-Term Management Plan as performance evaluation indicators, and based on the finalized figures for the Performance Evaluation Period (initially the 84th fiscal year (FY2022)), the Performance Goal Achievement Coefficient is calculated according to the following formula. Refer to the tables below for the items (1), (2) and (3).

(Formula for calculating Performance Goal Achievement Coefficient)

Performance Goal Achievement Coefficient = {(1) CO2 emissions reduction (business activities (\*1)) + (2) CO2 emissions reduction (building use phase (\*2))} × (3) CDP climate change score (\*3)

\*1 CO2 emissions from the Company Group's offices, factories, construction sites, business facilities, etc.

\*2 CO2 emissions arising from the use phase of homes and buildings sold and developed by the Company Group

\*3 CDP, an international non-profit organization, surveys more than 14,000 companies around the world and evaluates their responses and strategies to climate change on an 8-point scale.

(Note) If the Performance Goal Achievement Coefficient exceeds 1, then it is set at 1.

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(1) CO2 emissions reduction (business activities) and (2) CO2 emissions reduction (building use phase)

Degree of Achievement of Performance Goal	Performance Goal Achievement Coefficient
100% or more	0.5
80% to less than 100%	0.4
60% to less than 80%	0.3
40% to less than 60%	0.2
20% to less than 40%	0.1
Less than 20%	0

(3) CDP climate change score

CDP Score	Performance Goal Achievement Coefficient
A	1.20
A-	1.10
B	1.00
B-	0.95
C	0.90
C-	0.85
D	0.80
D-	0.75



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### [Stockholding guidelines]

The Company encourages its executives and employees to maintain holdings of its shares through shareholder associations and other such entities with the aims of cultivating the notion that their interests are in alignment with those of shareholders and giving rise to actions that exhibit respect for interests of shareholders.

In particular, the Company has established the stockholding guidelines described below with respect to its managers and managerial candidates who play important roles in ensuring the Companies sustainable growth and increasing its medium- to long-term corporate value. These guidelines generally specify that such parties are to maintain holdings amounting to a certain number of the Company's shares.

### <Stockholding guidelines>

Directors of the Company: In principle, Directors of the Company should have at least 6,000 Company's shares within three years of their appointment

Executive officers: In principle, Executive officers should have at least 3,000 Company's shares within three years of their appointment

Directors of Group companies: In principle, Directors of Group companies should have at least 2,000 Company's shares within three years of their appointment

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Reference: Executive remuneration system

	Basic remuneration	Bonus	Share-based remuneration	
			Service-based restricted share-based remuneration	Performance-linked restricted share-based remuneration
Directors for operational execution	○	○	○	○
Outside Directors	○	—	—	—
Audit & Supervisory Board Members	○	—	—	—
(Resolution of a General Meeting of Shareholders)	(Directors) 57th Ordinary General Meeting of Shareholders held on June 27, 1996 (Audit & Supervisory Board Members) 80th Ordinary General Meeting of Shareholders held on June 25, 2019	85th Ordinary General Meeting of Shareholders held on June 27, 2024	83th Ordinary General Meeting of Shareholders held on June 29, 2022	83th Ordinary General Meeting of Shareholders held on June 29, 2022
(Note)	Retirement benefits were discontinued as of the 66th Ordinary General Meeting of Shareholders held on June 29, 2005			