Daiwa House Industry and Daiwa House Group are international building and construction companies with over 160 years of history. Our Business Philosophy, Guided by Our Founder’s Spirit, is to deliver reliable products and services that are of the highest quality and are tailored to the specific needs and preferences of our customers. The Daiwa House Group Sustainability Report 2020, issued annually, sets out our business performance, corporate governance, social and environmental activities for the fiscal year ended March 31, 2020, as well as our future plans.

Purpose of Publication

To realize management sustainability, the Daiwa House Group has divided the Sustainability Report 2020 (hereafter “this report”) by three purposes.

1. **Accomplish accountability:** As a group that maintains the stance of Co-creating a Brighter Future, we will take accountability for contributions to society and the environment as well as reduction in environmental impacts through business.

2. **Acquire appropriate third-party evaluations:** We will disclose information based on requests from stakeholders who are particularly interested in corporate ESG, including corporate assessment agencies, long-term investors, NGOs, and experts. We especially understand that ESG assessment items of corporate assessment agencies are “a collection of the expectations and demands of a global society and stakeholders,” and are aiming to acquire appropriate evaluations.

3. **Utilization for improvements in management:** As part of the “third-party checks” that we use in the PDCA cycle of management, we make improvements by implementing the points cited in third-party ESG evaluations and dialogues reported herein. We feed back the results of ESG evaluations through important meetings to persons in the company like the sustainability representatives from each department who were involved in the preparation of this report, in addition to the key officers who have close relationships with stakeholders, department managers and others who were interviewed for this report.

Page Layout, Included Content

- This report is broadly comprised of three parts, namely “Managerial Philosophy and Overall Picture,” “Implementation Report,” and “Third-Party Assessment / Data Section.”

- The “Implementation Report” brings into focus the individual efforts taken for each element of ESG (Environment, Society and Governance).

- It also reports on “Commitment from the Executive Officer in Charge” for each category, as well as the progress of initiatives for respective priority issues of the Action Plan for the Environment (P027) and the Social Medium-Term Plan (P079) that we started in fiscal 2019.

- The description of “Corporate Governance,” as is listed in the Contents, is limited to corporate governance (P158–166) as pertains to supervision and decision making, while measures taken to enhance governance with a focus on internal control are in this report positioned in the social domain, and are reported in the chapter on “Risk countermeasures base” (P137–156).

【Managerial Philosophy and Overall Picture / P001–018】

Through our founder’s spirit, core philosophy and Medium-Term plan, we will explain the relationship between our Group’s business and ESG as well as the contributions to society and the environment.

【Implementation Report / P020–166】

- Each category of ESG (Environment, Society and Governance), together with being outlined in “Commitment from the Executive Officer in Charge,” is also organized and systematically reported on by their respective key issues in “Basic Policy and Concept,” “Management” and “Main Approach.”

- Reports are offered on corporate governance and the structure that underpins the building of good relationships with stakeholders (customers, employees, business partners, local communities and shareholders) through business and contributions to the global environment.

【Third-Party Assessment / Data Section / P168–214】

Along with a self-assessment of results achieved with the Action Plan for the Environment and the Social Medium-Term Plan, we list third-party assessments and detailed data related to society and the environment.

【Reporting Media】

The Sustainability Report is published in both Japanese and English.

【Target Readers】

The target readers include a wide range of stakeholders such as corporate assessment agencies, long-term investors, NGOs and experts as well as customers, business partners, employees, local communities (including NPOs) and the government.

【Reporting Organizations】

The report is centered on Daiwa House Industry and Daiwa House Group companies (317 consolidated subsidiaries, 40 equity-method affiliates and 2 non-equity-method affiliates as of March 31, 2020).  

【Report Period】

The report mainly focuses on the 2019 fiscal year (April 1, 2019 to March 31, 2020) but activities before and after this fiscal period are included when necessary.

【Referential Guidelines】


【Issued】

July 2020 ( Issued once a year, next issue scheduled for July 2021)
Contents

Chapter 00 Managerial Philosophy and Overall Picture

- Business Philosophy Guided by Our Founder’s Spirit
  Origins of the Daiwa House Group ........................................... 001
  Editorial Policy / Contents .................................................. 003
  Company Summary .......................................................... 005
  Message from the President ............................................... 007
  Realizing Management Vision that Embodies Our Founder’s Spirit ............................................... 011

- Framework for Management Implementation
  The Daiwa House Group’s value-creation process ..................... 013
  Medium-Term Plan for Achieving Our Management Vision .......... 015
  Governance definition / Enhancing governance ..................... 017

Chapter 01 Implementation Report Environment

Management
Commitment from the Executive Officer in Charge ..................... 021
Long-Term Environmental Vision ........................................... 024
Action Plan for the Environment (Endless Green Program) .......... 027
General (Expand environmental contribution business) ............... 029
Reinforcing the foundation of environmental management .......... 030
Environmental Management
  Supply Chain Management (Environment)
  Eco Communication

Focal theme
1. Slowing and adapting to climate change (Energy) ................. 037
2. Harmony with the Natural Environment (Preservation of Biodiversity) .......................................................... 047
3. Conservation of Natural Resources / Water Resource
   Conservation (Longer Durability / Waste Reduction) ............. 053
4. Prevention of Chemical Pollution ..................................... 059

Chapter 02 Implementation Report Society

Management
Commitment from the Executive Officer in Charge ..................... 065
CSR Management .................................................................. 068
Human Rights Management .................................................... 071
Social Medium-Term Plan (Endless Social Program) ................. 077

Focal theme
1. Innovation base .................................................................. 083
   Issue 1: Build platforms for innovating solutions to social issues
   Issue 2: Promote social inclusion in real-estate development
   Intellectual property strategy
   Developing disaster-resilient products
   Developing products to solve challenges facing society

2. Human resources base ....................................................... 095
   Issue 3: Work style reform for employees
   Issue 4: Upgrade human resource development and recruitment
   Issue 5: Promote diversity and inclusion

3. Technology and manufacturing base ................................ 109
   Issue 6: Enforce safety/security at construction sites
   Issue 7: Improve productivity in manufacturing operations with the cooperation of business partners
   Issue 8: Promote and improve the efficiency of CSR procurement across the Group

4. Customer base .................................................................. 121
   Issue 9: Upgrade corporate communications
   Issue 10: Promote customer support to maintain long-term relationships

5. Communication base ....................................................... 127
   Issue 11: Integrate and upgrade financial and nonfinancial communications
   Issue 12: Keep pace with rapidly evolving communication environments
   Community Service and Co-creation Activities: Contribution to Local Communities

6. Risk countermeasures base ............................................... 137
   Governance Enhancement Measures
   Issue 13: Prepare business continuity plans on the premise of natural disasters/extreme weather
   Issue 14: Establish human rights due diligence at plants
   Issue 15: Establish corporate ethics and compliance rules
   Issue 16: Build management base for global business development from a long-term perspective
   Internal Control
   Risk Management
   Anti-corruption

Chapter 03 Implementation Report Corporate Governance

Management
Commitment from the Executive Officer in Charge ..................... 159
Corporate Governance .......................................................... 162

Chapter 04 Third-Party Assessment / Data Section

- Cooperating with Third Parties and Their Assessment
  Cooperating with Third Parties ............................................ 169
  Main certifications and awards ............................................ 171
  Inclusion in ESG indices ..................................................... 173

- Data Section
  Corporate Data / Financial Information ................................ 175
  Medium-Term Plan Self-Assessment Indices .......................... 179
  Environmental Data ............................................................ 183
  Glossary ........................................................................... 215

- Third-Party Assurance Report
  Third-Party Assurance Report ............................................. 217

- Editorial Postscript
  Editorial Postscript ............................................................ 218

Information on GHG in this report has received third-party certification, and an accompanying mark indicates all data subject to such certification. (See Third-Party Assurance Report on P217.)