

Implementation Report

Society

CHAPTER

02

Main results in fiscal 2023

▶ Ratio of females in management

Non-consolidated	Consolidated
5.8%	6.2%

▶ Ratio of childcare leave taken by male employees

Non-consolidated	Consolidated
66.5%	57.6%

▶ Average female salary as percentage of male

Non-consolidated	Consolidated
57.9%	49.1%

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■ Human rights management


Basic policy on respect for human rights


In January 2018, after gaining an understanding of the corporate responsibility to respect human rights set forth in the United Nations Guiding Principles on Business and Human Rights, and after receiving advice from outside experts, we established the Daiwa House Group Human Rights Policy following a Board of Directors resolution in December 2017.

It is clearly stated in the Daiwa House Group Principles of Corporate Ethics and Code of Conduct established in January 2004 (revised in April 2022) that: “we respect basic human rights and the dignity of all people, we shall not discriminate against anyone on the grounds of race, nationality, ethnicity, gender, sexual orientation, gender identity, disability, age, creed, religion, or social status, and we shall not engage in workplace harassment.” We also prohibit forced labor and child labor in Group companies and our supply chains. The Daiwa House Group Principles of Corporate Ethics and Code of Conduct has been translated into English and Chinese to ensure it is conveyed to employees worldwide.

The company also stipulated new harassment prevention regulations pursuant to revisions in relevant laws in June 2020.


 [Daiwa House Group Principles of Corporate Ethics and Code of Conduct](#)

 [Daiwa House Group Human Rights Policy \(PDF\)](#)

 P062 [Response to employee harassment issues](#)

• The Supply Chain Sustainability Guidelines

In fiscal 2023, the Daiwa House Group revised the Supply Chain Sustainability Guidelines, which establish principles that underline the responsibilities we expect of our business partners regarding human rights, quality, safety, environment, and compliance. The Guidelines clearly set forth the importance of human rights to ensure our business partners understand the Daiwa House Human Rights Policy.


 [Supply Chain Sustainability Guidelines](#)

• Timber Procurement Policy to Achieve Zero Deforestation

In 2021, we adopted a timber procurement policy aimed at achieving zero deforestation. In accordance with this policy, we aim to purchase timber only from suppliers that handle products harvested or manufactured with due consideration for the safety and rights of workers and indigenous peoples in the country of origin.

• CSR Procurement Policy of Daiwa House Industry's Procurement Department

Based on the Supply Chain Sustainability Guidelines, Daiwa House Industry has established a more detailed Procurement Department CSR Procurement Policy that applies to all business partners in Japan that have dealings with the Procurement Department. Under this policy, we are promoting initiatives for legal compliance, human rights and labor issues, and environmental preservation.

 [Daiwa House Industry Procurement Department CSR Procurement Policy \(Japanese text only\)](#)

Management

Structure relating to human rights issues

In the Daiwa House Group, the momentum for human rights protection is increasing across our entire supply chain as well as in our own business activities. To build on it, in October 2021 we established the Human Rights Promotion Department within our Management Administration Headquarters. In addition, human rights awareness-raising promoters are assigned at our branch offices and Group companies to create a system to immediately respond to and report individual human rights problems. To facilitate access to consultation, harassment prevention experts are appointed as well as the human rights awareness-raising promoters at every branch office in a way that maintains gender diversity to make consultations regarding harassment easier.

Information received by whistleblowing hotlines is reported to the President and CEO by the director responsible for human rights every month.

The information is also reported with other risks to the

Internal Control Committee once every six months and shared by Committee members.

■ Main committees/departments relating to human rights and themes discussed therein


Committee/department	Main themes discussed (human rights-related)
Human Rights Promotion Department	Human rights in general, harassment, whistleblowing hotlines (Human Rights Hotline)
Human Resources Department	Wages, work hours, freedom of association, collective bargaining rights, etc.
Engagement Promotion Department	Whistleblowing hotlines (Partners Hotline)
Disciplinary Committee	Deliberation of inappropriate behavior and disciplinary action
CSR Procurement Subcommittee	Human rights in supply chains
Human rights awareness-raising promoters and harassment prevention experts	Provides consultation relating to human rights at each branch office

System for human rights awareness-raising

The company is aware that our business can impact on human rights. We are therefore working on a system for undertaking human rights due diligence based on the procedures set forth in the United Nations Guiding Principles on Business and Human Rights.

• Creating a human rights risk map

As the first step of our human rights due diligence, we painted a clear picture of our overall assessment in terms of identifying human rights risks in supply chains and their impact. In fiscal 2023, we conducted surveys of our business partners regarding human rights risk related to our business based on the standards set by the government and public organizations, and created a “human rights risk map” from the results.

 P063 [Identifying and assessing negative impacts on people in human rights due diligence](#)

■ Human rights management

· Engagement Survey

The Daiwa House Group conducts the Group Employee Engagement Survey annually as a monitoring survey that visualizes employees' work motivation, risk behavior, and engagement. The survey includes questions about human rights and harassment to keep track of potential harassment. The results of the Engagement Survey are compiled for and fed back to each department so that all departments can discuss which items need to be strengthened. We have established measures and are working to improve employee engagement.

· Letter of consent on the Supply Chain Sustainability Guidelines and implementing self-checks

For our business partners, we have established the Supply Chain Sustainability Guidelines as a comprehensive code of conduct concerning human rights, labor practices, anticorruption (including bribery), quality, safety, environment, and compliance. We require our tier-one business partners in Japan to submit a letter of consent to the Guidelines. We call on our business partners to operate their businesses in a way that is free of harassment, child labor, and forced labor in accordance with the Supply Chain Sustainability Guidelines. In addition, business partners are asked to answer regular self-checks based on the Guidelines. We collect the results to confirm and monitor the degree of implementation.

 [Supply Chain Sustainability Guidelines](#)

· Questionnaire survey with business partners

We conduct a questionnaire survey with business partners once a year to check for inappropriate conduct by our employees in their dealings with business partners. The annual questionnaire survey is anonymous and sent to members of the confederation of our partner companies.


Results of questionnaire surveys are fed back to all branch offices, which are encouraged to submit and implement improvement plans. We also explain the results and improvement plans to our business partners to build a healthy and positive relationship with them.

 [P090 Encouraging business partners in CSR procurement](#)

[P091 Resolving problems in relations with business partners originating with our employees](#)

· Questionnaire survey on human rights of foreign workers

We conducted the first "Questionnaire survey on human rights of foreign workers" in fiscal 2022 to survey unjust employment conditions for foreign workers at construction sites such as unpaid wages. As a result of the survey, we found items that need to be corrected or improved, mainly those related to the working conditions and working environment for foreign workers. Our human rights risk map has identified human rights issues regarding foreign workers as High Priority and will push for business partners to make improvements.

 [P063 Identifying and assessing negative impact on people in human rights due diligence](#)

· Ensuring compliance with timber procurement policy aimed at achieving zero deforestation

The Group is also taking action on human rights with respect to timber, which is used in large volumes in the construction industry and carries a high risk of violating the human rights of indigenous inhabitants of production areas. We therefore included items on human rights in zero deforestation policy that requires our suppliers to protect human rights in the country of origin of the timber that they supply. We also requested suppliers to establish policies on labor and human rights by 2030, and the policy prohibits procurement of timber from suppliers that fail to establish these policies.

 [P035 Challenge ZERO Deforestation](#)

· Conducting human rights due diligence with sources of centralized purchasing

The Procurement Department undertakes human rights due diligence with suppliers to prevent risks materializing in supply chains and prevent their occurrence in the first place. We conduct a questionnaire survey on human rights, working environment, harassment, foreign workers, and risks in procurement of raw materials and surveyed partners have responded. We convert the answers into scores and take steps to address areas where risks have become evident by communicating with the relevant business partners. We also hold presentations about human rights due diligence during regular meetings with business partners. In this way, we endeavor to prevent risks from occurring as well as raise awareness of human rights issues in supply chains.

Human rights awareness-raising activities for employees

· Human rights awareness-raising training

The Daiwa House Group is focused on training to raise awareness of human rights for obtaining proper knowledge. All employees across the Group, including managers, attend training courses on human rights awareness-raising at least once a year. Further, a program of ongoing job grade-specific training for executives, managerial staff, chief staff, and new recruits to ensure that they fulfill their responsibilities with regard to human rights in accordance with their roles.

· Harassment training

The company provides job grade-specific training for employees (including executives) on our harassment prevention system, including basic knowledge on all types of harassment, our Harassment Prevention Regulations, and how hotlines are run so that they can respond calmly when they notice someone is being harassed. All employees are also encouraged to undertake regular harassment self-checks to reflect on their words and actions and update their knowledge of harassment so that they can improve their actions.

■ Human rights management

Various whistleblowing systems

The Daiwa House Group has several whistleblowing hotlines, accessible to all stakeholders, in place to check, detect, and correct infringements of human rights, violations of law, and acts of dishonesty at an early stage. When solving reported problems, in accordance with the Whistleblowing Protection Act and the company regulations, the intention of the consulters is respected and the facts are confirmed through interviews with people involved and other means and then efforts are made to take appropriate actions and prevent recurrences.

A Risk Management Subcommittee has been established comprising the departments in charge of the consultation hotlines. This subcommittee regularly monitors the status of responses to the inquiries made through the hotlines and reports critical cases to the appropriate internal organization such as the Board of Directors and Disciplinary Committee.

· Protection of whistleblowers

Seeking to enhance the rationality and uniformity of these whistleblowing systems, the Daiwa House Group Whistleblowing Regulations were formulated to apply to all such systems with the exception of the Auditors' Whistleblowing System*. In order to protect whistleblowers, these regulations clearly state that any information that may identify whistleblowers, the content of their reports, evidence, and so forth is strictly confidential, that identifying whistleblowers without good reason is prohibited, and that discriminatory treatment of whistleblowers or those who took part in ascertaining the truth of such cases is prohibited. All whistleblowing hotlines accept anonymous reporting to protect whistleblowers.

* The Auditors' Whistleblowing System has a different nature as it allows access to Auditors, who are outside of the company's business execution functions, and is separately covered by the Auditors' Whistleblowing Regulations.



P155 Social Data 1-1

The results of the whistleblowing system operation

■ Scope and operation of whistleblowing systems

Whistleblowing system	Division	Purpose	Scope	Main means of reporting
Human Rights Hotline	Human Rights Promotion Department	Detect harassment and other human rights infringements early and work to resolve them. Field complaints and work to rectify issues when blatant unfairness is suspected in performance evaluations.	All employees of Daiwa House Group*	Telephone, Email
Risk Information Hotline	Legal Department	Collection of information on and addressing risks, non-compliance, and irregularities across the entire group in line with our Risk Management Regulations.	All employees of Daiwa House Group*	Telephone, Intranet reporting form
Partners Hotline	Engagement Promotion Department	Early detection and resolution of problems that may lead to violations of law or other inappropriate behavior by Group employees in their relationships with business partners (including labor problems, human rights, and preventing corruption).	All business partners that deal with Daiwa House Group	Telephone, Website (external from fiscal 2024)
Lawyer Hotline	Legal Department	Establish external consultation hotline to improve psychological safety and expand channels for gathering risk information.	All employees of Daiwa House Group*	Telephone (external), Email (external)
Global Whistleblowing System	Legal Department	Provide a whistleblowing system that allows reports from overseas worksites in their local languages. * The languages supported are those of the Group's main overseas worksites.	All employees of Daiwa House Group based in overseas*	Email (external)
Auditors Whistleblowing System	Audit and Supervisory Board Member's Office	In line with Supplementary Principle 2.5.1 of the Corporate Governance Code of Japan, more objective verification and appropriate action can be taken due to the establishment of a means of direct reporting to Auditors, who have a supervisory function independent from operation departments.	All employees of Daiwa House Group*	Intranet reporting form
Reporting using the form available on the Daiwa House Industry Official website	Depends on content	Accept inquiries from community residents or other stakeholders and take appropriate action.	Community residents or other stakeholders	Form on the Daiwa House Industry Official website
Customer Consultation Service	CS Promotion Department	Established a system for sincerely and quickly responding to complaints and opinions received from customers on the basis of company rules that comply with the ISO 10002 international standards for complaint handling aimed at consumer protection.	Customers	Telephone, Email, Form on the Daiwa House Industry Official website

* Anyone—director, employee (whether full-time, post-retirement specially commissioned, limited-term contractual, part-time, temporary)—working for Daiwa House Group within one year of the incident-report date.

■ Human rights management

Management of employees' work hours

Every year, the Human Rights Hotline (a whistleblowing hotline available to all Daiwa House Group employees) receives calls seeking an improvement in working conditions. In view of this feedback, to ensure against infringement of fundamental labor rights we have deployed at all branch offices a PC-based daily attendance management system as an initiative to track actually worked hours. The system records and centrally manages data on employees' arrival and departure times, their overtime hours, and other relevant data.

Response to employee harassment issues


The Human Rights Hotline fields calls about harassment and works to detect and resolve harassment in the workplace. Harassment prevention experts appointed at branch offices around the country are given backup and advice as needed by the Human Rights Promotion Department of the Head Office on how to handle and resolve harassment cases. They also attend regular specialized training courses on harassment. At the courses held in fiscal 2023, participants roleplayed being consulted at a branch office, held a round-table discussion, and exchanged information.

With regard to sexual harassment, in addition to distributing to all employees an anti-harassment guidebook aimed at preventing sexual harassment and raise awareness of self-defense, all women salespeople are equipped with personal safety alarms. Rules were also established to cover visits to clients and participation in social gatherings in the course of sales activities to prevent sexual harassment outside the company.

Main approach

Stakeholder engagement in applying human rights due diligence

The Daiwa House Group cooperates with various groups from the perspective of human rights due diligence for the purpose of solving human rights issues and hold ongoing discussions with human rights groups and other NGOs. Also, as part of human rights due diligence in fiscal 2023, we conducted a questionnaire survey of our business partners to identify the negative impact on people in our supply chains, measured the severity of the impact, and determine the order of priority for taking action. To supplement this, we also interviewed five companies (suppliers and subcontractors). We will reflect the results of these activities in the "order of priority for taking action" component of the human rights risk map and clarify themes and formulate measures for future human rights due diligence.


 P063 [Identifying and assessing negative impact on people in human rights due diligence](#)

P156 [Social Data 1-4
Engagement with key stakeholders concerning human rights issues](#)

Human rights risk assessment of business partners

We ensure that our business partners respond appropriately to human rights concerns through responses to self-checks in the Supply Chain Sustainability Guidelines.

In fiscal 2023, we also ran three ESG study sessions for business partners (one each on environment, social, and governance). We worked to improve engagement with our business partners by distributing videos of the workshops to those who could not attend.

 P162 [Social Data 4-1
Supply Chain Sustainability Guidelines Agreement
collection rate/Self-check response rate](#)

 [Supply Chain Sustainability Guidelines](#)

· Human rights violations by armed guards

As we expand our business around the world, we may employ security companies to ensure the safety and security of our employees. In fiscal 2023, no human rights violations by armed guards were reported at any of our business partners.

Implementation status of human rights awareness-raising activities for employees

Study sessions were held from February to April 2023 for directors and executive officers. The sessions were conducted by outside experts speaking on evolving harassment risks and included coverage of legal and social risks.

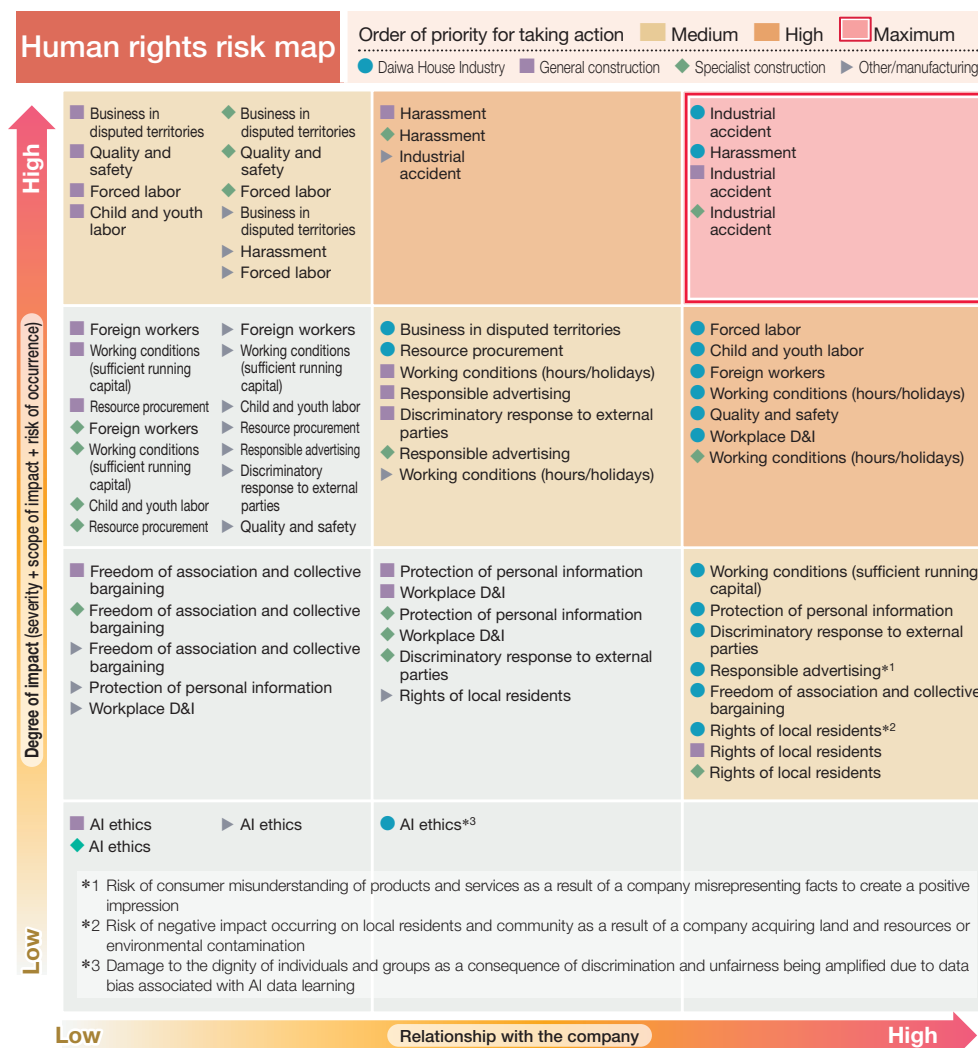
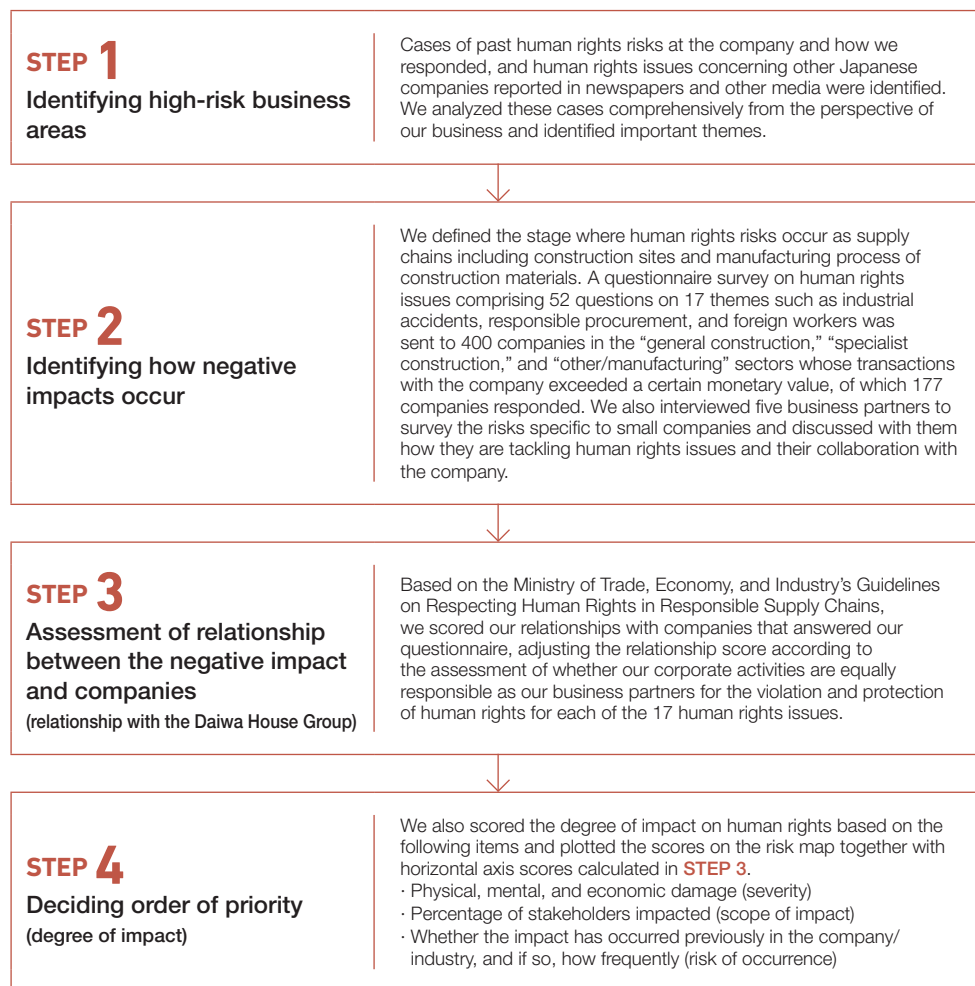
In fiscal 2023, we introduced video teaching materials on the themes of unconscious bias and understanding employees with disabilities to all branch offices and Group companies. We also distributed awareness-raising materials on the United Nations Guiding Principles on Business and Human Rights. By running training courses using these teaching materials, we aim to disseminate Daiwa House Group Human Rights Policy—the fundamentals of the practice of human rights due diligence—throughout the company.

Human rights management

Identifying and assessing negative impact on people in human rights due diligence

Process of identifying human rights risks

As the first step in human rights due diligence, we created a human rights risk map. We identified risks by taking the following steps to identify and assess the negative impact on people based on *Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework* with the goal of preventing and reducing human rights risks in the supply chains for products and services in our business.



Survey results showed a high risk of harassment and industrial accidents at the company (Daiwa House Industry) and a high risk of harassment and industrial accidents at business partners (especially in the general construction, specialist construction, and other/manufacturing sectors) caused by Daiwa House Industry. We will continue to work internally in a collaborative effort to establish structures and management methods to address problems, assigning priority according to survey results.

Human capital

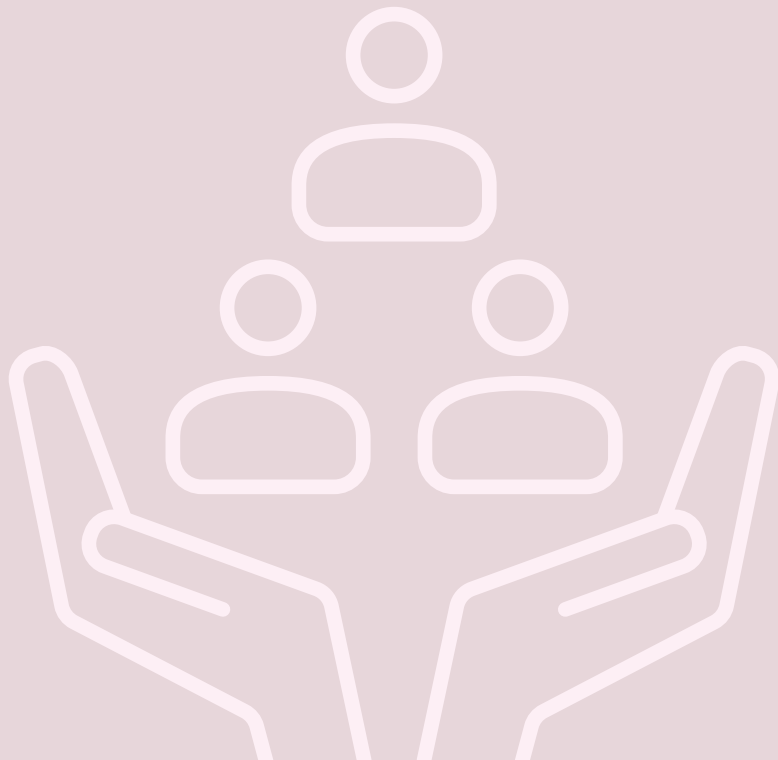
Contributions to SDGs



Human capital

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- 073 Generating new value, DE&I (Diversity, Equity & Inclusion)





Human capital

Employee compliance

Concept and Policy

In light of rising demands and expectations for corporate ethics and compliance from outside the Company, as well as the increase in Group companies in and outside of Japan, the Group has formulated and regularly revises the Daiwa House Group Principles of Corporate Ethics and Code of Conduct. Consequently, the Board of Directors resolved to formulate English and Chinese versions of this document, which it published in April 2022, based on a global perspective and standards, taking into account the laws, regulations, and guidelines of each country. The scope of its application covers all officers and employees of the Group, and the top management of each Group company ensures that their officers and employees strictly adhere to the Daiwa House Group Principles of Corporate Ethics and Code of Conduct, themselves taking initiative and setting an example while being responsible for ensuring transparency and fairness in business operations.

 [↗ The Daiwa House Group Principles of Corporate Ethics and Code of Conduct](#)

 [P101 Internal control](#)

Management


Education for employees on compliance with laws, ordinances, and regulations

In order to promote the acquisition of knowledge of laws, ordinances and regulations and raise the awareness about risk management, we actively implement training programs for corporate compliance. More specifically, we implement training for each class of employee, such as new employees, core employees and managers, in order to cultivate the knowledge and grounding they require, and training for each respective business segment to acquire relevant knowledge of laws, ordinances and regulations and so on. In addition to training programs organized by the Head Office's departments, each branch is encouraged to practice its own compliance-related activities.

Distribution and utilization of “ENGAGEMENT BOOK”

For all employees to put the Principles of Corporate Ethics and Code of Conduct into practice, from fiscal 2004 we have created and distributed the educational booklet “CASEBOOK” to all employees. This booklet introduces concrete case examples so the employees can make decisions in line with the corporate ethics under any circumstances.

Following on from this, in 2024 we published the “ENGAGEMENT BOOK” as a booklet that provides an awareness of improving the work environment and organizational culture. This booklet is structured with an emphasis on “dialogue,” as it also aims to learn about employees’ thoughts and what they value through work. Discovering and improving upon organizational issues through dialogue among supervisors and subordinates, and senior and junior staff, will lead to heightened job satisfaction and other accomplishments.

 [↗ Daiwa House Group's Hopes for the Future \(Purpose\)](#)
(Japanese text only)



ENGAGEMENT BOOK cover

Response to compliance violations

The Company's disciplinary regulations set forth specific disciplinary procedures, standards, etc., with regard to violators of compliance who have been identified through each whistleblowing contact point and questionnaire survey. Violators are reported to the Disciplinary Committee, chaired by the President and CEO which investigates the details of the violation and the cause of its occurrence, and based on that holds violators accountable. The causes of violation cases are shared through awareness-raising activities and various training programs at each branch to prevent recurrence.

 [P061 Various whistleblowing systems](#)

[P059 System for human rights awareness-raising](#)

■ Human capital

Securing and developing human resources linked to business strategies

Concept and Policy

Ever since its founding, the Company has believed that the heightened value of our human resources is the source of our corporate value, based on “developing people through business” as espoused in our Corporate Creed.

For the Group, with its wide-ranging business portfolio, assuring diverse human resources linked to its business strategies is an issue of utmost importance. In recent years, there appears to be an escalating competition to acquire human resources as well as rising mobility of human resources, and given this, questions arise about how to provide appealing work styles and what opportunities for growth can be offered. In addition, there is a demand to create work environments that enable a mutual understanding of respective values by a wide variety of generations and that can accommodate diverse career perspectives.

In fiscal 2023, we formulated our Human Resources Development Policy based on the concept of “Keep Learning, Growing, and Dreaming” in support of employees’ autonomous career development through the building of three foundations (creation of opportunities, coworkers and workplaces) for the growth of all employees.

■ Human Resources Development Policy



In addition, overseas Group companies are promoting local hiring at each location based on the idea of hiring and training local human resources in each country.

□ P160 **Social Data 2-4**
Investment in human resource development

Management

Strengthening competitiveness in recruitment and securing optimal human resources

· New graduate recruitment

In the selection process, starting with new graduates hired in fiscal 2024, we are allowing students to choose between the “To Do Course” (recruitment by business unit and job category) and the “To Be Course” (free selection not depending on business unit and job category)*.

Students who have a clear idea of what they want to do and which of the Company’s businesses they want to be involved in will take the “To Do Course.” On the other hand, students who are interested in the Company but have not yet made a firm decision on the business type or work category they prefer should choose the “To Be Course.” Through the selection process and dialogue with employees, we will assess their individual aptitudes before assigning them to the most suitable type of business or position.

In addition, to sustainably recruit students who are hoping to work in technical positions, we have implemented “recruiting activities” where alumni and alumnae from schools that wish to bolster hiring form close relationships with students at their alma mater. A recruitment team with three alumni/alumnae of different generations is formed for each university or college. The purpose of this program is to build relationships with universities and to make the Company more attractive by conducting extensive university visits and student follow-ups.

* The ability to select the “To Do Course” and the “To Be Course” is available only to those in sales positions. Those in technical positions are limited to the “To Do Course.”

· Mid-career recruitment

The recruitment of human resources who have gained experience at other companies is, we believe, essential to the sustainable growth of the Company from the perspective of ensuring diversity. Given this, we have implemented a referral recruitment program in which we select employees through referrals from our own employees. Referral hiring is a system in which our employees introduce their friends and acquaintances, making it an effective recruitment method from the perspective of high matching rates and retention after employment. In

October 2021, we introduced a system to provide a “referral allowance” to employees when their recommended candidates joined the Company as an incentive to all employees to cooperate in the referral hiring activities. Furthermore, we also hold online seminars related to the construction industry in order to discover potential career changers and endeavor to attract their interest in the Company’s initiatives.

Initiatives to raise interview abilities

Under the leadership of the Human Resource Recruitment and Development Department, all employees at all branches involved in hiring are informed and educated so that they share the same image of the ideal candidate and our hiring criteria. Employees who have undergone interview training by outside instructors serve as interviewers and conduct the selection process to perform recruitment activities not influenced by biases, feelings, or assumptions.

In addition, for new graduate recruitment for fiscal 2025, we have introduced an online interview support system that utilizes AI as an initiative to further raise interview abilities.

Nurturing human resources through workplace practice

We believe that employee growth is achieved through “practice” in the workplace, and therefore consider OJT to be of the utmost importance for not only new employees, but also for supervisors and senior employees in the workplace to provide guidance with actual hands-on work experience.

To ensure that human resource development is deliberately and systematically incorporated into daily OJT training, we have developed an evaluation and development interview system whereby chiefs and those in general positions discuss with supervisors about setting semiannual work achievement goals and growth targets. Subsequently, once a quarter they meet with supervisors to review and to discuss how to overcome the challenges they face in achieving their goals. In addition, we operate a target management system for managers to encourage their further growth as well as the achievement of organizational goals by regularly setting and evaluating goals through interviews with their supervisors.

■ Human capital

Securing and developing human resources linked to business strategies

In addition, from fiscal 2023, we have introduced a program to update management skills for all middle managers who are the line managers that bridge management and general employees. In this context, we also provide training to have OJT and one-on-one meetings function effectively. In the future, we will roll out this training to all middle managers to strengthen human resource development through practical application in the workplace.

Collaborative Training Support System linking business division/Group company

We hold a Human Resources Development Liaison Council meeting every month, aiming for the sustainable enhancement of educational measures. Training representatives from each business unit are invited to share training content and methods, and to discuss how education should be provided to develop the individuality and capabilities of employees. In addition, the Company's Human Resources and Interpersonal Relationships Development Department and the training representatives at each Group company periodically conduct information exchange, thus strengthening human resource development across the Group.

Human resource development system through OJT for new employees

At the Company, we provide training and support for new employees throughout the organization. Managers, such as sales office managers and section managers, are responsible for OJT, and OJT elders are appointed as leaders to conduct OJT. In addition, we appoint OJT Assistants who are close to newcomers in seniority and can provide informal counsel. To facilitate efficient on-the-job training in the workplace, following their appointment they use means such as e-learning to study basic OJT knowledge and skills, methods of instruction and how to engage.

Main job-grade-specific training for human resource development

· Recruit training

This program is positioned as an important period for recruits to build a “foundation,” not only as a member of society, but also as an employee of the Company, and throughout the year, they learn everything from basic behavior to practical training at construction sites, regardless of their job type. Training is then conducted multiple times to acquire practical knowledge and skills and to confirm the extent of their learning. As for those in sales positions, regardless of the department to which they are assigned, they experience our core business of housing sales within about four months after joining the Company.

· Training for mid-career recruits

Mid-career recruits study the Company's history, founder's spirit, sustainable activities and other topics, preparing them for their jobs, and giving them an understanding of our approach.

· Training for newly appointed branch managers

This training is for employees who have been newly appointed as a branch manager, and by learning the role of a branch manager, preparedness, and the concepts for evaluation criteria, they will be able to put these to practical use at worksites.

· Program to strengthen human resource and organizational management skills

This program, intended for middle managers, seeks to help them learn the skills to generate virtuous cycles of “management that raises business performance,” and “management to help people thrive.” The training will update each person's management skills through repeated learning, practice, and reflection.

· Training for newly appointed managers

Newly appointed line managers (branch managers, section managers, group leaders, office leaders and others) are given this training to develop preparedness, leadership skills, practical knowledge and thinking skills to use in practice as persons in charge within the organization.

· Training for team leaders

This training looks at the changes in expectations and roles

that come along with promotion to chief. Participants reflect on their career aspirations and the Company's future, and through dialogue with other participants, they examine what constitutes the epitome of leadership, which offers an opportunity for self-transformation toward that ideal.

· Training for female manager candidates

This training, conducted from 2011 and intended for female management candidates, seeks to instill the mindset needed to become a member of management.

Daiwa FUTURE100, an in house entrepreneurship system

In June 2024, the Group launched Daiwa Future 100, an in-house entrepreneurship program, as part of its efforts to heighten the value of its human capital. All Group employees, regardless of age or position, are invited to submit business ideas, and business verification will be conducted in collaboration with external partners. The project proposal that is selected through the screening process will be commercialized and its growth promoted, with the originator becoming the project's president. By introducing this system, we hope to foster an organizational culture that leads to the creation of innovation without fear of failure, while discovering and developing management personnel who will lead the Daiwa House Group in the future and create business units that will support the goal of becoming a 10 trillion yen-company on our centennial anniversary.

[Launch of Daiwa FUTURE100, an in house entrepreneurship system Human capital investment up to 30.0 billion yen \(Japanese text only\)](#)



Poster

■ Human capital

Securing and developing human resources linked to business strategies

“Seminar on Future Community Development Envisioned by Daiwa House”

We regularly hold the “Seminar on Future Community Development Envisioned by Daiwa House” for students who are studying architecture. Participants are not limited to students who are currently seeking employment, as our goal is to have as many students as possible learn from our initiatives. We also expect a secondary effect of students, from among those who have attended, who will become fans of the Company and join the Group in the future.

The second seminar meeting was held in August 2023 under the theme “Urban Planning for Regeneration and Recycling” and was attended by 137 students from across the country. On the day of the seminar, after our young employees introduced the various community development projects we are engaged in, four young employees spoke in a panel discussion format about their areas of responsibility, their discretionary authority, their thoughts on community development and other matters, and at the end of the session they gave earnest answers to the enthusiastic questions posed by the students.


Training program for newly hired high school graduates

In an educational program for recruits who have graduated from industrial high schools, we have instituted a two-year construction college (full time) study exchange scheme. During their first two years of employment, they do no practical work except for practical training at our construction sites during long vacations from vocational school, so that they can concentrate on acquiring specialized knowledge and skills as an engineer, and are fully paid during this period. In addition, They maintain contact with the Company while the education program is running via regular on-site training and face-to-face meetings. Regular consultations with a public health nurse provide lifestyle support. The high school graduates gain expertise and acquire qualifications quickly. The program also aims to equip them to function as adult members of society and help their personal development.

Developing Global Human Resources

· Global trainee system (overseas training)

In fiscal 2023, the Company introduced a global trainee system to discover and nurture human resources that would succeed in rolling out future overseas business. From each business division we selected four employees in technical positions who are expected to be responsible for future overseas business operations, and dispatched them to the U.S., China, and Malaysia, where our overseas bases are located, for a training program lasting approximately 10 months. At each location, participants learned about the unique local business practices, technologies, and management methods, and gained a mindset to deal with overseas assignments. We will continue this program in the future to systematically train candidates as overseas human resources and overseas executives.

 P089 [Global Talent Program \(short-term training in Japan for national staff\)](#)



Global trainee system training (China)

· Practical training for overseas crisis management


In order to respond to overseas contingency risks that may arise as our overseas business expands, we are preparing a business continuity plan (BCP) and an evacuation plan for our expatriate employees. In fiscal 2023, we conducted practical crisis management training with outside instructors who specialize in crisis management. The participants learned how to react when faced with emergency situations by gaining a grasp of the criminal mentality and the characteristics of firearms, and practicing evacuations. Through these efforts, we are striving to raise employee awareness of safety and to build a crisis management system for both contingency and day-to-day situations overseas.

In-house commendation system

The Daiwa House Award is presented once a year to recognize branches, sales offices, individuals, and Group companies that have achieved outstanding results, with the goal of further raising the overall strength of the Company.

■ Overview of the Daiwa House Award

	Name	Evaluation category	Details
Nobuo Ishibashi (the founder) Award	Award for the Best Branch Management	Branch	Branch with the most excellent management in terms of both performance evaluation and management soundness evaluation
	Excellent Group Company Award	Group company	Group company with excellent management, with high overall evaluation including financial and non-financial aspects
President's Award	Award for the Best Sales Office Management	Sales office	Sales office with the most excellent management in terms of both performance evaluation and management soundness evaluation
	Special President's Award for Safety	Branch	Branch that exceeded 5,000 days without any workplace accidents
	Challenge! We Build ECO Contest	Branch/ Employees	An exceptional case from among the environmental activities conducted at each branch and factory
	President's Award for Outstanding Employee	Employees	Employee with outstanding business performance

 [Establishment of the Daiwa House Award, an in-house award system to maximize employee job satisfaction and pride \(Japanese text only\)](#)



At the Daiwa House Award ceremony

■ Human capital

Nurturing a psychologically sound organizational culture

Concept and Policy

The Daiwa House Group company philosophy (Corporate Creed) states that “We ensure a good working environment for all employees, conscious that it ties directly into our progress.” And we believe that creating a workplace environment for employees that is conducive to safety and health encourages employees’ development and leads to utilizing their capabilities. Maximizing each employee’s strengths and individuality in an organization that shines brightly with synergies is essential to maintaining our sustainable growth. For this reason, we have designed a flexible personnel system that allows each employee to choose their own way of living and working.

We also place emphasis on building interactive relationships and supporting our employees’ autonomous career development, thereby enhancing their growth and engagement.

In addition, as our health management policy we set forth that “Health is the basis for building homes and developing communities. We support the creation of a lifestyle environment in which employees and their families can be active and thrive.” Furthermore, the Daiwa House Group Principles of Corporate Ethics and Code of Conduct also states “caring for health and safety.” Together with advancing the maintenance and promotion of employees’ health, we seek to create a climate for work that elicits the full potential of each and every employee so that they can work with health and vitality in a psychologically sound workplace environment.



[↗ The Daiwa House Group Principles of Corporate Ethics and Code of Conduct](#)

[↗ The Daiwa House Group’s Business Philosophy](#)

Management

Flexible work styles

In order to leverage the respective advantages of both telecommuting and face-to-face work, we promote a flexible and more productive work style based office attendance for a majority of the work week. We have also set up satellite offices for employees who have difficulty working from home.

In addition, in fiscal 2015 we launched a staggered work shift system as a way to support employees who deal with circumstances such as looking after children or family members, and in fiscal 2022, we revised our flextime program to eliminate core time for all employees, with some exceptions, thereby enhancing convenience.

Job location filing system

We created this system to enable employees to express their preferences regarding where they would like to work. As a company that holds branches nationwide, we conduct a course-by-course employment management system with two categories: nationwide employees (who are available to work anywhere in Japan) and regional employees (who work only at branches within an area where it is possible to commute from a specific address). The job location filing system, conducted every year, allows nationwide employees to apply to switch their status to a regional employee or, if preferred, to change work location due to personal circumstances.

By limiting work location, the system enables employees to choose a work style suitable to their personal circumstances that require consideration, such as childcare, nursing care, and medical treatment, thereby promoting employee retention and performance improvement. Nationwide employees are provided with a higher salary standard and benefits than regional employees, in consideration of the burden of relocating nationwide.



[P075 Achieving equal pay for equal work and a guaranteed living wage](#)

Operation of the Multi-Experiential Career Support Program

In addition to the existing internal recruitment system*1, the FA program*2, and other systems, in fiscal 2022 we introduced the Multi-Experiential Career Support Program with the goal of supporting self-realized employee growth and career development. This program is designed to allow the knowledge and experience gained from secondary employment to flow back into the Company’s core business. The Company has established a menu of secondary jobs, consisting of (1) Company-arranged (open recruitment-type) secondary employment; (2) individual self-arranged secondary employment (application-type); (3) in-house secondary employment whereby the employee spends some of their working hours on a project or other work at a different department while remaining as a member of their current department; and (4) human resources exchange with other companies in which employees are transferred to other companies for a certain period to experience work outside their own company. This program is designed to create cross-border experiences for employees.

In fiscal 2023, a total of 49 people (not including secondees and those in educational programs) used the Multi-Experiential Career Support Program, with a user commenting, “I’m glad that I was able to utilize my past career, putting that experience to good use. I think it’s important to take on challenges in everything I do.” In addition, a supervisor of the core business said “I was able to make a proposal for improvement at my main work and could see a change in the job.”

This program is designed to develop experienced employees and thereby sustainably enhance corporate value.

*1 This system allows candidates to apply to publicly advertised divisions.

*2 A program that allows employees to voluntarily transfer to a position or department of their choice.

■ Human capital

Nurturing a psychologically sound organizational culture

Self-Discovery System

With the goal of deepening a self-understanding of one's own career development based on an individual's own initiative, the Company established the Self-Discovery System in fiscal 2022. Using the system, individuals are asked specifically about which of their strengths they can apply to their own tasks and what kind of work, and from what position, they would like to do in the future, which will enable them to develop a realistic outlook on their own career. In addition, the individual can share the results with their supervisor and convey their wish for an assignment, thus maximizing their motivation.

Building interactive relationships

In response to concerns that the spread of teleworking may reduce opportunities for communication between supervisors and subordinates, and that interest in colleagues may diminish, we hold one-on-one meetings roughly once every two weeks as an opportunity for communication to support subordinates' growth and to improve performance.

In addition, as internal systems we have the "Suggestion Box for the President" and the "Advance Board" that allow employees to make various suggestions for improvement directly to management and the Head Office departments in charge. We have also arranged for a way to receive responses to such suggestions.

Ensuring compliance with labor issues

In accordance with Japan's Labor Standards Act, we have an Article 36 Agreement with representatives of a majority of employees at each branch in Japan. The agreement concerns overtime and holiday work and covers all employees except for managers and supervisors.

In fiscal 2021, we introduced a new attendance management system with the aim of visualizing and accurately grasping actual working conditions in order to rectify long working hours and to comply with the Article 36 Agreement. The entire company is working to correct the issue of long working hours by accurately monitoring working hours by using computer logs and reviewing the way work is performed.

In fiscal 2023, we set a monthly overtime limit for all employees. If they exceed the limit, they can report or consult with their supervisors and post the reason for the overtime and other problems to the "President 2024 Problem Box," a system specially set up to address the 2024 problem*. The President personally checks the contents of the postings and, if necessary, instructs the relevant department to take action.

Furthermore, all employees (including those in management) whose monthly overtime or holiday work exceeds 80 hours are subject to health checkups by occupational health physicians (OHP), and health guidance is provided with the aim of preventing health problems. We have also introduced an online OHP service as a means of ensuring that these health checks occur in a timely manner.

We conduct a status survey on work hours once every quarter in order to identify the actual work hours and effectively prevent unpaid wages. When undeclared work is discovered, we retroactively pay the overtime put in and reprimand the responsible managers.

* Changes in the working environment are being sought as the overtime work limit restrictions in the Workplace Reform Act come into effect.



P157 Social Data 2-1

Basic Information Average overtime hours worked

Notice to employees regarding changes with significant impact

In the event of a major business change that may have a significant impact on our employees, we aim to notify them six months prior to its implementation.

The Company has not conducted any layoffs for the purpose of workforce adjustment in fiscal 2023.

Building codes that make it easier for business partners to work at our factories

Daiwa House factories have established guidelines for the construction and renovation of Company factories and control buildings. Our basic approach is to use universal design, CASBEE (Comprehensive Assessment System for Built Environment Efficiency) and fire prevention measures, and to promote the installation of break rooms, smoking areas, infirmaries, and other amenities for personnel from factory's business partners*. Moreover, when it comes to building cafeterias, we use surveys and other means to gather opinions from both our business partners' employees and our own workforce so that the resulting facilities are built to a greater level of satisfaction. In addition, since many of the employees of the business partners are female or elderly, we lend them auxiliary devices such as assistive suits for lifting and lowering heavy materials, as well as for standing work, which alleviates workload.

By promoting the creation of a safe and comfortable work environment for factory employees, we hope to improve employee retention rates, which in turn will lead to the transfer of skills.

* Subcontractors performing subcontracting work in our plants.

Human capital

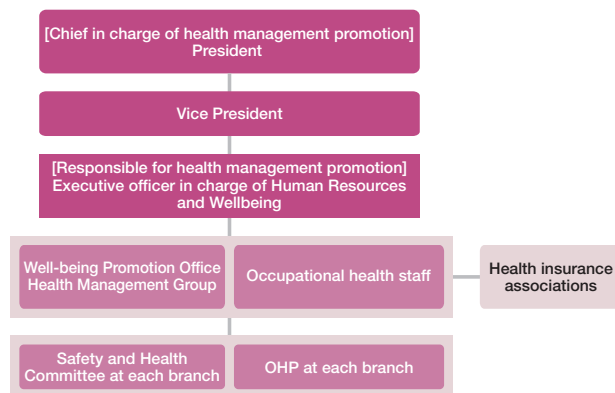
Nurturing a psychologically sound organizational culture

Promotion of health management

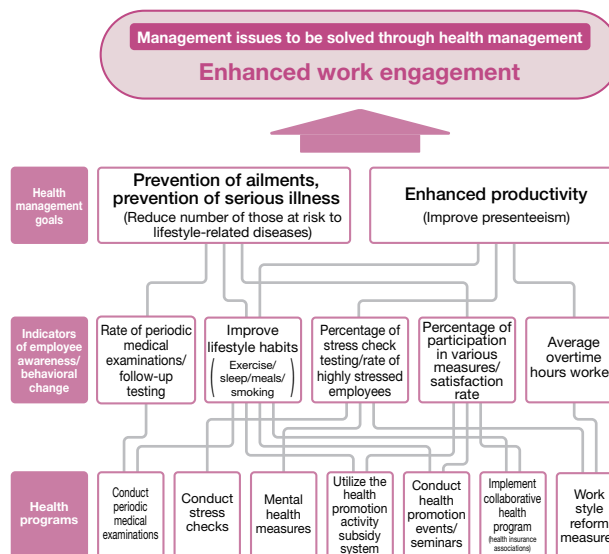
The Company has established a system in which the President is the chief in charge of health management promotion, the officer in charge of human resources and overall well-being management is responsible for promoting health management, and the Health Management Group of the Well-being Promotion Office plays a central role in promoting health management in cooperation with the occupational health staff and health insurance associations. In addition, the General Affairs Department at each branch is tasked with serving as the headquarters for the Safety and Health Committee. To find solutions to issues at each branch, the OHP, employee representatives, and Safety and Health Committee members work together and promote initiatives in line with the health management strategy map.

Having employees feel “healthy and happy” and eliciting their performance to its fullest potential leads to enhanced work engagement.

Chart for Health Management Promotion System



Health management strategy map



Response to social health issues

As a company that operates overseas bases, we recognize the importance of addressing global health challenges, including the world’s three main infectious diseases (tuberculosis, malaria, and HIV/AIDS). For expatriates, in addition to the legally required medical checkups at the time of assignment and upon return, annual medical checkups are mandatory. We have also established a health management system that includes accompanying family members by providing overseas insurance, vaccinations against hepatitis A, rabies, and other diseases, and consultation services for mental health and pediatric care.

Main approach

Risk assessment concerning the health and safety of employees

Periodic medical examinations and stress checks

We collaborate with the health insurance association to conduct periodic, comprehensive medical examinations, including for lifestyle-related disease checkups. We achieved a medical examination rate of 100% for eleven consecutive years from 2013, focusing on early detection and treatment of diseases and health risk management. We support employees in maintaining and improving their health by ensuring that employees who require further examination or treatment are thoroughly reexamined. For those selected by the health insurance association, we also provide specific health guidance and “health improvement training” to encourage employees to take the initiative in improving their health.

Moreover, stress checks have been conducted regularly once a year since 2016 for all employees, including those at branches with fewer than 50 employees, for which there is a legal obligation to make efforts, and the mental health status of employees is verified and monitored by a specialized external organization. We also recommend interview meetings for those employees who have been determined to be dealing with high levels of stress.

P159 Social Data 2-3
Health management

Implementation of population approach

To foster a safe and healthy work environment, we analyze and monitor the physical and mental health conditions at each branch by using the “health analysis system,” in which the results of periodic health checkups are converted into points and totaled for each branch, and by using group (organizational) analysis of stress checks. In addition, we are implementing a population approach* to reduce overall health risks at branches, such as a system that provides subsidies to branches that proactively implement measures, such as sports tournaments, seminars and other events, to promote health and improve the workplace environment (the health promotion activity subsidy system). In fiscal 2023, more than 60% of our branches participated.

* An effort to work with entire groups to reduce risk as a whole


Human capital

Nurturing a psychologically sound organizational culture

Mental health measures


The Company has provided mental health line care training (e-learning) for those in management since fiscal 2018. Participants learn about the points of “noticing, listening, and connecting,” which are the basics for early detection of persons with mental health issues, as well as of the importance of responding to persons with mental health issues and improving the work environment. In fiscal 2023, we incorporated learning of management skills as “applied skills” that lead to improved engagement based on the concept of positive mental health, and implemented an e-learning program for all those in management, with approximately 83% of managers taking the course.

In addition, in response to the increasing tendency for employees to internalize their stress, we are promoting self-care by also making Type III (self-care course) eligible for the congratulatory allowance for obtaining a license, which is provided to those who have passed the Certification Test for Mental Health Management (Osaka Chamber of Commerce and Industry).

 P162 Social Data 4-3
Health and safety education

Award for health management

The Company and 24 Group companies were selected in March 2024 as 2024 Certified Health & Productivity Management Outstanding Organizations engaging in superior health management in collaboration with insurers (health insurance associations and other main parties in the health insurance business), as certified by the Nippon Kenko Kaigi. Also, for the second consecutive year and from among more than 10,000 certified companies, Daiwa House Asset Management Co., Ltd. was selected as one of the Bright 500, the top 500 companies in the small and medium enterprise category.

 [25 Daiwa House Group companies selected as 2024 Certified Health & Productivity Management Outstanding Organizations \(Japanese text only\)](#)

Support for creating a comfortable work environment

Since fiscal 2022, the Company has been working to create an environment that facilitates availability of support for balancing work and medical treatment for illnesses, due to its presenteeism (reduced work productivity due to health problems), which is measured for all employees, being lower than the Japanese average*.

In fiscal 2023, we conducted e-learning training focused on health support for working women as an initiative to empower female employees. Participants acquired an accurate understanding of the health issues facing women, becoming aware of their assumptions with regard to “women’s health,” and the necessity for health measures. In a post-training survey, 99.4% of participants responded that they had “Understood” the course’s content.

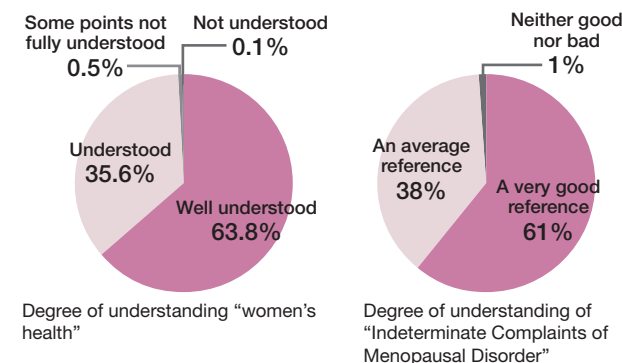
Furthermore, during Women’s Health Week, which includes International Women’s Day on March 8, all employees were encouraged to watch the video seminar “Indeterminate Complaints of Menopausal Disorder,” which was the most popular topic among employees requesting information on menopausal disorders. We also made efforts to promote understanding of health issues specific to women. A post-video survey revealed that 99% of viewers considered it a “A useful reference.”

Through these efforts, we aim to improve the health literacy

of our employees and create a work environment where each and every employee can work in a healthy and vigorous manner and maximize their performance in a psychologically sound work environment.

* The figure was calculated using the Single-Item Presenteeism Question (SPQ) of the University of Tokyo.

Survey results




■ Human capital

Generating new value, DE&I (Diversity, Equity & Inclusion)

Concept and Policy

We respect the diverse values of our employees, including with regard to their gender, presence of a disability, gender identity, sexual orientation, gender expression, age, nationality, language, culture, and lifestyle. We will foster a workplace culture in which each employee's perspectives and ideas are mutually recognized, utilized, and celebrated through interactions and dialogues among management and employees.

-  P156 [Social Data 2-1](#)
[Basic Information](#)
- P158 [Social Data 2-2](#)
[Diversity indicators](#)
- P160 [Social Data 2-6](#)
[Indicators related to wages and allowances](#)

Management

Promotion system

Keeping with the times, we have constructed a promotion system, starting with the launch of the project to empower women in 2005 as a touchstone for the promotion of diversity for the empowerment of female employees, which is one form of diversity. In 2019, we reorganized as “DE&I promotion” and the Director in charge of Human Resources and Well-being Management has direct jurisdiction over DE&I as well. We promote diversity in order to leverage DE&I in management, to generate new ideas in products, services, and other products and processes, and to enhance decision-making from diverse perspectives.

Support for work-life balance

We believe that it is essential to promote work-life balance in response to diversifying work styles. To this end, we are developing an array of systems where diverse human resources can choose from varied lifestyles and express themselves while playing an active role. We are pushing forward to create a virtuous cycle in which the experiences gained through

childbirth, childcare, and nursing care can be put to good use in the workplace.

· Support program for returning to work after childcare leave

The supervisor and the returning employee hold discussions with the aim of having a smooth return to work.

This program promotes the creation of a work environment in which employees can balance work and childcare after returning from childcare leave, not only by dispelling the employees' anxiety about taking leave and returning to work, but also by encouraging the supervisors' understanding of work-life balance.

Discussion I **When pregnancy is determined (supervisor, individual employee, person in charge, General Affairs)**

Discussion II **Prior to leave (supervisor, individual employee, person in charge, General Affairs)**

Discussion III **After returning from leave (supervisor, individual employee, person in charge, General Affairs)**

Reporting **During childcare leave, recent developments reported to supervisor every six months (supervisor, individual employee)**

Discussion IV **Within six months of return (supervisor, individual employee, person in charge, General Affairs)**

· Childbirth and childcare support

To facilitate career building that balances childcare and work, the Company established a childcare support system (a support system for balancing childcare/childrearing with career building) in 2015.

In April 2016, we reviewed our childcare leave system, making the first five days of childcare leave paid to create an environment in which even men can easily take childcare leave. As a result, the ratio of childcare leave taken by male employees has increased year by year.

-  P158 [Social Data 2-2](#)
[Diversity indicators Childbirth and childcare support](#)

■ Main systems related to support for work-life balance

System name	Overview
Paid leave reserve system	A system that allows employees to accumulate up to 100 days of annual paid leave that would otherwise legally expire and use the reserve as needed
Paid leave per hour	A system that allows employees to take annual paid leave on a per-hour basis
Home holiday program	A system to take planned annual paid leave for the purpose of spending time with their family, personal refreshment, self-development, etc.
Consecutive holidays (Re Vacation)	A system that encourages employees to take multiple annual paid leave vacations and to take at least five consecutive days off, including regular holidays
Nursing care leave system	A system for balancing work and nursing care, allowing eligible employees to take leave indefinitely until the reason for termination of nursing care leave arises
Subsidy program to support with travel expenses for elderly parents' nursing care (filial support program)	A system that provides a “filial support subsidy” to take care of employees' parents who live far away and need nursing care, paying an amount equivalent to the transportation expenses based on the distance of return trip, up to four times a year per employee
Telework	A system that allows employees to work from home, at satellite offices, etc., without being restricted by location
Flextime program	A program that allows employees to decide their own start and end times and working hours
Telecommuting allowances	Subsidized utilities when telecommuting

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

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

■ Human capital

Generating new value, DE&I (Diversity, Equity & Inclusion)

Empowering female employees

We endeavor to empower active women and aim to become a company where all can work comfortably through the creation of workplace environments in which female employees can further develop their abilities and achieve personal growth.

· Training and strengthening of management staff

We are working to develop and strengthen female managers in order to diversify the management decision-making process. To build a pipeline that continuously produces managers, we conduct training for management candidates and their supervisors, as well as career workshops for core employees with the aim of autonomous career development in consideration of life events. We also actively dispatch employees to external cross-industrial study groups, networking events, and recurrent programs.

· Retaining and nurturing female employees in sales and technology divisions

We are actively assigning and cultivating women to sales and engineering where the ratio of females is low.

In the sales division, we hold information exchange meetings and conduct training sessions for networking purposes. Since 2007, we have held the Housing Manufacturers Female Salesperson Meet-up, which originally involved three housing manufacturers, but has now expanded to nine as of April 2024.

In addition, as an effort to improve the working environment for female engineers and technicians working at construction sites, we have developed protective equipment such as lightweight helmets and safety belts. We also promote the introduction of temporary toilets for women. These improvements at the construction site have led to a comfortable work environment for all on-site workers, including men.

Furthermore, many of our female construction staff participate in the National Low-rise Housing Work Safety Council's "Jutaku Komachi" program, and the entire low-rise housing industry is working to create a comfortable working environment for women.

 P158 [Social Data 2-2](#)
[Diversity indicators Women exerting efforts](#)


Office diversity scores

In fiscal 2019, we introduced office diversity scores to aid in assessing office management soundness with the aim of measuring and promoting diversity in each workplace by visualizing status at the individual branch level. We evaluate four categories: ratio of female managers/chiefs, ratio of childcare leave taken by males, ratio of disabled workers, and retention rate of young workers. We are making progress in human resources diversity throughout the Company.

Initiatives for LGBTQ

We are striving to foster a workplace culture where sexual minorities such as LGBTQ people can perform to the best of their abilities with peace of mind. This includes the introduction of a Same-Sex Partnership System. Under the system, same-sex partners are also eligible to receive our benefits as spouses.

We have also established an LGBTQ-specific consultation service staffed by outside counselors with specialized knowledge, so that LGBTQ employees can feel comfortable discussing any concerns they may have about working in the workplace.

 [Introduced the "Same-Sex Partnership System"](#)
(Japanese text only)

Promotion of active roles for the senior generation

The skills and expertise developed by our senior employees are valuable assets to the Company and should be passed on to the next generation. We also believe that creating an environment in which employees can work vigorously throughout their lives will contribute to employee retention in companies and enhanced job satisfaction.

The Company extended its retirement age to 65 in 2013 and introduced a reemployment system after retirement at the age of 65 ("Active Aging System") in 2015. In 2022, we abolished the uniform retirement age of 60, which was previously based solely on age, and created a personnel system that allows employees to pursue their careers up to their retirement age. In addition, from 2023, the upper age limit for post-retirement rehiring was abolished for technical staff, and the previously

uniform treatment system was extended to include multiple job assignments, creating an environment where employees can continue to demonstrate their expertise without being restricted by age.

 P158 [Social Data 2-2](#)
[Diversity indicators Employment and hiring of seniors](#)

· Life design seminar

We carry out a "life design seminar" each year for employees who turn 60 years old. The seminar is designed to help employees envision their career development over the five years until retirement at age 65, and to help them understand the importance of continuing to acquire new knowledge and skills in order to achieve this goal. In addition, lectures are given on personnel systems, public and corporate pension plans, and health management after age 61 to support each individual's planning for a fulfilling life.

■ Human capital

Generating new value, DE&I (Diversity, Equity & Inclusion)

Career design support

We introduced a “career design support system” in 2008, through which the Company supports its employees who plan to leave the company before their mandatory retirement age, and take up new employment or become self-employed in accordance with their own lifestyle. This system is aimed at highlighting the life of each individual one step closer, and preparing an environment where our employees can nourish autonomy and independence, thereby providing opportunities for creating human resources who will broadly exercise their abilities in society.

Support for those with disabilities

Starting in fiscal 2023, we have established a new external consultation service available to employees with disabilities working at the Company. Employees can consult anonymously about any problems they may have at work.

Main approach

Establishment of Daiwa House Bloom

We are promoting a co-creation initiative involving both agriculture and welfare, in which people with disabilities and the elderly can gain confidence and a sense of fulfillment in life and participate in society through their activities in the agricultural field.

Our Cultivation Business Development Section has developed the “Daiwa Cultivation Method”*, which allows anyone to cultivate moth orchids. Using this cultivation method, the Group’s Daiwa House Bloom was established in 2021 with the aim of creating a workplace where mainly people with intellectual disabilities can work for the rest of their lives. After examining and experimenting with work content, the company became the first special-purpose subsidiary in the region to hire people with disabilities to grow COCOLAN miniature orchids on consignment starting in fiscal 2022. In tandem with this, we are also recruiting elderly residents in the community to be involved in the cultivation work in a work-sharing arrangement. In addition, all mini orchids grown at Daiwa House Bloom are purchased and sold by the Company, allowing Daiwa House Bloom to operate in a stable manner.

As expressed in the “floating scent of happiness,” which is the language of miniature orchid flowers, the workers cultivate them with all their heart so that they will be a bond between people and weave warm relationships.

* Patenting of the Daiwa cultivation method.
“Cultivation equipment and methods” Application No.: 2019-046438
Registration No.: Patent 6993370 (registration date: December 13, 2021)

 [COCOLAN \(Japanese text only\)](#)



Daiwa House Bloom employees



COCOLAN logo



COCOLAN

Multi-lingual signage at plants

Since we have non-Japanese workers in our plants, we use multiple languages and illustrations to describe the plant rules and other important information on quality. The specific languages used are in accordance with those working at each plant. In addition, the plant cafeteria provides a safe place for diverse human resources by clearly indicating in respective languages and with pictograms and illustrations whether culturally inappropriate items are on the menu.

Achieving equal pay for equal work and a guaranteed living wage

In our Japanese operations, employees engaged in general work to handle core operations are divided into national and regional employees. These employees are paid based on their capabilities, performance and contribution, with no gender gap in the payment of basic salary for each position.

The Daiwa House Group, moreover, abides by each country’s minimum wage laws and regulations, paying fair wages to all employees, taking into account local cost of living.

Percentage of all employees covered by collective bargaining agreements and agreement details

At the Company, while there is no organized labor union, we support international standards such as the International Labour Organization’s (ILO) Core Labour Standards, which consist of “the effective recognition of the right to freedom of association and collective bargaining,” “the prohibition of all forms of forced and compulsory labor,” “the effective abolition of child labor,” and “the elimination of discrimination in employment and occupation,” and we respect and recognize basic labor rights such as “the right to collective bargaining” and “freedom of association” for all employees.

Social capital

Contributions to SDGs



Social capital

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- 077 | Socially inclusive community development
- 080 | Improvement of customer relations
- 082 | Dialogue and coexistence with local communities

■ Social capital

Socially inclusive community development

Concept and Policy

The Daiwa House Group, as a Group that co-creates value for individuals, communities, and lifestyles, aims for sustainable development of business through interactions with customers and local community consisting of local people, local business partners, local governments, local companies, and universities. In order to resolve the social issues surrounding communities, we are looking into building arrangements to effectively enhance social inclusion with due regard for local concerns in our community development.

For new urban development projects, in line with our vision “Community value into the future,” we are addressing social issues by capitalizing on our strength of having a wide range of business domains. The Neopolis suburban housing complexes we developed in the rapid economic growth era face problems in the form of a declining population and an increase in unoccupied houses. We are working together with local stakeholders to redevelop communities and make them attractive.



[Community Development Vision](#)

Management

Consideration to creating comfortable lives

In urban development projects, we have established measures from the perspectives of safety and security, universal design, environment, beauty, aging, and maintenance as guidelines in the conceptual and design stages of all our properties. As an example of our consideration in pedestrian flow lines, we have of course barrier-free designs eliminating steps and reducing gradients, laneways to promote interaction among residents, and greenery networks. In addition, routes to specific facilities (central locations in the community such as medical, commercial, and public facilities and service and business centers) and transportation facilities (stations, bus stops, etc.) are planned with as few roadway crossings as possible, aiming to create a livable community for a variety of people, including the elderly, children, and disabled people. For properties above a certain

size, in order to create a favorable living environment that is in harmony with the surrounding community, we are working to maintain and preserve the community and landscape through the formulation of district plans and voluntary agreements such as “community development guidelines.”

Further, we intend to reflect our insights from Livness Town Project, an initiative to revitalize housing estates we built previously, in new community developments in a bid for sustainability.

Public-private partnerships

Public-private partnerships have attracted attention as the public and private sectors collaborate to resolve problems governments face, such as aging facilities and scarce financial resources, and are used in the construction, management, and operation of public-sector facilities

With our array of business formats, our Group is helping resolve social issues in a complex, multifaceted manner, by taking maximum advantage of the technology and expertise built up by the Group over time as well the benefits of working in partnership with local government and local businesses to serve as an engine for regional revitalization.



[Business Fields](#)

Livness Town Project (regional revitalization)

Suburban housing estates were developed systematically in Japan to address housing shortages in the rapid economic growth era as urban areas became increasingly populated. These are good living environments, but some half a century later, issues are emerging in the form of changes to the community, a lack of services for the elderly, and growing numbers of vacant houses and land.

The Neopolis detached residential complexes we developed and sold at 61 suburban locations nationwide face similar problems. We embarked upon the Livness Town Project to co-create, with regional residents, sustainable and developing towns where they can continue to stay, and also attract new residents. Prioritizing relationship building over intensive marketing at Neopolis communities, we have deepened our communication with residents, who keep us

informed on various developments in the community such when houses become vacant.

Currently, our employees are discussing with local residents how to address issues uncovered through dialogue at eight Neopolis sites. We also frequently exchange information with government administrators and are providing proposals for things like making effective use of public land at Neopolis sites. We also have cooperation agreements with three local governments on community development.

We have established channels to exchange opinions with experts and national government officials regarding legal and institutional issues. We also collaborate with external organizations via joint research with universities and participation in the Cabinet Office's Strategic Innovation Promotion Program.

Going forward, we aim to use these to develop and enhance our expertise on moving house and housing complex management and to roll out similar initiatives at other Neopolis sites.

· Promotion system

Collaboration among those in industry, government, academia, and residents is indispensable to drive the Livness Town Project forward. We choose collaboration partners and enlist suitable participants to address regional issues identified through our discussions with residents.



[Livness Town Project](#)

Social capital

Socially inclusive community development

Establishment of area management promotion system

The Urban Environment & Community Creation Department was established in fiscal 2022 to contribute to local communities through urban development in response to the diversifying values and lifestyles of consumers from a long-term perspective. It is responsible for the “expansion of the circular value chain from the perspective of local communities and customers,” a key theme in the seventh Medium-Term Management Plan. It is promoting large-scale complex redevelopment projects, mainly in regional core cities. We are committed to continuing to engage with local residents and enhance the value of their areas through area management, with an approach that goes beyond merely physical aspects to more intangible areas, starting with the town planning stage.

Main approach

Enhancing capabilities and improving value through urban redevelopment (Chiyoda Ward, Tokyo)

As part of a consortium, we, together with the rights holders, are proceeding with the Iidabashi Station East District Type 1 Urban Redevelopment Project. The relevant urban redevelopment association was approved in October 2022. The area has challenges in terms of upgrading the capabilities of aging buildings, ensuring pedestrians have somewhere to wait safely, easing congestion at subway entrances, and ensuring safety during emergencies. The project entails building a safe pedestrian network, new open spaces, and enhanced disaster mitigation capabilities. Both the district and our Tokyo Head Office are near the east exit of Iidabashi Station. The town management association we belong to, “I-Garden Air,” conducts activities aimed at building and maintaining an attractive community, including disaster mitigation arrangements, in collaboration with member companies. Further, as a local company, the Daiwa House Group collaborates with the neighborhood association board on community co-creation activities such as traffic safety campaigns and regular cleanup activities. We also participate in local events such as the Tsukudo Shrine Festival as part of our

efforts to assist regional revitalization. We will further contribute to improving the value of the area by livening up the vicinity of the east exit and strengthening our networks.

[!\[\]\(2bae76de5ebbd5c4d7d47162f1673734_img.jpg\) Iidabashi Station East District Type 1 Urban Redevelopment Project \(Japanese text only\)](#)

Building sustainable management system and creating lively atmosphere (Sapporo, Hokkaido)

In December 2023, as part of a consortium of seven companies including Daiwa Lease, we completed a major project, Maaruku Shinsapporo. The site is divided into two precincts; the G precinct houses educational facilities such as a university and college, and the I precinct a hotel, condominiums, medical facilities, and shared parking. An enclosed aerial walkway and town symbol (dubbed the “Active Link”) connects the I precinct facilities, enabling safe pedestrian traffic.

The project employs an area management organization for facilities management. Events will be held at an exchange hub to generate excitement across the region, and future earnings from the area management organization will be returned to help revitalize the community.

[!\[\]\(5d954b3e270654ad8ab0d5913161c03c_img.jpg\) Maaruku Shinsapporo completed \(Japanese text only\)](#)

[!\[\]\(aff7c69c44a5e015f18c35867ef3f5c3_img.jpg\) Maaruku Shinsapporo G, I precinct development project \(Japanese text only\)](#)



On-site educational facilities (G precinct)
Photo: Takehiro Kawamura, CreativeEyes Inc.
Photo taken July 2021



Maaruku Shinsapporo (I precinct)
Photo: Taisei Corporation
Photo taken October 2023

Community creation and regional revitalization support (Ichihara City, Chiba Prefecture)

In June 2024, a community facility, Chiharadai TENT, in Chiharadai Park opened. This is a public-private partnership between the company and Ichihara City, Chiba. The aim is to revitalize Chiharadai Park and the nearby Chiharadai district where we have built housing developments, making the park more appealing and creating new opportunities for connection. Local businesses will open shops, with activities and events at the heart of community building. This should contribute to livening up the community and regional revitalization.

[!\[\]\(62e94c0795f5d0e811cb40e6b18f26fd_img.jpg\) Chiharadai TENT, a community center housing a café, restaurant, and health facilities in Chiharadai Park \(Ichihara City, Chiba\) now open \(Japanese text only\)](#)

ITO Lab Plus, a next-generation R&D complex (Fukuoka City, Fukuoka Prefecture)

In April 2023, we opened ITO Lab Plus, a next-generation R&D complex, in collaboration with Saibu Gas Urban Development Co., Ltd. This hub for cutting-edge R&D activities comprises research and commercial facilities, stores, and rental housing. By promoting collaboration and cooperation with the city of Fukuoka and Kyushu University, we are creating a center for research, development, and interaction linking industry, academia, and government entities.

[!\[\]\(e0cc407cc366fdce3374cd52936f2fe1_img.jpg\) Next-generation R&D center ITO Lab Plus opens on April 8, 2023 \(Japanese text only\)](#)

[!\[\]\(654d8e30dc2e8e002b21c7dff500ad96_img.jpg\) Fukuoka city website Kyudaishinmachi Next-generation R&D center ITO Lab Plus \(Japanese text only\)](#)

■ Social capital

Socially inclusive community development

“Neopolis Summit 2024: Toward Redevelopment of Neopolis”

In order to progress our Livness Town Project, we held a summit featuring dialogue among residents, experts, and corporate representatives aimed at creating sustainable residential complexes at the Daiwa House Group's MIRAI KACHI KYOSO Center (Kotokurie), our Group training facility. Held in January 2024, it was named “Neopolis Summit 2024: Toward Redevelopment of Neopolis”. On the day, roughly 240 residents participated at on-site and satellite locations, while many of our people, including our President, Division Managers and other management participated in-person and online.

At the summit, residents presented on initiatives, challenges, and prospects at individual Neopolis sites and experts joined panel discussions. Daiwa House president Keiichi Yoshii declared that the company would “persist with its efforts until the very end to develop attractive communities, so that many children and the younger generation would come back to Neopolis.”

At the conclusion, the Neopolis Summit 2024 Declaration was released, with the approval of the participants.

■ Neopolis Summit 2024 Declaration

Our community development is rooted/founded in the following principles:

- All residents will have leading roles in our community development.
- We will work together with diverse entities including companies, governments, and universities.
- We will build on and make the most of each locality's unique attributes.

Let's foster a community where people can continue to live for 100 more years!!

Feedback from residents who participated gave the sense that enthusiasm for community building had increased: “I'm looking forward to what Daiwa House does in the future,” “initiatives at other Neopolis sites are a useful reference for our activities,” “I got the sense that community building requires collaboration with governments, local organizations, and private sector companies.”

 [➤ “Neopolis Summit 2024: Toward Redevelopment of Neopolis” \(Japanese text only\)](#)



Neopolis Summit 2024




Keiichi Yoshii
President, Daiwa House Industry

Collaboration with local communities

The company has disaster prevention agreements in readiness for events such as earthquakes and landslides at logistics facilities we have developed. The agreements entail providing evacuation shelters for nearby residents and temporary storage of relief supplies.

In fiscal 2023, we concluded disaster prevention agreements with Kawanishi, Hyogo Prefecture and Sakado, Saitama Prefecture. These are helping us roll out measures for safe and secure regional community development.

 [➤ Local governments x Daiwa House Group: Local community revitalization \(Japanese text only\)](#)



Signing ceremony at Kawanishi
Left: Katsunori Nobe, Executive Officer, Daiwa House Industry
Middle: Kenjiro Koshida, Mayor of Kawanishi
Right: Atsushi Yoshida, Senior Operating Officer, Fujita



DPL Hyogo Kawanishi (Hyogo Prefecture)
Will provide temporary shelter and storage of disaster relief supplies in emergencies.

Social capital

Improvement of customer relations

Concept and Policy

The Daiwa House Group's mission is not only to provide safe and secure buildings, but also to ensure they are maintained in excellent condition over the long term to sustain their value as assets and enable their use across generations.

Further, our Group instills in all its employees our corporate approach of "being complete in small things," namely, putting one's fullest effort into the most ordinary of tasks. Responding to the detailed requests of each individual customer is a feature of this company, which was built on single-family housing design and construction. We apply this approach equally to the construction of large-scale commercial and logistics facilities.

Management

Long-term quality assurance

In our single-family house business, the company has established a system for long-term guarantees and after-sales service tailored to the structure of buildings and circumstances of the customer. We offer industry-leading initial guarantee periods for building structures and waterproofing, and also provide a periodic building diagnostic service, with inspections from the first month through the 30th year. A timely response helps to reduce maintenance costs. We visit individual customers and conduct maintenance work to repair areas requiring improvement identified in the building diagnosis, thereby maintaining and improving the value of housing as an asset. Information collected through aftersales services is summarized by the CS Headquarters and fed back to each department, leading to improvement in product development and quality assurance.

Further, if a customer sells their home in the future, the Provision of Quality Housing Stock Association*, a general incorporated association, conducts an appraisal based on established criteria to appropriately determine the intrinsic value of the property.

* An association established by 10 major home builders with the aim of boosting the liquidity of quality housing stock and market formation.

WEB **➤ Long-term warranty and after-sales support (Japanese text only)**

➤ **SumStock (Japanese text only)**

BOOK P048 **Challenge ZERO Waste and Reuse**

Extended guarantee



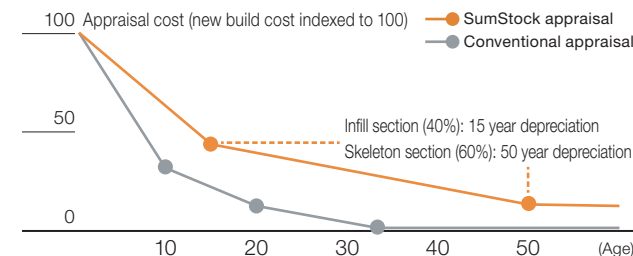
*1 Paid maintenance work

*2 After 60 years, upon request, we test durability and produce a durability performance certificate. It also shows necessary paid maintenance work and warranty periods for individual parts. Costs for durability tests are quoted separately.

Maintenance program



SumStock vs. conventional appraisal



Note: Above is for purposes of illustration. Evaluation/appraisal differs by building. Materials: SumStock

Customer satisfaction surveys and long-term communication to earn trust

To ensure we develop, design, manufacture, and build good, high-quality products according to company standards that lead to customer satisfaction, we conduct customer satisfaction surveys in our housing and other businesses. Questionnaire surveys are conducted one month, one year, two years, and 10 years after customers take up residence in the single-family house business, at six months in the rental housing business, and at three months, one year, and two years in the condominium business. General construction questionnaire surveys are at the time of delivery. All data from customers considered feedback are analyzed by the CS Promotion Department and shared with all sections related to the processes involved, which leads to improvements. Since 2001 we have run the Daiwa Family Club website for owners of single-family houses. Condominium owners can also join. In addition to maintenance notices and Web-based questionnaire surveys, we have enhanced the Messenger and other customer communication functions.

In the rental housing business, we run a membership organization for owners, Daiwa House Owners Clubs, that serves as a forum for information exchange and friendship among building owners throughout Japan. Seminars and consultations are held by experts in asset utilization; members gain access to the latest information; and owners receive assistance with the maintenance of buildings they own or asset utilization of apartments they manage, for example. The commercial facilities business also has an Owners Clubs.

■ Social capital

Improvement of customer relations

Owners socialize with one another through organized trips and social events, and communication with them gives us insights into customer satisfaction over the long term following building delivery.

We promote such activities to maintain communication between owners and the Daiwa House Group over the long term.

Training to improve service quality

In our single-family house business, we hold training seminars for employees who communicate directly with customers to go a step beyond a textbook customer-oriented approach to make sure they get to know each individual's way of thinking and see things from each customer's perspective.

· Seminars for customer support office leaders and center managers

We hold seminars for customer support office leaders and center managers twice a year. These take up issues that are shared nationwide and discuss solutions and their efficacy, improving work efficiency and quality when incorporated in participants' worksites.

· Team leader training

Held once a year, team leader training aims to develop human resources into leaders who mentor their juniors. This fosters a sense of participation in the organization and management, and develops the ability to focus on and solve on-site issues in employees' own departments.

· New recruit training program

Sessions are held twice yearly for staff in their first year through third year. These train them in the techniques and knowledge needed to be Daiwa House Industry inspectors, how to think and generate ideas from the customer's perspective, and how to collaborate internally.

Providing product information

Daiwa House Industry provides product information documents at the time of building handover to ensure the customer can use it safely. For single-family houses, for example, we provide the customer with "Lifestyle Guidebook" that contains building maintenance information. For customers that request, we disclose a design and construction performance evaluation certificate based on Japanese housing performance labeling standards. For condominiums, along with the key at the handover, we also give the customer an instruction manual on the use of the building and facilities, a document detailing support after moving, "D's File" (a document showing the history of the residence), and equipment warranties.

Main approach

Seminars for customer support office leaders and center managers

In fiscal 2023, we held seminars over two days and one night for our customer support office leaders and center managers from across the country at the Daiwa House Group's MIRAI KACHI KYOSO Center (Kotokurie), our Group training facility. Under themes such as engineer allocation and reducing the number of complaints by improving quality, case studies and failures at each worksite over the past six months were presented, with group discussions on how individual worksites could be improved in light of the presentations. Each group presented ideas on how to increase the numbers of qualified personnel and speed up decision making, which were shared with everyone. We plan to continue such seminars in the future.

Call Center relations

In our single-family house, rental housing, and condominium businesses, we have opened the Daiwa House Support Desk as a concierge desk to handle queries regarding housing from owners. The support desk has a call center (24-hour, 365-day operation), and in cooperation with each branch, provides information on periodic inspections and maintenance support. Moreover, the Daiwa House Group offers a wide variety of

services ranging from house cleaning to renovation, the buying and selling of houses, leasing, and moving services. We aim to become a long-term, reliable housing consultant and partner.



Daiwa House Support Desk (illustration only)


Social capital

Dialogue and coexistence with local communities

Concept and Policy

The Daiwa House Group has worksites throughout Japan, so good relations with local communities are essential to carry out our business activities. We would be unable to run our businesses without their trust. We call the social contribution activities we conduct at the local level “community co-creation activities,” and the fundamental approach we use to conduct these is laid out in our Principles of Community Co-Creation Activities.

In fiscal 2022, together with stakeholders at our branches and plants nationwide, we came up with a vision of the towns we want to create in 2055, the 100th anniversary of our founding, and formulated the *Miraimachi Sengen* (Futuretown Declarations), to encapsulate our policies aimed at the towns of the future. In order to realize these declarations, we are planning and carrying out community co-creation activities, with the aim of addressing local issues throughout Japan.


 [Daiwa House Group’s Hopes for the Future \(Purpose\)](#)
(Japanese text only)

Principles of Community Co-Creation Activities

1. As a responsible corporate citizen, the Daiwa House Group shall aim at building a society in which every person can enjoy true abundance, always striving to achieve and maintain great harmony with local communities.
2. The Daiwa House Group shall engage in dialogue with its stakeholders to understand local issues, and take action together with them while making effective use of available resources.
3. The Daiwa House Group shall encourage its individual employees to actively participate in its Community Co-Creation activities, considering them as opportunities for personal development.

 [Co-creation with communities \(Japanese text only\)](#)

[Miraimachi Sengen \(Futuretown Declarations\)](#)
(Japanese text only)


 P161 **Social Data 3**
Achievements related to community co-creation activities (FY2023)


Management

Promotion system for community co-creation activities at branch offices

The planning and implementation of community co-creation activities for our Group are spearheaded by the Community Co-Creation Promotion Committee at each branch office. Activities are planned and formulated in light of social issues and issues with worksite management with a view to regional community revitalization. Via interviews, dialogues, and collaboration with the civic activity departments of local governments and NPOs, committee members plan and implement activities, improving them so employees feel they would like to participate again.

In fiscal 2023, we launched dialogues and collaboration with stakeholders at our branch offices and plants nationwide, with the goal of realizing the *Miraimachi Sengen* (Futuretown Declarations). We aim to come up with measures to address challenges in carrying out our activities, and roll out further activities throughout Japan together with the Community Co-Creation Promotion Committees.

 [Miraimachi Sengen \(Futuretown Declarations\)](#)
(Japanese text only)

 P161 **Social Data 3**
Achievements related to community co-creation activities (FY2023)

Community co-creation activity systems

The Company has numerous arrangements to ensure the enthusiastic participation of our employees in community co-creation activities, and is refining them to make them easier to use.

The volunteer leave system, allowing employees to take time off in half-day increments starting from fiscal 2015, was amended to one-hour units in fiscal 2021, enabling them to take leave more easily. The company also operates an employee donation system. Employees can make ongoing monthly donations to support organizations or contribute easily in times of emergency such as natural disaster. Further, we may provide a matching gift at times of emergency if certain conditions are met.

 [Endless Heart Donations Program \(Japanese text only\)](#)

Community Co-Creation Activities

Name	Establishment date
Volunteer leave system * May be taken in one-hour increments from April 2021	April 2005
Employee donation system	October 2005
Community Co-Creation Promotion Committees	April 2006
Activity expense sharing system	October 2008

■ Social capital

Dialogue and coexistence with local communities

Main approach

Daiwa Sakura Aid (DSA)

Our founder came from the Yoshino district of Nara Prefecture. Perhaps due to this connection, we started lending our support to conserving and rejuvenating the cherry trees of Mt. Yoshino in 2008. Our efforts over many years were recognized when we received a special achievement award in the landscape creation category of the 2023 Beautiful Nara Prefecture awards.

In addition to conservation efforts of the Mt. Yoshino cherry trees, the Sakura Project (mainly at elementary schools nationwide) features the performance and experience of traditional Japanese instruments and tree planting. This enables us to protect and pass on the history, culture, tradition, and lifestyle related to cherry trees and the cherry trees themselves in the spirit of “Creating Dreams, Building Hearts” with the keyword “cherry trees,” which symbolizes the Japanese spirit.

 [Daiwa Sakura Aid](#)

 [Prize winner in 2023 Beautiful Nara Prefecture awards \(Japanese text only\)](#)



Picking cherries


Miraimachi networking event (Gunma branch)

At our Gunma branch a *Miraimachi Sengen* (Future Town Declaration) conceptualizing the town we want to create in 2055 was formulated together with stakeholders featuring “harmony in exciting Gunma,” namely a town where all generations could shine and mix freely.

During the formulation process, some employees noted that there were few connections between the Gunma branch and local people, and that Gunma was not good at self-promotion despite its many attractions. With this as the departure point,

the branch held a Miraimachi networking event November 25, 2023, inviting local people to mingle and spread information about Gunma, in order to realize such aspirations.

At the event, employees shared their thinking behind the Miraimachi declaration and hidden attractions of Gunma they had visited. Children drew their visions of the future town, which were displayed in the Gunma branch. Finally a forum was held, discussing Gunma town attractions and ideals for the region. Local participants noted the importance of Daiwa House’s approach going beyond the company itself to listen to their desires and build the town of the future based on that understanding. The employees felt they had many ideas in common with the local people, and confirmation that the Miraimachi declaration was headed in the right direction gave them the courage to move forward. They also found a fresh objective: to go outside the company and hear from the children who would be the main players in the future town.

 [Collaboration case study: Gunma branch \(Japanese text only\)](#)



Miraimachi event



Local participants


Construction of emergency temporary housing

We are a member of the Japan Prefabricated Construction Suppliers and Manufacturers Association, which has an agreement with local governments across Japan regarding the construction of temporary housing at times of disaster. When the association receives a request for emergency housing from a local government, it passes this on to the 14 companies that belong to the Standardized Architecture Committee. Our Group company Daiwa Lease is one of four managing companies of this committee.

The Daiwa House Group has arrangements to provide a smooth response when disasters occur, launching a project (DASH PROJECT) that handles everything from design to post-delivery management of emergency temporary housing. Such

projects involve employees normally engaged in other work, so efforts focus on preparations before emergencies occur, including regular drills for chosen members and the preparation of construction manuals.

Following the January 2024 Noto Peninsula earthquake, Daiwa House Industry built 227 housing units and Daiwa Lease 964 units, using Daiwa Lease cold-weather specifications for temporary emergency housing. Note: The contract leasing period for temporary emergency housing is two years, with sites cleared and restored to their original condition once the period expires. The prefab materials removed are stored at Daiwa Lease for recycling.

 [Daiwa Lease website Reconstruction support/disaster prevention \(Japanese text only\)](#)

- D** ➔ Daiwa House Group
- A** ➔ Action
- S** ➔ Speed/safety
- H** ➔ Heartful



Taking into insulation and wheelchair accessibility



Slope used on approach

Manufacturing capital

Contributions to SDGs



Manufacturing capital

Contents

- 085 | Developing and providing high quality, safe, and secure products
- 090 | Supply chain management (Society)
- 093 | Enforce safety/security at construction sites



■ Manufacturing capital

Developing and providing high quality, safe, and secure products

Concept and Policy

For the Daiwa House Group, the creation of businesses that find solutions to social issues is the embodiment of our founder's spirit. In order to "create new businesses" and "tune existing businesses" to serve society, we will not only carry out development at the Central Research Laboratory, but also, as part of our efforts to create new value, transform our businesses and business models by promoting digital transformation (DX) and expand open innovation, which allows for emergence from diverse perspectives, into our intellectual property strategy, and build a system that can promote business development in the medium to long-term and from the perspective of social issues.

In addition, in order to provide people with buildings that give a sense of safety and peace of mind, the Group has been working together with its partners to build up its technology and manufacturing base. In the era of technological innovation, we will aim at establishing a technological and manufacturing structure that can flexibly cope with the changing times, by cementing relationships of trust with our partners and improving our technological capabilities.

Management

Research and development structure that takes social issues as its starting point

In addition to the basic areas that support safe and secure living, Daiwa House Industry's Central Research Laboratory focuses on the four main social issues of "stock-type society," "low birth rate and aging population," "environmental energy," and "stable food production" as key areas. In addition, priority themes to be addressed each fiscal year are determined following discussions with officers in charge of respective divisions, the Vice President, and the President.

By integrating environmental, energy, IoT, bio, and other technologies, we conduct research and development to make the "places we live" both comfortable and sustainable,

including residences with consideration to comfort and health that stand up well to major earthquakes and disasters, as well as ZEH, ZEB, and RE100 (100% renewable energy) community development.



➤ [Community development with 100% renewable energy](#)

➤ [Central Research Laboratory \(Japanese text only\)](#)

System for cross-sectoral supervision of specifications information

To rebuild the conformance system in specifications across the Company, further strengthen our legal compliance system, and provide safe and secure products to our customers, the Company established the Legal Compliance and Quality Assurance Headquarters directly under the President in August 2019.

When the Company develops a product, safety performance such as fireproofing and structural performance, and comfort performance such as sound insulation and thermal efficiency, are verified at the Central Research Laboratory. A Product Design Checker (appointed from the Technology Division of the Head Office) who has specialized knowledge and experience in various fields checks the details of both new and modified designs to ensure their proper implementation. The designed components are manufactured at factories that have acquired ISO 9001 certification, an international standard, and then shipped to their respective work sites.

Even products developed in this manner may result in legal or model violations if the design or construction is not carried out properly. To prevent this risk, we provide training to all employees involved in business operations.

Furthermore, we developed D-SPEC, a system that automatically highlights the points in construction most critical to fireproofing and generates drawings. It allows us to provide the key construction points to engineers and technicians in advance for each property, preventing on-site human error and enabling more accurate checking during inspections.

Design auditors who satisfy internal standards select 5% or more of the properties completed in the previous fiscal year from across the country to confirm that the design documents are free of legal and model violations, based on a checklist. If the design auditor discovers any noncompliance or irregularities

related to the specifications, he or she has the authority to delay or suspend the transfer of the product to the customer, and is responsible for controlling the relevant departments.

By performing cross-sectoral supervision of specifications information from the Head Office to manufacturing sites, we provide safe and reliable quality products to our customers.

Internal qualifications for the system of type-certified specifications

The Company's Housing Headquarters has an internal qualification system for employees who have obtained the type-certified specifications and are engaged in design work that uses this specification system. Exams are held internally every year, and those who do not pass the exam are not allowed to carry out design operations that use the system of type-certified specifications.* Online training is held to prepare for this exam.

In addition to the exams, we evaluate each designer's skill proficiency based on a comprehensive assessment of their knowledge and experience in design work. The available tasks are classified into five levels according to proficiency rank, ranging from "design assistance work only" to "design and verification of general building permit applications." The number of these proficiency rank increases is tallied for each branch office and incorporated into the management soundness assessment.

* An advance assessment and certification of compliance with certain building standards, such as a residence built to standard specifications. If the subject has already obtained the type-certified specifications, then the evaluation at the time of individual building permits will be simplified.

Employee training in the Production Headquarters

We conduct training at least once a year according to rank for employees involved with the Production Headquarters and 20 professional specializations such as disaster prevention, quality, etc. Through this process, we develop human resources with knowledge of product quality, safety in the manufacturing processes, environmental performance, and more, and who are able to put this knowledge into practice.

■ Manufacturing capital

Developing and providing high quality, safe, and secure products

Promoting digital transformation (DX)

Technical innovations that incorporate digital technology are becoming increasingly important to the construction industry as it faces aging demographics and shrinking numbers of skilled builders. Moreover, with digitalization accelerating across all areas of society and in anticipation of this changing social environment, the Daiwa House Group led the industry by establishing a digital construction project in fiscal 2019 with the aim of reducing the need for personnel and enabling unmanned construction sites. The Group then followed this up in fiscal 2020 by integrating its previous efforts in the BIM* field and establishing specialized departments.

* Building Information Modeling. Digital three-dimensional models that incorporate building information. It enables consistent use of information throughout the life cycle of a building, from design to construction and maintenance.

 [DX Annual Report \(Japanese text only\)](#)

Strategy for intellectual property

We recognize that intellectual property rights such as patent rights and design rights, which are the results of our research and development, trademark rights, which form the basis of our brand strength, and copyright, which is the result of our intellectual creativity, are important assets of our company. We strictly control all matters regarding their acquisition, maintenance and abdication based on an established flow. We do not only assert the intellectual property rights of our company, but also respect the rights of other companies. We carry out clearance investigations to ensure the non-infringement of other companies' patent and trademark rights.

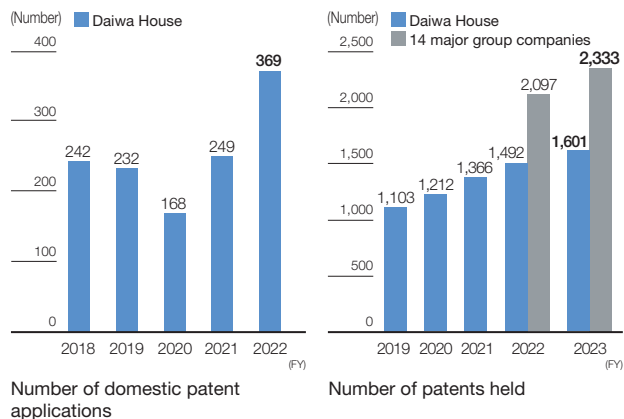
Furthermore, based on the importance of intellectual property information, as well as constructing a system to communicate and gather intellectual property information within the company, by actively carrying out licensing based on patent rights, which are the results of technical development, we are working to utilize our intellectual property rights. To further promote activity related to intellectual property rights, we publish an annual report on our activities related to intellectual property, pay a bonus for inventions that are implemented, and hold presentations to increase employees' awareness of intellectual property.

The number of domestic patent applications in fiscal 2022 was 369. Regarding the breakdown of fields of those

applications, in addition to our core business of housing and construction, in recent years, the ratio of applications related to the fields of IT and IoT, and the environment, are increasing.

As of the end of fiscal 2023, the Company held 1,601 patents (including patents acquired in foreign countries), which is an increase of 109 patents since the end of fiscal 2022. As of the end of fiscal 2023, the 14 major group companies, including the Company, held 2,333 patents (counting only the patents registered in Japan).

■ Number of domestic patent applications over the past five years, number of patents held



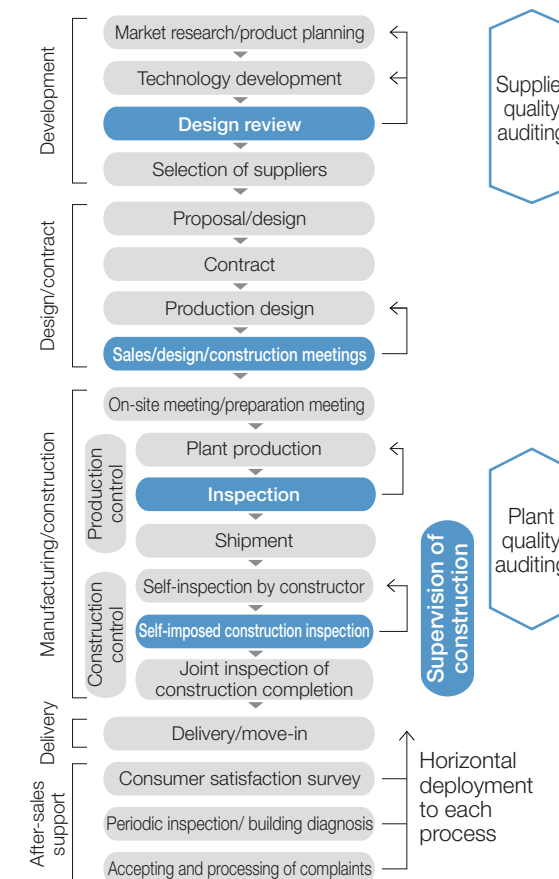
Quality Assurance System

Daiwa House Industry pursues quality improvement throughout the production process, from development to design and contract, production and construction, to after-sale services. According to our system, each process, such as development, design, production, and construction, must pass an inspection based on feedback from recurrence prevention activities and various processes, before proceeding to the next process.

Improvement proposals are raised at each process up to the delivery via a feedback sheet system made available to all employees. Proposals on product quality, systems, and structures are accepted, managed, and administered, all the way up to the responsible department's response. Adopted

proposals are then used to improve technical standards and design documents.

■ Quality assurance system flow (Housing)



■ Manufacturing capital

Developing and providing high quality, safe, and secure products

Conducting self-inspections of building quality

· Housing (single-family house and rental housing businesses)

Japan has rigorous standards for building safety to protect building owners and residents (consumers), based on the Building Standards Act. In addition to legally required inspections, we conduct construction quality self-inspections carried out by the construction company and construction manager, as well as an inspection by members of the construction supervision department. A building must pass these inspections before it can be delivered.

· Construction (commercial facilities and logistics, business and corporate facilities business)

At the Company, following self-inspections conducted by building contractors and construction supervisors, personnel responsible for design, construction, and facilities conducts quality checks before handing over a building.

Employee education aimed at improving construction quality

The Company provides intensive training to employees who have newly transferred to the Housing Construction Supervision Department. The training includes education on laws, regulations, and on-site inspections of construction sites.

Certification system for structural specialists in design

In recent years, due to the increasing size of projects ordered and the use of advanced technology, it has become necessary to strengthen our structural technology capabilities to facilitate our efforts in the competition for orders for buildings such as hospitals, data centers, and precision machine factories. In addition, advanced technical knowledge has become necessary for determining performance when ordering our own development projects.

Therefore, in fiscal 2021, we internally established the Certification System for Structural Specialist, which impartially evaluates and celebrates the technical abilities of structural engineers. The system was created to drive cutting-edge

technology, improve foundational technical skills, and motivate structural engineers. Every year, properties utilizing advanced technologies implemented by their designers are evaluated and selected, with the ranking rising according to the number of times they are selected. Employees selected through the Certification System for Structural Specialist will work toward the internal development of advanced technologies through various means, such as in-house design reviews, technical consultations, and expressing their opinions in technical presentations, thereby promoting the enhancement of structural technology capabilities across the entire company.

Implementation of the ISO 9001 Quality Management System Standards at the Production Headquarters

At Daiwa House Industry's plants throughout Japan, we are automating, streamlining, and using more robots to achieve an integrated production system with uniform quality that extends from parts machining to assembly. Our plants nationwide, together with the Production Headquarters and the Procurement Headquarters of the Head Office, have acquired ISO 9001 certification, the quality management systems of the International Organization for Standardization and implemented it as a tool to further promote efforts to enhance and stabilize product quality.

Regarding the implementation of ISO 9001, an external certification body performs annual checks to assure product and service quality and safety.

Education support aimed at technical improvement of partner subcontractors

We established the regulations for financial assistance to train technicians for housing constructors in order to provide our construction business partners* with financial support to train their young technicians in specialized skills for housing construction. Since fiscal 2021, recipients of the subsidy have undergone the Training Program for New Housing Technicians for the second year of their subsidy. In fiscal 2023, 34 technicians participated in a four-day online training program for foundation, exterior, and interior technicians. Through participation in this program, the foundation and interior technicians were able to

satisfy the requirements established by the Ministry of Land, Infrastructure, Transport and Tourism in the system to achieve Level 2 certification (mid-level technicians), apart from the required number of working days (645 days).

In addition, the internal Certification System for Skilled Engineers and Technicians certifies engineers and technicians with outstanding skills to secure technicians and improve the technical capabilities of construction companies, improve the production systems of factory business partners and enhance their quality, and raise the motivation of technicians. Two of these technicians received the 2022 Minister of Land, Infrastructure, Transport and Tourism Award for Excellence in Construction (Construction Master), raising the total number of Construction Master award recipients to seven and setting a good example for other technicians.

We also provide training when we conduct skill assessments for technicians and prospective full-time supervisors who assist our construction managers. Construction expenses for technicians and others are paid to the building contractor according to their rank in the skill assessment.

In addition, measures are implemented in cooperation with business partners at each factory to develop and improve the skills of qualified technicians.

* Business partners who perform construction work under contract from the Company

■ Educational support programs

Development measure	Target	Details
Technical improvement training	Factory business partners	Skill transfer from excellent technicians to other technicians
Skills contest (qualifying round)	Factory business partners	Competing in skills such as welding, woodworking, exterior work, painting, forklift operation, and information processing. Judging performed by the Company
Nationwide building skills contest	Factory business partners	Certification of winners as "excellent technicians" and "senior technicians"
Supervisor training	Factory business partners Supervisors	Training to improve on-site management skills. Training on safety, quality, and environmental issues
National improvement contest	Various factories and factory business partners	Case studies of cost reductions, productivity improvements, and other improvements at various factories. Qualifying sessions held at each factory



➤ MLIT [CCUS Portal]: About the Skills Evaluation System (Japanese text only)

■ Manufacturing capital

Developing and providing high quality, safe, and secure products

Support for improving the working conditions of construction business partners

The “Construction Career Up System” (hereinafter referred to as “the system”) operated by the Government of Japan is a scheme designed to improve the work conditions by reserving construction technicians’ qualifications, social security data, and work experiences, resulting in a fair evaluation of skills. Operation of the system started in April 2019, supported by the Ministry of Land, Infrastructure, Transport and Tourism as part of work style reforms. We have been encouraging our building contractors to register with the scheme since October 2019.

In addition, starting in April 2020, we began managing the entry and exit of construction technicians at construction sites with face recognition so that work history information can be stored on the system. We used various means to encourage others to register with the system, such as by creating a tool that makes it easy to apply for registration, even for those who are not familiar with operating computers. As a result, 59% have joined the system as of fiscal 2023. Construction business partners that register with the system become eligible to receive various subsidies from the Company.

Main approach

Remote inspections in practice

With the goal of improving the efficiency of inspections, the Company’s Housing Construction Supervision Department has been conducting validation experiments of inspections conducted by construction supervisors at remote locations other than construction sites (offices, satellite offices, etc.). Since the effectiveness of remote inspection (inspection accuracy and time) was confirmed in fiscal 2023 and the statutory legal check has been completed, we will officially start operating “remote inspections” in fiscal 2024. Construction supervision assistants equipped with wearable devices capable of both visual and audio communication will be at construction sites to conduct inspections in collaboration with remotely located construction supervisors. Not only will this minimize travel time for inspections, but it will also allow for the transfer of skills to younger technicians.

Operating the feedback sheet system

We operate a “feedback sheet system” to collect a wide range of product quality information about defects, inefficiencies, and aspects that lack user-friendliness or ease of use that are discovered at the point of manufacture or maintenance (aftersales), in order that we may promptly apply corrective measures. At present, the system receives about 100 improvement requests every month, and we have a growing store of responses. In fiscal 2023, we trialed a system that allows us to collect information not only from our own employees, but also from external building contractors in some locations.

We will gradually begin operating the system for nationwide expansion in fiscal 2024.

Supporting skill improvement and skill transfer at factory business partners

· Nationwide factory skills contest

The aim of the nationwide factory skills contest is to improve the skills required in factory production activities by having representatives from different factories compete in terms of safety, quality, and productivity. In addition to the six skills of welding, woodwork, exteriors, painting, crane, and forklift, a seventh skill of construction information processing was added in November 2023. Participants compete in ten events to test these seven skills. Through this competition, we seek to improve technical skills, raise motivation, and transfer skills.




Welding skills being tested at the nationwide factory skills contest

· Supervisor training

Supervisor training targets the supervisors at factory business partners for the same production lines at different factories. Participants record videos providing an outline of their factory’s production line and its issues, and through the exchange of information and case studies where improvements were made with those from other factories, participants are able to discover ways to improve their work environments.

We received feedback through questionnaire surveys that the training was valuable and informative due to the opportunity to exchange opinions with colleagues who produce the same products. In the future, we will expand the number of production lines this training covers and establish a forum for exchanging opinions among employees at different factories.


 [P162 Social Data 4-3](#)
[Health and safety education](#)

Improve productivity with the use of information and communication technologies (ICTs)

· Digital construction and man-hour conservation through a high-precision positioning system

The Company and TOPCON CORPORATION signed a basic agreement to implement and promote “Digital Construction,” which sought to improve productivity by 2020 by using digital data to centrally manage all construction site processes. TOPCON’s high-precision positioning devices convert drawings into coordinate data, which can then be read by tablet devices for accurate positioning work.

In fiscal 2023, we held briefing sessions for construction managers across Japan and used the system to rope off construction areas, measure core piles, and erect steel frames. As a result, many construction sites have reported that measurements that used to require two people can now be done by one person in a short period of time. Furthermore, as the system can be used in a variety of ways, use cases are being gathered from across Japan and horizontally deployed via the in-house intranet. We will continue to promote the introduction of this system to more construction sites to improve the accuracy of building construction and reduce manpower needs.

 [Conclusion of the basic agreement to realize Digital Construction \(Japanese text only\)](#)

■ Manufacturing capital

Developing and providing high quality, safe, and secure products



Worker using a smartphone to check the numbers



Example of use when erecting a steel frame

· Development of D's BIM ROOM

Three companies in the Daiwa House Group (the Company, Nangok R/Studios, and Truss) have developed D's BIM ROOM, which allows customers to use a computer, tablet, head-mounted display, or other device to enter the metaverse (a virtual space) at the planned construction site of a building and get a full-scale view of the building's exterior and color, as well as get a feel for the distances from other things in the surrounding environment, and other aspects of the building. Inside D's BIM ROOM, customers located remotely can talk and share documents with other relevant parties, enabling them to work more efficiently in the planning, design, building, and other construction processes.

 [Development of D's BIM ROOM \(Japanese text only\)](#)

Global Talent Program (short-term training in Japan for national staff)

In anticipation of future overseas business expansion, we established the "Global Talent Program" in fiscal 2022 to improve the technical skills of national staff (local staff) working in our overseas subsidiaries. During fiscal 2023, we conduct a training program in Japan from November 5 to 18, 2023. The target was local staff on the front lines of our overseas operations, and the objective was to motivate them to work for the Group and improve their skills through their experience in Japan.

This year we welcomed eight participants from six countries/regions (China, Taiwan, Vietnam, Malaysia, Indonesia, and the US). In addition to touring construction sites and Company facilities, participants experienced traditional Japanese craftsmanship through a hands-on workshop at the Mie Technical Training Center, and gained new insights through communication with local employees of workshops and the Global Human Resource Exchange Meeting. Using these experiences, we are training leaders who will be responsible for promoting technical capabilities in local subsidiaries.

 [P068 Developing Global Human Resources](#)



Program participants

■ Manufacturing capital

Supply chain management (Society)

Concept and Policy

As social demands for corporate environmental and social initiatives increase, we believe that the Group's competitive advantage lies in its ability to satisfy both quality and price requirements while giving due consideration to human rights, decarbonization, and other issues. The Group has formulated its Supply Chain Sustainability Guidelines to promote CSR procurement together with its business partners, and to not only keep with the spirit of the law, but also by specifying specific requirements for business partners.

In addition, we have established a more detailed "Daiwa House Industry Procurement Headquarters CSR Purchasing Policy" for all business partners in Japan who do business with our Procurement Headquarters, and asked them to inform us in writing that they have agreed.

Furthermore, Daiwa House Industry participated in the Declaration of Partnership Building established by the Cabinet Office and other organizations. Through this declaration, we have affirmed to society that we will adhere to appropriate business practices with subcontractors.

■ The Supply Chain Sustainability Guidelines

Business Partner Code of Conduct

- 1) Establish a relationship of trust with customers
- 2) Business activities with high ethical standards
- 3) Considerations for occupational safety and health
- 4) Fair business activities
- 5) Environmental conservation
- 6) Co-creating a Brighter Future with local communities
- 7) Respect for human rights

[The Supply Chain Sustainability Guidelines](#)

[Participation in the Declaration of Partnership Building \(Japanese text only\)](#)

[Daiwa House Industry Procurement Headquarters CSR Purchasing Policy \(Japanese text only\)](#)

[P162 Social Data 4-1 Supply Chain Sustainability Guidelines Agreement collection rate/Self-check response rate](#)

Management

Operating the Supply Chain Sustainability Guidelines

In order to promote CSR procurement with our business partners, we formulated the CSR Procurement Guidelines in 2015. In April 2023, we revised the guidelines and renamed them the Supply Chain Sustainability Guidelines to cope with changes in society.

Our guidelines establish seven principles that underline the social and environmental responsibilities we expect of our business partners in a "Business Partner Code of Conduct." They expand off this code to more articulately define social and environmental requirements for our business partners under our "Corporate Activity Guidelines." Furthermore, the "Guidelines for Products" define the criteria for environmental and social features of products (such as construction materials) delivered to us.

When contracting with new business partners, we explain to them the purpose and overview of these guidelines and have them submit a letter of consent that they will honor them. If and when necessary, we also have long-standing business partners resubmit such letters of consent.

The explanatory document for business partners is in line with the "Business Partner Code of Conduct" and the "Corporate Activity Guidelines," and is provided to all employees of business partners for educational and training purposes.

Compliance with these guidelines is monitored through self-checks, which we have requested our business partners to conduct on a regular basis since fiscal 2017.

[P016 Supply chain management \(Environment\) Increasing suppliers' awareness of our environmental policy](#)

[P035 Cross-segment CSR Procurement Subcommittee](#)

[P062 Human rights risk assessment of business partners](#)

[P162 Social Data 4-1 Supply Chain Sustainability Guidelines Agreement collection rate/Self-check response rate](#)

[The Supply Chain Sustainability Guidelines](#)

Encouraging business partners in CSR procurement

Daiwa House Industry assists three member organizations in its supply chains with its material suppliers. Through these organizations, we learn of demands and issues our business partners have with us and inform them occasionally of business process issues we want them to respect through closely knit communications.

· **The Confederation of Partner Companies (4,275 companies): Composed of manufacturing and construction companies**

The Confederation of Partner Companies, an organization of partner subcontractors and factory business partners, has 72 branches nationwide and focuses on improving safety, quality, technology, and work efficiency, as well as promoting environmental conservation. Officers of the Company participate in each subcommittee as Executive Advisors, while the Company handles the role of secretariat. Confederation members share ideas and knowledge through the information site run by the Company "D-PC/WEB Ren" to ensure smooth communication and collaboration.

· **The Trillion Club (238* companies): Composed of material suppliers**

The Trillion Club helps improve the finances of both member businesses and Daiwa House Industry by enhancing material quality, respecting delivery schedules, developing new construction materials, and innovating technologies. Focusing on these promotional activities, we are deepening mutual development and friendship.

* As of the end of April 2024

· **The Setsuwa Club (160 companies): Composed of equipment manufacturers and sales companies**

The Setsuwa Club enhances cooperation and collaboration regarding equipment technology through the planning and operation of product and technology exhibitions by the Exhibition Subcommittee, and through the activities of the Technical Information Subcommittee, Public Relations Subcommittee, Introduction Promotion Subcommittee, and other subcommittees. The Club has a branch in each of the Kansai, Kanto, Chubu, and Kyushu regions.

■ Manufacturing capital

Supply chain management (Society)

□ P016 Supply chain management (Environment)

□ P035 Cross-segment CSR Procurement Subcommittee

Selecting and managing business partners in light of QCDSME

Based on our Supply Chain Sustainability Guidelines, we select and manage new business partners in accordance with QCDSME (Quality, Cost, Delivery, Safety, Moral, and Environment). For housing materials in particular, the Procurement Headquarters selects suppliers who provide the parts and materials that make up products manufactured at factories that have obtained the type-certified specifications. In making the selections, we first screen documented evidence of their quality, environmental considerations, delivery performance, costs, and management against our regulations on purchasing operations. Once approved, we visit the manufacturing company's production factory to verify the quality control system using a checklist based on the requirements of the ISO 9000 series. The flow requires that an initial lot verification is carried out to confirm that manufacturing is being done according to the contracted specifications before shipment is approved. Even after transactions have begun, we conduct annual follow-up evaluations of all suppliers to ensure that they are maintaining a reliable supply system.

In selecting new partner companies that carry out on-site construction, we review their application against their management policy, construction technology, number of qualified workers, and construction price levels and interview them as per our engineering regulations on subcontractors and product subcontractor management regulations. In addition, these processes help us to verify the candidate company's compliance record, safety and health assurances, their distancing from antisocial forces, legal permits in their possession, their participation in Japan's public health insurance program, and other defining features. With those that pass, we conclude a Basic Subcontractor Agreement and Factory Business Partner Subcontractor Agreement, as well as obtain a trade name proof of registration from them.

Action taken with suppliers with marked ESG risks

When we receive reports regarding ESG risks which include corruption, such as bribery, or human rights violations by our business partners, we have a system in place to investigate the facts and urge our business partners to take corrective action.

□ P162 Social Data 4-2
Results of questionnaire survey for business partners

Resolving problems in relations with business partners originating with our employees

The Group has established a "Partners Hotline," a contact point for reporting problems from business partners. The hotline is used to identify any behavior by Group employees that may be problematic from an ethical or compliance standpoint, as well as any issues among suppliers, and to strengthen relationships of trust with business partners. The Company corrects any problems identified by the reporting as appropriate. Starting in fiscal 2024, the psychological safety of whistleblowers will be ensured by subcontracting the acceptance of whistleblower reports to a specialized company.

We survey our business partners once a year through our Questionnaire Surveys for Business Partners. The results of the survey are used to build appropriate relationships with partner subcontractors. The results of the questionnaire survey are reported to the relevant division executives, including the Company's representative director, and feedback is provided to the offices that serve as the actual contact points with business partners to formulate and implement improvement plans. The information is shared with the Technology Coordination Department and business divisions, and is also used in training programs to promote improvements by measuring the progress of improvement activities.

□ P061 Various whistleblowing systems

□ P162 Social Data 4-2
Results of questionnaire survey for business partners

Local procurement

The Group's basic approach is to contract out construction

work to local construction companies and to procure building materials from local suppliers, thereby contributing to the stability of local economies.

Cooperating with trailblazing organizations in CSR procurement

· Global Compact Network Japan (GCNJ) Taking part in the Supply Chain Subcommittee

Since April 2018, Daiwa House Industry has been participating in the UN Global Compact (UNGC), a universal principle advocated by the UN on human rights, labor, the environment, and corruption prevention. We are also member to the GCNJ Supply Chain Subcommittee consisting of UNGC member companies. These subcommittees feature case studies and lectures by experts on recent CSR trends. Knowledge obtained from the subcommittee is reflected in the Daiwa House Group's business activities.

· Registering with EcoVadis

Daiwa House Industry registered with EcoVadis, which carries out sustainability assessments of supplier companies, from fiscal 2019 as a supplier and started to disclose required information. We maintain a Gold rating since then.

□ P112 Company receives Gold EcoVadis sustainability rating

■ Manufacturing capital

Supply chain management (Society)

Main approach

Monitoring business partners for ESG risks


The Group monitors the ESG risk of its business partners, regularly requesting them to perform self-checks of whether they are in a status of compliance with the Supply Chain Sustainability Guidelines. As a result, we confirmed that many of our business partners are moving forward with measures to comply with the aforementioned guidelines. On the other hand, we have found that challenges remain in formulating policies and conducting training on diversity and harassment. Based on these results, we will strengthen our dialogue with business partners and continue to make efforts for improvement.

 P062 Human rights risk assessment of business partners

P162 Social Data 4-1
Supply Chain Sustainability Guidelines Agreement
collection rate/Self-check response rate

Response to rights of indigenous people

As we procure timber globally, we have established our Biodiversity Guidelines [Timber Procurement] to avoid complicity in biodiversity loss or human rights violations. In accordance with these Guidelines, we carry out an annual procurement of timber survey and confirm the rights and working conditions of indigenous people. The survey establishes areas with a strong possibility of destroying forests and violating human rights as “high risk areas (tree species).” When we ascertain ongoing procurement from such areas, we demand that the relevant suppliers take corrective action. In fiscal 2023, the percentage of wood procured from such high risk areas, excluding certified wood, was 0.5%. We also amend survey items when needed, including high-risk areas based on information obtained from NGOs and forest certification bodies possessing detailed information on logging areas worldwide.

 P016 Supply chain management (Environment)
Monitoring of supply chain

P035 Conducting procurement of timber surveys at our suppliers

■ Manufacturing capital

Enforce safety/security at construction sites

Concept and Policy

Cocreation with our business partners has always been important to us at the Daiwa House Group, as shown by our action guideline to “grow and develop together with our business partners,” which is enshrined in our Employees’ Charter. The majority of our business partners and their employees are engaged in operations at plants or on construction sites, making the betterment of safety, health, and working conditions at the factory or construction site a universal theme. The Daiwa House Group believes that providing job environments where diverse human resources can work with peace of mind helps our business partners secure and retain human resources. We have therefore established health and safety management regulations in accordance with the Industrial Safety and Health Act. Based on these regulations, the Company President and the Chair of the Central Occupational Safety and Health Management Committee set and work on the “Basic Policy to Promote Safety and Health at Work” every year.

We are working with our business partners to enact a digital transformation (DX) while strengthening safety and health systems for people working on our sites. In doing so, we aim to achieve safety and security at our construction sites.

Management

General management of safety and health by the Board of Directors

We have appointed the Executive Vice President as Chair of the Central Occupational Safety and Health Management Committee, at the center of safety and health management. In this way, we ensure the general management of safety by the Board of Directors.

The Company holds regular meetings of the Central Occupational Safety and Health Management Committee, which is composed of company executives and heads of the technology, production, and administrative departments. The committee meets to get a solid grasp of the current state of occupational safety and health at the company, and to discuss

related issues. The details of the meetings are announced at a joint board of directors’ meeting, with the participation of directors and executive officers, whose viewpoints are incorporated into the process of setting the “Basic Policy to Promote Safety and Health at Work.”

In terms of the management structure of our health and safety management, a Senior Executive Officer and an Executive Officer are placed in charge, with an additional five Senior Executive Officers and Executive Officers from the construction departments of the single-family housing business, rental housing business, and commercial and office buildings business appointed as executive officers in charge of safety, for a total health and safety management team of seven. Occupational Safety and Health Management Committees have also been established at each factory and branch office. Important matters reported by these committees are reported to the Executive Officer of the construction department, who assesses the risks and reports those deemed “serious” to the Company’s Directors and Audit and Supervisory Board Members via the Central Occupational Safety and Health Management Committee. Through the general management of measures related to safety and health as above, the routes of orders to each factory and branch office are clarified.

 [Executives \(as of April 1, 2024\)](#)

Dissemination concerning safety and health to employees and business partners

Each branch has a safety manager and a health manager who have undergone external training such as RST*1 and the training for appointed safety managers stipulated by the Minister of Health, Labour and Welfare. Branch managers, safety managers, and health managers are to fully understand the contents of the “Basic Policy to Promote Safety and Health at Work” and together create a safety-and-health promotion plan. The contents of these plans are communicated to employees and business partners through the Occupational Safety and Health Management Committees (internal employees only) and safety and health councils (whose membership includes stakeholders such as external contractors) at each branch office. The safety-and-health management plans include frequency rates*2 that show the frequency of disaster incidents. These are reflected in the branch office evaluations.

In addition, not only do we aim to create “zero accident”


working environments, but we also seek to make our workplaces highly efficient, by holding monthly “Accident Prevention Council” meetings, including our business partners, to check the safety of all properties under construction.

*1 Ministry of Labour (currently Ministry of Health, Labour and Welfare) On-site Health and Safety Education Trainer

*2 The number of work-related fatalities and injuries per million actual working hours, which represents the frequency of accidents

■ Safety targets for fiscal 2024

Items	Targets	Important activities
Incidents resulting in death	0	Risk assessment-driven initiatives emphasizing slip/fall and heavy equipment accidents
Incidents caused by a third party	0	Conduct risk assessment during a construction review session
Heavy machinery-related incidents resulting in an absence of at least four workdays	0	(1) Work plan development and dissemination (2) Measures to keep out of the work area (3) Power shutdown when no work is performed
Slip/fall incidents resulting in an absence of at least four workdays * Compared to the end of January 2024	20% decrease	(1) Full scaffolding facilities (2) Thorough use of slip prevention equipment (3) Educational guidance
Heat stroke incidents resulting in an absence of at least four workdays	0	(1) Educate housing crews about heat stroke (2) Educate building and housing complexes crews at each worksite

 P162 [Social Data 4-3](#)
[Health and safety education](#)

Safety management structure at construction sites

Before starting construction on any of our projects, including new construction, we hold meetings to discuss how to ensure safety while building, and prepare a work plan. The Company confirms whether construction is progressing according to the plan through regular and special patrols of construction sites and meetings of the safety and health councils. The Company provides guidance and education for improvement to employees of the Company and its business partners.

In addition, hazard prediction videos are reviewed during morning meetings at each construction site in accordance with the work tasks to be performed that day. We also collect and share information on near-misses that occur at construction sites and have introduced a system that allows workers to


■ Manufacturing capital

Enforce safety/security at construction sites

report such incidents directly from their smartphones or other mobile devices.

In addition, we use industrial accidents that have actually occurred as case studies. Internal notices are issued and special patrols are conducted based on the contents of these studies to encourage the entire company to prevent such incidents from happening again.

Particularly serious accidents and disasters are reported to the Risk Management Secretariat (the Company's Legal Department). In addition, if, regarding the direct causes of an accident, an accident is similar to the causes of fatal or serious accidents that have occurred at the Company in the past, an accident is objectively analogous to a fatal or serious accident that could have resulted in death or serious injury, or an incident or accident is caused by a failure to take measures as instructed in past notices, the branch office in question will be designated as a "branch office requiring safety management improvement guidance" and placed under the supervision of the officer in charge of safety and receive direct guidance. To remove the designation, the branch office in question must clearly define indicators for improvement based on the results of the analysis of the accident case study and prepare a remedial action plan based on these indicators. The branch must then work intensively for about three months to improve its facilities and raise awareness in accordance with the action plan. After that, the Safety Management Department at the Head Office and the officer in charge of safety will check whether the facilities have been improved and that safety awareness has been established, and then make a decision on whether to remove the designation.

 P162 Social Data 4-3
Health and safety education

Risk management at factories in cooperation with business partners

The Company's factories array the various factory-specific committees (Safety and Health Committee, Quality Committee, Environment Committee, etc.) around the factory's Factory Risk Management Committee, which acts as a conduit for sharing information and coordinating operations with departments and divisions at the Head Office. They also share with factory business partners information about events that have occurred

and risks that are foreseen at other plants. The Factory Risk Management Committees at Daiwa House Industry's factories are instrumental in reducing risks and solving issues, uniting the Company and factory business partners in efforts to manage risks.

It also makes arrangements with business partners to handle the busy season by planning production process and volume, taking into account the problems (financial conditions, production capacities, etc.) identified through hearings and visits to factory business partners.

Health and safety audits for factory employees

At the Company's factories, we carry out safety audits based on the Occupational Safety and Health Management System (OSHMS) standards.


Main approach

Number of construction site industrial accidents and their countermeasures

In fiscal 2023, there was one industrial accident (heat stroke) at a construction site resulting in an absence of at least four workdays for an employee of the Company. There were 28 industrial accidents involving employees of business partners. Of these 28 accidents, 11 were slips/falls. We have therefore issued a notice calling for measures to prevent heat stroke, slips, and falls, and are working to ensure awareness of these issues.

■ Number of industrial accidents

Type	Number
Slip/fall	11
Getting caught in machinery	6
Fall	4
Cut/scratch	3
Collapse	2
Crash	1
Flights and falls	1

 P162 Social Data 4-4
Number of construction site industrial accidents