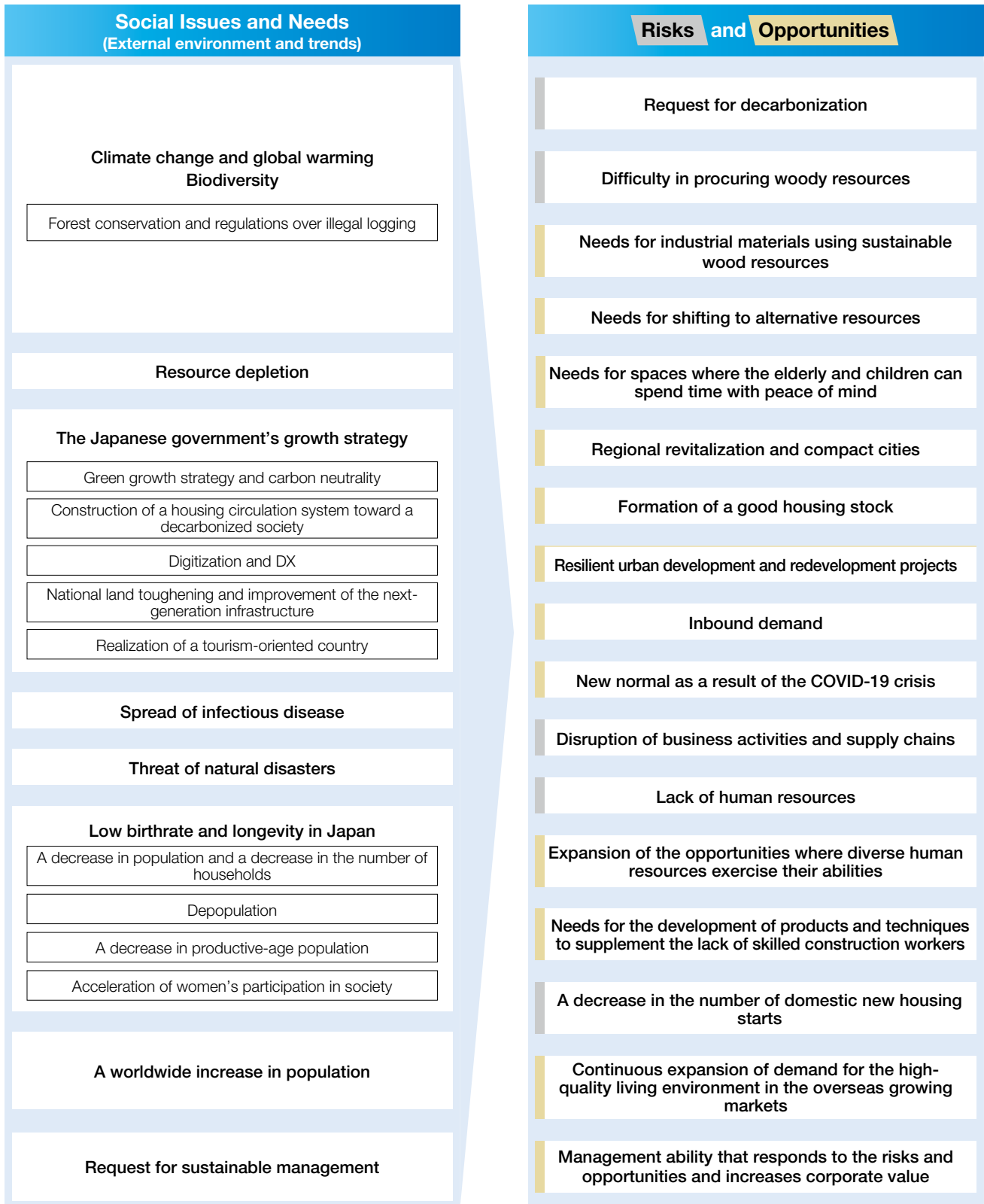


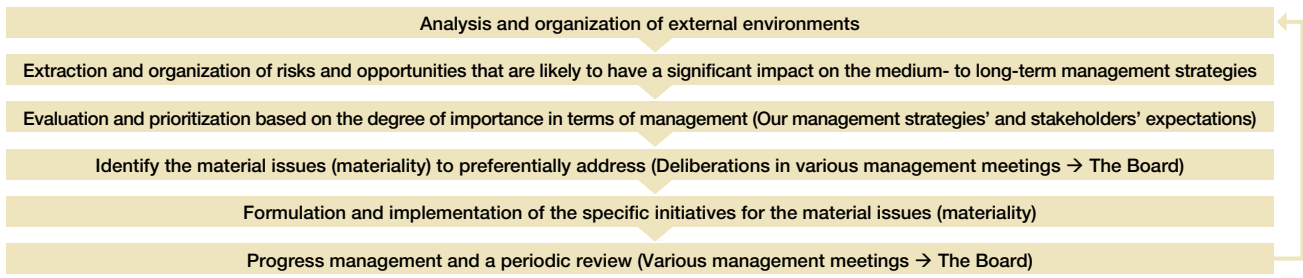
Risks, Opportunities, and Material Issues (Materiality)

In addition to the risks and opportunities that are likely to have a significant impact on the Daiken Group's medium- to long-term management strategies, we have identified material issues (materiality) to preferentially address, based on such risks and opportunities, the following. In identifying such themes, we made decisions by reflecting the Board's opinions through deliberations in various management meetings, such as the CSR Committee. We also link the material issues (materiality) to preferentially address the policies in the medium-term management plan and medium-term ESG plan, as well as the focused measures, and proceed with the initiatives after setting the goals.



*Details of the risks associated with businesses are described in the securities report.

Process to identify the risks, opportunities, and material issues (materiality)



| Material Issues (Materiality) | Initiatives for the Material Issues (Materiality) | |
|--|---|---|
| Contribution to a Decarbonized Society | <ul style="list-style-type: none"> E Greenhouse gas emissions reduction E Promotion of the use of renewable energy | Practice of ESG Management E: Environment ▶P49-50 |
| Pursuit of Sustainable Use of Wood Resources | <ul style="list-style-type: none"> Promotion of the use of domestic timber Recycling of wood resources Reduction of CO₂ emissions Effective utilization of unused resources | <p style="background-color: #e91e63; color: white; padding: 5px; text-align: center;">Creating shared value (CSV) by Daiken businesses</p> <p style="text-align: center;">▶P25-28</p> |
| Contribution for a recycling-oriented society | <ul style="list-style-type: none"> Creating a safe, secure, healthy, and comfortable space | |
| Realization of the Affluent Living Environment | <ul style="list-style-type: none"> Promotion of anti-seismic performance | |
| Productivity Improvement in Construction Sites | <ul style="list-style-type: none"> Development of labor saving type products and techniques | |
| Promotion of Risk management | <ul style="list-style-type: none"> G Enhancement of the BCP | |
| Human Resources | <ul style="list-style-type: none"> S Reinforcing human resources development S Promotion of diversity S Promotion of workstyle reform S Enhancement of the occupational safety and health | Practice of ESG Management S: Human resources ▶P51-53 |
| | <ul style="list-style-type: none"> S Enhancement of the Quality Control Structure | Practice of ESG Management S: Quality ▶P54 |
| | Expansion into priority markets Global markets Public and commercial buildings Home renovation market | Initiatives for priority markets ▶P36-42 |
| Enhancement of the Governance System | <ul style="list-style-type: none"> G Practice of the vision of the Group Corporate Philosophy | Practice of ESG Management G: Initiatives toward the Penetration of the Group Corporate Philosophy ▶P66 |