



Strengthening our Bases

Further strengthening the sources of value creation (three bases) 70

Message from Managing Executive Officer Ishizaki 71

1 Strengthening our human resources base 73

2 Strengthening our customer base 78

3 Strengthening our technology and manufacturing base 81

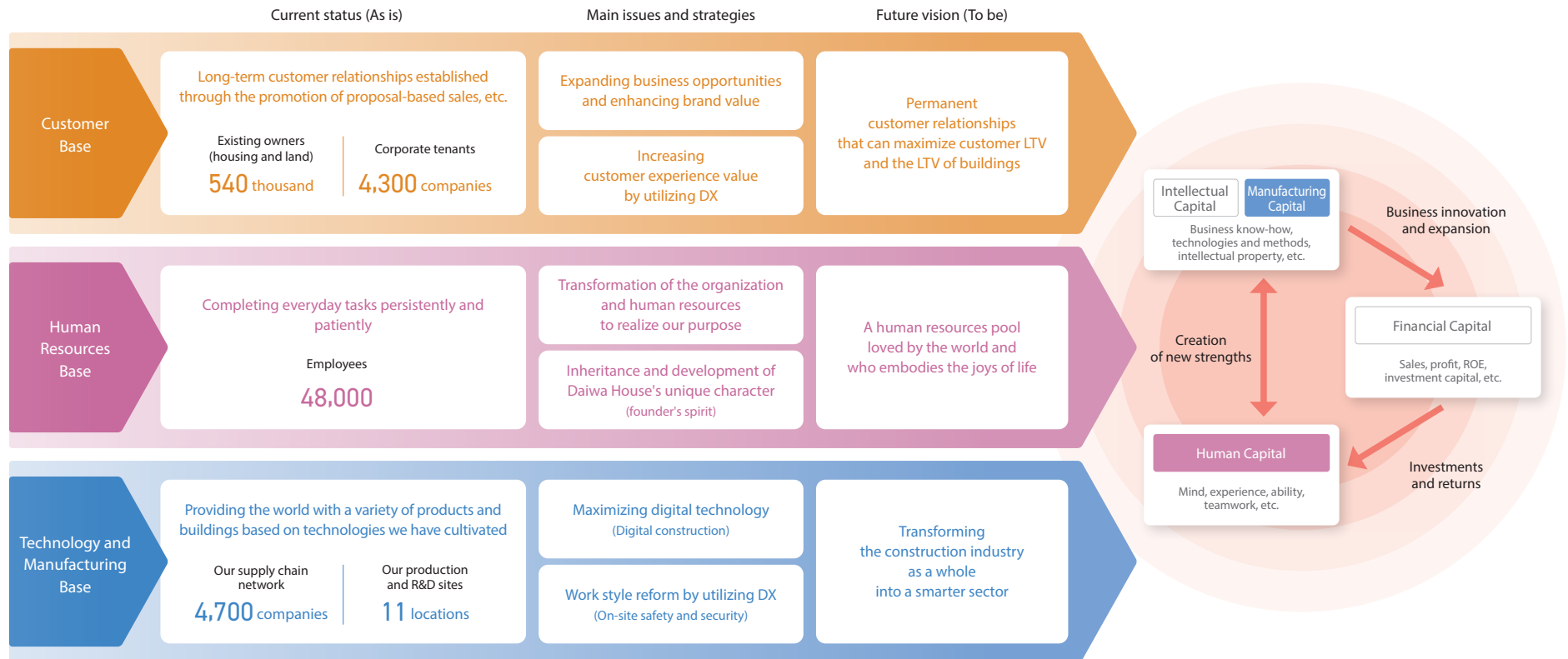
Chapter

6

Chapter 6 Strengthening our Bases

Further strengthening the sources of value creation (three bases)

We have built a solid management base that generates net sales of ¥5 trillion while creating unique strengths and enhancing our human capital, intellectual capital, manufacturing capital, and financial capital, with the three bases of human resources, customers, and technology and manufacturing at the heart of our value creation. In order to continue to grow sustainably in the future, we have identified the current status (As is) of the three bases and have classified major issues, both offensively and defensively, and are working to solve issues as we work toward our future vision (To be).





Junko Ishizaki

Managing Executive Officer
In charge of Human Resources,
Human Resources and Interpersonal Relationships Development, and Wellbeing

Message from Managing Executive Officer Ishizaki

Human capital management the Daiwa House Group way: Our Hopes for the Future (Purpose) as the starting point for cultivating corporate and organizational culture

Daiwa House Group's take on HCM

There has been a surge of interest in human capital management (HCM) of late, but Daiwa House Industry has always prioritized raising human capital—in Group founder Nobuo Ishibashi's words, "developing people through business." This core management policy will never change. That being said, social and personal values are constantly changing, which means that traditional methods may no longer work. It is important to discern what to keep and what to change if we are to adapt to changing times and needs while being flexible in modifying business activities to sustain growth. The founder's spirit—what makes Daiwa House unique—will be passed on and developed as a core value that stays constant; meanwhile, we will reform the organization and human capital as things that need to change.

We have solidly attained the goals we announced so far, powered by our organizational capabilities,

teamwork, and ability to finish what we start. Going forward, we must translate the power of individuals and diversity into the power of the organization.

Formulate new Business Philosophy and clarify its positioning vis-à-vis our Purpose

We announced Our Hopes for the Future in 2022 and reworked our Business Philosophy in fiscal 2023 after receiving feedback from employees asking for clarification of our Corporate Creed and our Employee Charter and their positioning vis-à-vis our Purpose and how they relate to it.

The new Business Philosophy is centered on two main themes: our timeless Corporate Creed and our Employee Charter, and Our Hopes for the Future (Purpose) and the Values We Embrace. The Values We Embrace, which will evolve over time, were newly added as shared values that employees cherish. They incorporate thinking that we would like all employees to internalize so they

regard the concept of diversity and working at Daiwa House as means that allow them to enjoy life.

Our Purpose as the starting point for building our corporate and organizational culture

Our Hopes for the Future must take firm hold throughout the Group if we are to turn hopes into reality. The process entails five stages: recognition, understanding, empathy, taking ownership, and translating the previous four into action. We are now exploring ideas for the “empathy” stage.

In fiscal 2024, the focus is on every employee becoming aware of our Purpose. From July onward, we are distributing the newly produced Engagement Book, a tool to help people learn to think and act for themselves. I think these initiatives will contribute to maximizing employees' performance, but this will not happen overnight. It is crucial that we keep this ball rolling forward long term.

The management team is passionate about making the Company better. Feet firmly planted on the ground, we are pushing ahead with reforms while exploring what methods work best for Daiwa House. We are encouraging employees to address one another by name rather than formal organizational title and dress more casually when a suit is not obligatory, and are ending the practice of wearing the Company badge. These moves are

designed to foster an organizational culture conducive to active debate and inspiring innovation.

Diverse personnel make the organization stronger

The number of employees with diverse career experiences is on the rise. More than 20% of the Daiwa House Industry's new hires in FY 2023 were mid-career people. I believe we shouldn't focus too much on women excelling at work if we are to achieve DE&I the Daiwa House way. This is because I want all employees regardless of gender to harness their own experience and grow by gaining new experiences through our business activities. That said, I want to see greater opportunities for women to excel in their careers, and I believe this is possible. We women are traditionally underrepresented in the construction and real estate businesses, but when we adjust our thinking a bit, we often discover how attractive the work is, and this allows us to discover jobs that suit us well.

We also need a workforce with a broad age range to maximize the power of the organization. We were one of the first companies to adopt a retirement age of 65 early on, in 2013, with a view to drawing on the talents and strengths of older human capital, and we have removed the age limit of 70 for technical jobs. Senior employees offer the advantages of diversity enhancement and labor

supply at a time when we are short of technical workers.

New human capital development policy to serve as the core of personnel training

We previously had a framework of training programs broken down by job level, but the new policy is a basic policy with Our Hopes for the Future at its heart, and it covers the overall program. A particular focus is training for middle management. Starting in April 2024, all managers attended the basic program on organizational management. We also began providing a learning platform in July 2024 and will continue to increase opportunities for employees to take on new challenges such as side jobs and making use of our free-agent program.

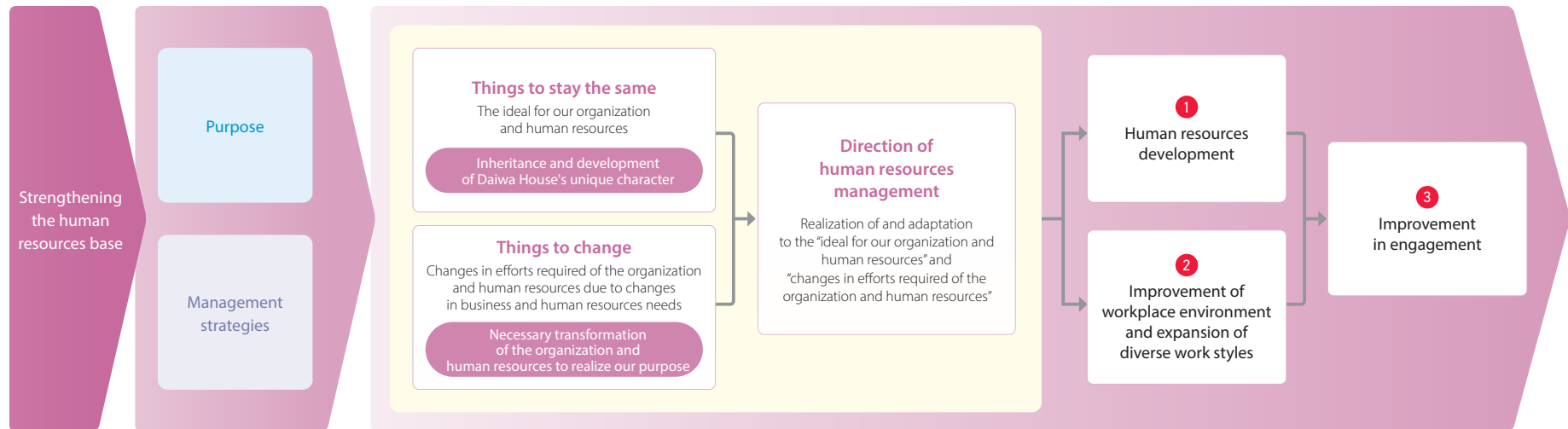
To foster future generations of human capital

Fostering management personnel is one of our major challenges. In fiscal 2020 we introduced D-Succeed, a succession plan designed to produce the coming cohort of management personnel. It defines human resource requirements for key positions in anticipation of joining management and selects candidates based on specific evaluation criteria. Candidates then undergo training where they acquire the empirical and theoretical knowledge necessary for taking up management positions.

1 Strengthening our human resources base —Views on human capital management—

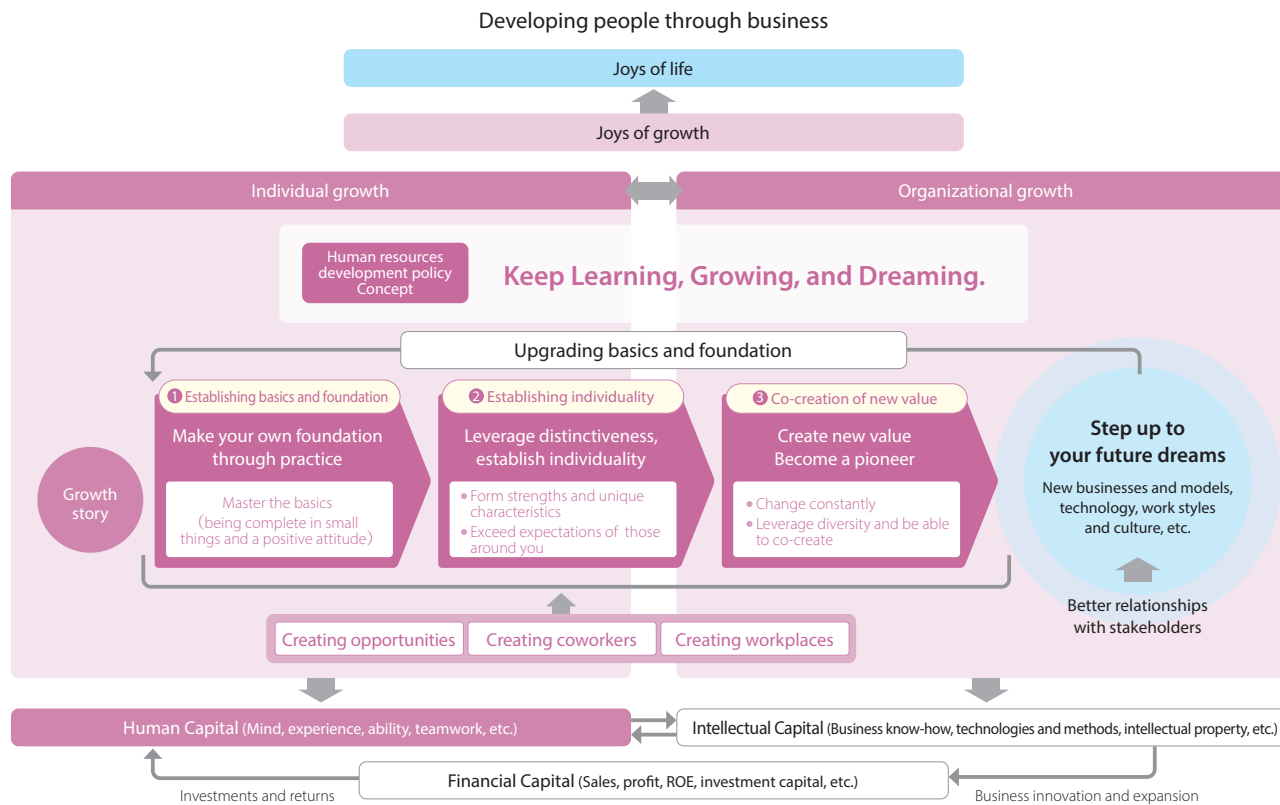
In line with the Group's policy of "developing people through business," we believe that increasing the value of our human resources base (human capital) is the engine that drives corporate value and since our founding, we have prioritized growth of human resources in our management. Daiwa House's founder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

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



1 Human resources development

In order to respond flexibly to an ever-changing society and to discover and create potential markets, it is essential for each individual to establish their own foundation, demonstrate their strengths and personality and shine together, and co-create new value. Under the concept of "Keep Learning, Growing, and Dreaming," we are supporting employees' autonomous and sustainable career development by providing multi-track growth opportunities by three foundations of creation (opportunities, coworkers, workplaces) for growth as true professionals trusted and loved by customers and society.



1 Establishing basics and foundation

Program to strengthen human resource and organizational management skills

Starting in fiscal 2024, a four-year program to strengthen human resources and organizational management skills has been implemented for all line managers, the number of which is approximately 2,000. The goal of the program is to strengthen organizational capabilities by having line managers, who are the "heart of the organization," relearn the latest management theories to establish a basis for "organizational management that improves business performance and brings out the best in people."

2 Establishing individuality

Developing global human resources

As of April 1, 2024, the number of human resources of the Company involved in overseas businesses was 130. In order to discover and develop human resources who can successfully expand our overseas business in the future, we introduced a global human resources development program in fiscal 2022 and a global trainee system in fiscal 2023, sending four technical employees to the US, China, and Malaysia for approximately 10 months. This has been expanded to include sales positions from fiscal 2024. We will continue to systematically train overseas human resource candidates and overseas executive candidates.

Sustainability Report 2024: Developing global human resources ▶ P.68

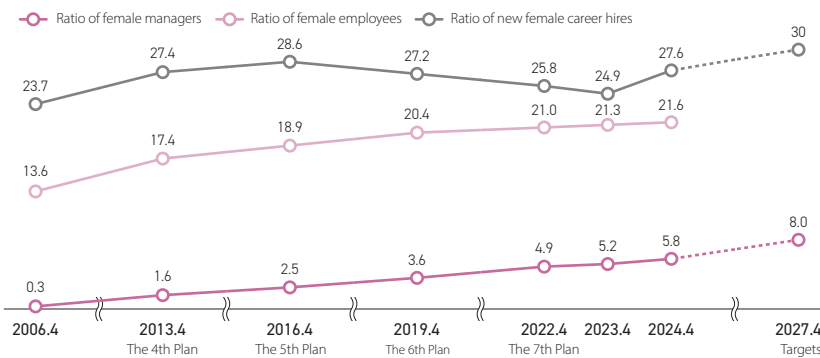
2 Improvement of workplace environment and expansion of diverse work styles

The Group believes that diversity in the “knowledge” and “experiences” of our diverse human resources is the source of innovation, and we are working to create a healthy and fair work environment where employees can feel fulfilled in their work and can fully express their “individuality.”

Empowering female employees

In order to secure 30% (critical mass) of women, which is considered to be the turning point that influences organizational decision-making, we have set three KPIs: the ratio of female managers, the ratio of female chiefs, and the ratio of new female career hires. In addition, since the ratio of female employees in the company is 21.6% (as of April 1, 2024), we are working in parallel to secure and develop the absolute number of female employees. In the Seventh Medium-Term Management Plan (FY2022-FY2026), we set a target of appointing 500 female managers (8% of total managers), which is approximately double the number of female managers in the plan's first year (April 1, 2022). Each year this percentage is rising, with women accounting for 5.8% of managers as of April 1, 2024. By creating a mindset not only for female employees but also for their supervisors and other employees around them, and by creating an environment and growth opportunities that enable women with ability and motivation to build their careers and work sustainably, we are strengthening decision-making from diverse perspectives and realizing new ideas for creating products and services.

Progress with diversity indicators regarding empowering female employees



Incorporating diversity scores into evaluations of offices

In order to promote diversity throughout the company, we adopted “office diversity scores” in fiscal 2019 as an item to evaluate management soundness at offices, with the aim of measuring and promoting the degree of diversity promotion at each workplace by visualizing the situation for each office. We are working to diversify human resources throughout the Company by evaluating four criteria: the ratio of female chiefs, the rate of male employees taking childcare leave, the rate of employment of persons with disabilities, and the rate of retention of young employees.

Promoting senior employees' active participation

Anticipating an aging and decreasing population, in 2013 the Company set its mandatory retirement age at 65, ahead of industry peers. Since then, we have regularly reviewed our compensation system for senior employees. In mid-career recruitment, we actively hire new entrants over the age of 50, and have established a system to secure human resources with advanced experience and skills and ensure that they can continue contributing to the Company for a long time.

Sustainability Report 2024: Promotion of active roles for the senior generation ▶ P.74

Support for balancing work and childcare

In 2015, we introduced a childcare support system (a support system for balancing childcare and child rearing with career building) to create a virtuous cycle in which experience gained through life, such as childbirth and child rearing, is also utilized in work.

Sustainability Report 2024: Support for work-life balance ▶ P.73

3 Improving employee engagement (employee motivation)

Status of employee engagement

To realize Our Hopes for the Future, the 7th Plan emphasizes the importance of employees feeling a sense of job satisfaction while empathizing with Our Hopes for the Future. In order to increase the number of employees who can share the Joy of Living with those around them through their work, in 2023 we advanced our efforts to the phase of empathy and practical action for Our Hopes for the Future. In addition, we have set targets that employees can use to estimate a sense of pride in their work and degree of growth through their work.

Results for fiscal 2023 show that 83% of employees reported feeling satisfied with their work, an improvement of 1 percentage point over the previous year's 82%. The results of the survey are fed back to each branch office and business division, and improvements are undertaken through dialogue at sites to ensure each employee can personalize the significance and purpose of the survey. Meanwhile, we have confirmed in each of our businesses that issues differ by job type and age group. As a result, in fiscal 2024 we will conduct a detailed analysis of correlations among the various matters we have identified and take measures with an emphasis on areas where correlations are particularly strong.

Performance and analysis of key KPIs

Job satisfaction	Pride in work	Sense of growth
Are you able to work with a sense of purpose at your current company/job/workplace?	Do you feel pride in what you are trying to accomplish in your current job?	Looking back on the past year, do you feel that you have learned and grown on the job?
FY2022 43% (82%)	FY2022 53% (88%)	FY2022 52% (89%)
FY2023 45% (83%)	FY2023 55% (88%)	FY2023 57% (90%)

In fiscal 2023, the number of "Probably" responses, the neutral response, decreased for each of the indicators, with the employee promoter score increasing. While younger respondents tend to give lower scores for "job satisfaction" and "motivation," they tend to give higher scores for "sense of growth."

Note: Figures in parentheses are the sum of three responses of "Definitely," "Yes," and "Probably." The KPIs disclosed in the Integrated Report represent only the top two responses and the target for each KPI is 70% in fiscal 2026.



We are formulating measures such as nurturing human resources who can develop their own career perspectives and continue growing.

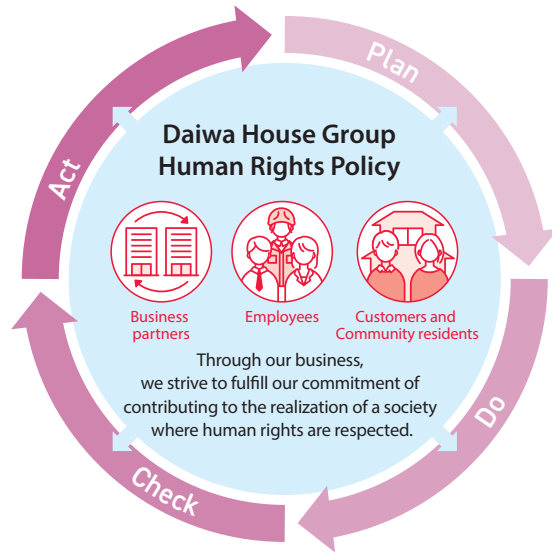
In addition to many positive responses regarding satisfaction with benefits and workplace safety as well as the status of legal and compliance mechanisms, we observed a tendency among many employees to support each other on a daily basis in order to achieve current organizational goals and fulfill their own roles. Meanwhile, we have an understanding of employees' own medium- to long-term career plans and their expectations of the company regarding human resource development, including reskilling. We will take concrete measures to address other issues that we have identified to further improve engagement.

Hidehiko Kawashima
 General Manager
 Engagement Promotion Department



Human rights management and due diligence

"Through our business, we strive to fulfill our commitment of contributing to the realization of a society where human rights are respected." To help put this commitment into practice, we established the Daiwa House Group Human Rights Policy in 2018 and we support international standards, including the Universal Declaration of Human Rights and the United Nations Global Compact (UNGC).



▶ Remaining challenges

We are intent on bolstering our frameworks for monitoring and managing the Company's human rights due diligence situation and, in light of our human rights risk map, are in the processes of re-evaluating whether to have the Sustainability Committee oversee our human rights management and due diligence programs to that end. Another remaining task we see, is extending these programs at an equivalent degree to our operations abroad.

Principal initiatives

P	<p>After our fiscal 2023 survey, we drafted a human rights risk map as part of our established human rights due diligence protocols. The map is designed to help us identify and assess human rights risk in the supply chains of our own businesses' products and services so we can take prophylactic steps to reduce them. Building on survey results, we prioritize issues by severity and work to develop appropriate frameworks and management methods for addressing them.</p> <p> Sustainability Report 2024: Identifying and assessing negative impact on people in human rights due diligence ▶ P.63</p>
D ↓ C	<p>We monitor the impacts of our business activities on stakeholders via an array of questionnaires and opinion and attitude surveys.</p> <p>Business partners' human rights The Company is working to deal responsibly with human rights issues in its supply chains, as exemplified by our institution of Supply Chain Sustainability Guidelines. Among the guidelines' specifics is the requirement that primary suppliers prohibit harassment and use of forced and child labor. The guidelines also require suppliers to take steps such as not procuring timber from areas where illegal lumbering or abuses of indigenous people's human rights are suspected. Meanwhile, we are also working to build healthy, human rights violation-free relations with our subcontractors, for instance by questionnaire-surveying them annually to check for abuses and other problems.</p> <p>Employees' human rights We have ongoing programs to educate employees about human rights. In addition to periodically checking that these programs are being carried out/ executed across the Group and monitoring how well our policies are being adhered to, we have put in place mechanisms—including contact points for reporting incidents and lodging complaints—for reporting and expeditiously dealing with individual human rights problems. To evaluate risk from infringements on employees' human rights, we subject all officers and employees to an Engagement Survey. Responses are anonymized, and the questionnaire is designed to uncover latent harassment as well as gauge how well employees grasp the concepts of psychological safety in the workplace, diversity, and equity, and how deeply they have taken root. To appropriately manage employees' hours, we have deployed a PC-based attendance management system to centrally track their time on the clock. The system ensures that employees are not working longer than legally permitted and that no "second books" are being kept of hours worked in deviation from those actually worked.</p> <p>Customers' and community residents' human rights We believe it is essential for respecting customers' human rights to have in place formalized protocols for dealing with accidents and a management framework for ensuring compliance with legal and regulatory stipulations covering quality and safety deficiencies. We have built a mechanism for collecting and collating feedback from customers via our support desks and when providing after-sale services that we then share with our development units and design, manufacturing, construction, and other processes [where the information could be useful]. And we have in place, at the business-division level, mechanisms for immediately reporting any human rights infringements involving customers or the local community to the Risk Management Committee, which then carefully analyzes incidents and works out measures to prevent recurrence.</p>
A	<p>We use situation monitoring to engage with stakeholders, and when conditions at business partners do not meet our standards, we take action that includes interviewing them and ask them to remedy them. As far our own employees are concerned, we work to cultivate an inhouse culture geared towards eliminating human rights abuses, particularly harassment; and we have mechanisms in place so victims can get help and problems can be dealt with.</p>

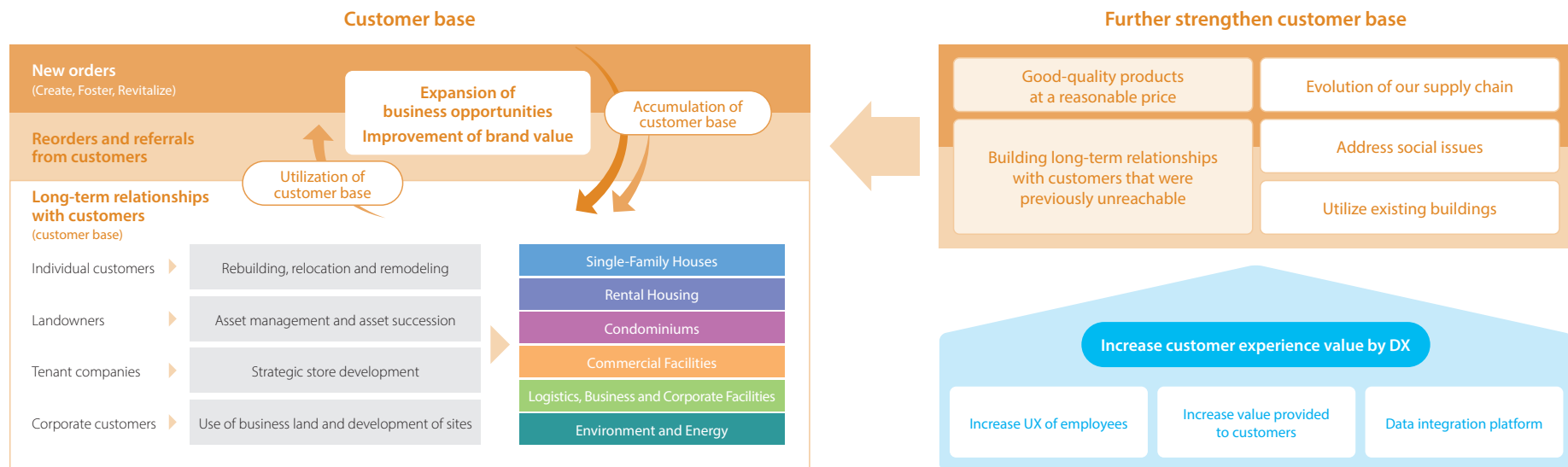
Sustainability Report 2024: Human rights management ▶ P.59

2 Strengthening our customer base

We are building strong customer relationships by promoting proposal-based sales that solve problems from the customer's perspective and by maintaining a close relationship with our customers long after construction has been completed. In particular, under the 7th Medium-Term Management Plan, we are working to establish a circular value chain (create, foster, and revitalize) business model in order to maximize customer life-time value (LTV) as well as the LTV of buildings, accumulate intellectual capital, and build strong and permanent customer relationships.

To further strengthen our customer base

While a typical construction company accumulates a customer base from new orders, through reorders and referrals from customers, our circular value chain allows us to provide not only construction, but also management and operation, remodeling, renovation, and purchase and resale. The scope of our business enables us to provide value to customers and buildings in all phases. In the future, we will focus on improving customer experience value through DX in order to make more optimal proposals in accordance with customer LTV and the LTV of buildings, and to further strengthen our customer base.



Creating new customer experiences through DX

We aim to create new businesses by developing a data integration platform that utilizes information obtained from the largest scale of operations in the industry. By maximizing the creativity of our employees through DX, we are further strengthening our business know-how (intellectual capital) to build customer relationships and maximizing the value we provide to our customers.



Strengthening connections with customers through the creation of new and enhanced customer experiences

Convenient and pleasant online transactions with customers

LiveStyle PARTNER

Daiwa House ID Customer account page

Electronic contracts with explanation of important matters using IT

Case studies Deployment of Daiwa House ID commenced November 2023

Streamlined information about contracts, delivery, and after-sales service. Plan to further integrate and link IDs to understand needs and build customer account pages.

New digital experiences of building purchase and use

D's BIM ROOM Experience buildings in the metaverse

DPL Portals Portal site for logistics tenants

Drones and AI Unmanned management of logistics facilities

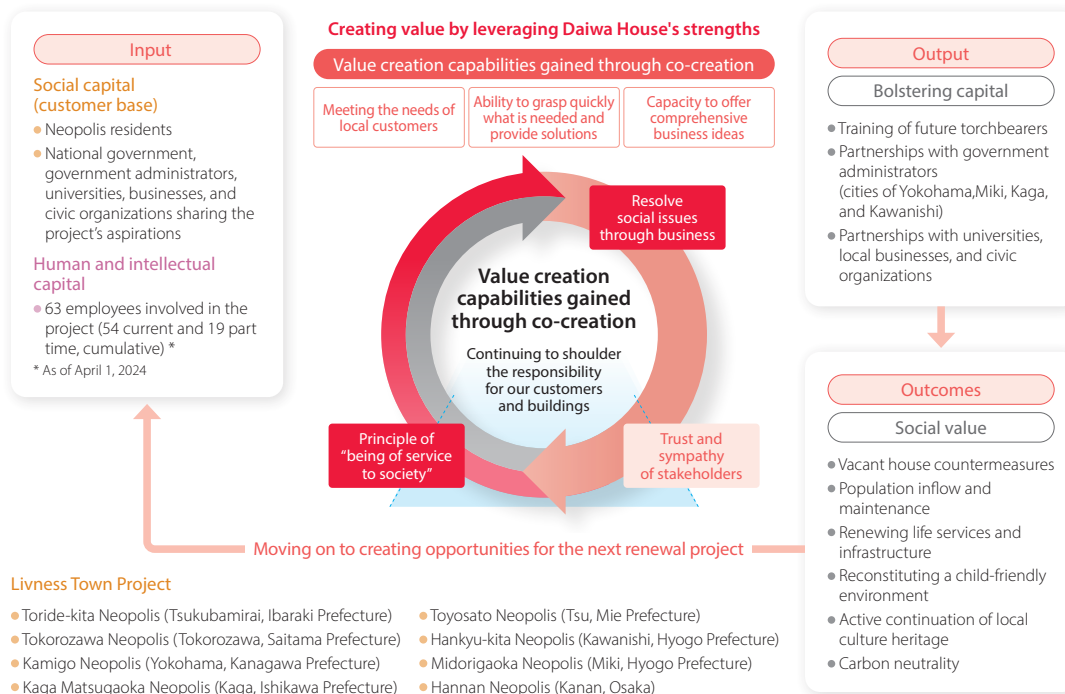
Case studies Commenced operations of DPL Portals, a portal site for gathering logistics facility information

Linked logistics DX, improved facility management efficiency, and warehouse monitoring IoT solutions

Case studies

Rebuilding our customer base via the Livness Town Project

Suburban housing estates were developed systematically in Japan to address housing shortages in the rapid economic growth era as urban areas became increasingly populated. But issues are emerging in the form of changes in the community, lack of services for the elderly, and growing numbers of vacant houses and properties. To deal with such issues at the 61 Neopolis single-family house suburban subdivisions (61,000 plots) we developed and sold nationwide, in April 2021 we launched the Livness Town Project. It envisions co-creating sustainable and growing communities in cooperation with the people who live in them, to reshape them into places residents can continue to live even as life circumstances evolve as well as places that can attract newcomers. At the January Neopolis Summit 2024, participating residents' increasing enthusiasm for community building was palpable in presentations they gave on how they were addressing issues at and the outlook for their respective Neopolises, as well as in panel discussions between them and academic experts. Through this project we intend to establish housing development-management know-how and expertise for making Neopolises livable for a lifetime, and to gradually roll it out at other Neopolises.



Neopolis Summit 2024 Declaration

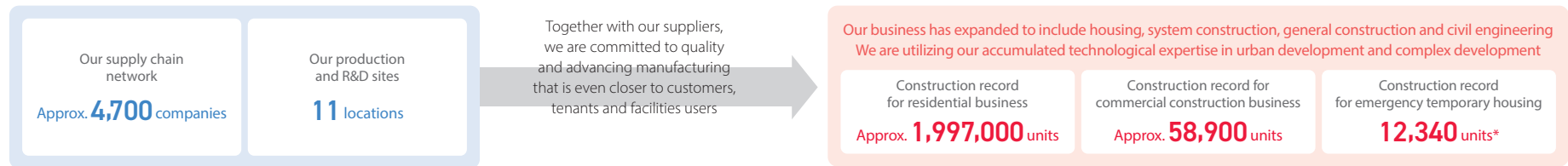
- All residents will have leading roles in our community development.
 - We will work together with diverse entities including companies, governments, and universities
 - We will build on and make the most of each locality's unique attributes
- "Let's foster a community where people can continue to live for 100 more years!!"



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 four 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.

3 Strengthening our technology and manufacturing base

Based on our founding philosophy of "industrialization of construction," we have built a strong technological and manufacturing base through collaboration with our business partners to be able to develop and provide safe and secure buildings with high quality over short construction periods. Leveraging our base, we are proud of our industry-leading track record in each of our businesses in supplying buildings of various asset types that meet society's needs.



*Since 2000, as of July 24, 2024

Development and provision of safe and secure buildings

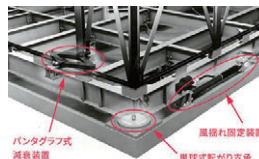
Our first product: Pipe House

Our first product, the Pipe House, which was inspired by rice and bamboo, became the cornerstone of steel pipe structures and led to the current construction businesses of logistics facilities, factories, and offices.



Developing technologies to protect lives from disasters

We have pushed ahead with technological development prioritizing the protection of the lives of residents, prompted by the Great Hanshin-Awaji Earthquake in 1995. As a prefabricated housing manufacturer, we were the first in the industry to launch a seismic isolation system and to develop seismic damping technology. Later, the Great East Japan Earthquake of 2011 led to the development of a new technology, D-NΣQST (D-Next), which can withstand massive and repeated earthquakes that are expected to occur in the future. With xevoΣ, our flagship housing product, we have realized homes that allow customers to "continue to live with peace of mind" and provide "large spaces and large openings that create a sense of spaciousness in their lives."



Seismic isolation system

Realization of high quality and quick construction through industrialization of construction

Production system to ensure high quality

In our highly systematized factories, industrial robots and skilled workers collaborate to stably produce high-precision components. High quality is also ensured through inspections by specialized inspectors at each step of the process.



Tochigi Ninomiya Factory, which received the highest grade S certification from the Minister of Land, Infrastructure, Transport and Tourism in 2019

Disaster reconstruction assistance backed by quick construction

In 1959 following the Ise Bay Typhoon, Pipe Houses, which could be built quickly and cheaply, attracted attention as emergency temporary housing, and the company received many orders. Since then, in the aftermath of earthquakes and torrential rain disasters, the Company has taken advantage of the speed of industrialized construction to quickly construct emergency temporary housing and supply public housing for reconstruction. We are also committed to community revitalization through our expertise in community development.



Emergency temporary housing supplied after the Noto Peninsula Earthquake

Aiming to establish a technological and manufacturing base that can flexibly cope with the changing times, we are pursuing “technology that is useful to society” while strengthening relationships of trust with our business partners and improving our technological capabilities, even in times of technological innovation. As we face challenges such as future worker shortages and rising resource prices, we are also working to evolve our supply chain through the use of digital technology.

To further strengthen our technology and manufacturing base

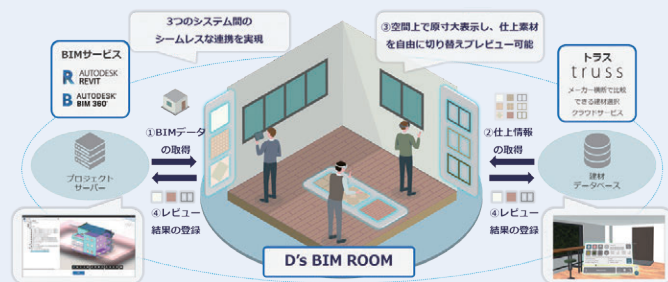
Construction DX promotion

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. We are advancing construction process reform in the form of “Construction DX” as we work to build a technological foundation that will enable Group sales of ¥10 trillion by 2055. We are building a digital infrastructure called D’s BIM, which uses BIM* as a platform to centralize information across product development, sales, design, construction, and maintenance.

* 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.

Improved operational efficiency through D’s BIM ROOM

In August 2023, the Company developed D’s BIM ROOM, a near-realistic experience of building planned in the metaverse using PCs, tablets, head-mounted displays, etc. Proposals made in D’s BIM ROOM are instantly reflected in BIM and other software, allowing for more efficient collaboration and seamless information sharing and decision-making in the planning, design, and construction processes.



Reinforcement of wooden construction

To accelerate the realization of carbon neutrality and respond to the growing environmental awareness of our customers, we are strengthening wooden construction in each of our businesses. We will promote further stabilization of quality and operational efficiency in wooden construction, as well as the establishment of a supply chain capable of supplying parts and materials at stable costs and delivery times.



Launched in July 2024
PREMIUM GranWood SMILE Edition
(artist's impression)

Overseas development of technology cultivated in Japan

In Europe, the Company has developed modular construction using units made in factories. In the US, we have supported the transition to off-site operations for the three local subsidiaries that develop the Single-Family Houses Business. In ASEAN, we have developed logistics facilities with chilling and freezing functions.



Fürstenwalde Production Plant, Germany

Building construction that meets the needs of society

To solve society's problems, the Company has recently developed a data center and built an onshore salmon aquaculture facility. We will continue to strengthen our technological capabilities to construct new asset types that respond quickly to the needs of the world.



DPDC Inzai Park (artist's impression)