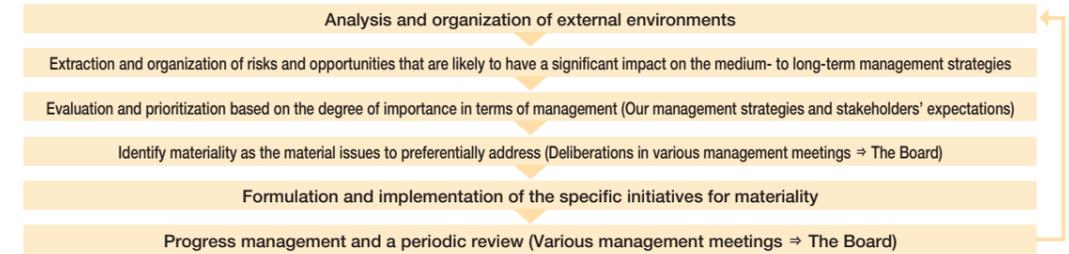


# Risks, Opportunities and Materiality

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 materiality as the material issues to preferentially address based on such risks and opportunities as the following. In identifying such themes, we made decisions by the Board's resolutions through deliberations in various management meetings. We also link materiality to preferentially address the policies in the medium-term management plan and the focused measures and proceed with the initiatives after setting the goals.

## Processes to identify the risks, opportunities, and materiality



### Social issues and needs (External environment and trends)

- Climate change and global warming  
Loss of biodiversity  
Forest conservation and regulations over illegal logging
- Depletion of/scramble for resources
- The Japanese government's growth strategy
  - Green Transformation (GX)
  - Construction of a housing circulation system toward a decarbonized society
  - Digital Transformation (DX)
  - National land toughening and improvement of the next-generation infrastructure
  - Realization of a tourism-oriented country
- Threat of infectious diseases
- Threat of natural disasters
- Low birthrate and longevity in Japan
  - A decrease in population and a decrease in the number of households
  - Depopulation
  - A decrease in productive-age population
  - Acceleration of women's participation in society
- A worldwide increase in population
- Change in the security environment
- Request for sustainable management

### Risks and opportunities

- Request for decarbonization
- Difficulty in procuring woody resources
- Needs for industrial materials using sustainable wood resources
- Needs for shifting to alternative resources
- Needs for spaces where the elderly and children can spend time with peace of mind
- Regional revitalization and compact cities
- Formation of a good housing stock
- Resilient urban development and redevelopment projects
- Recovery in inbound demand
- New normal as a result of the COVID-19 crisis
- Disruption of business activities and supply chains
- Lack of human resources
  - Expansion of the opportunities where diverse human resources exercise their abilities
  - Needs for the development of products and techniques to supplement the lack of skilled construction workers
  - A decrease in the number of domestic new housing starts
- Continuous expansion of demand for the high-quality living environment in the global growing markets
- Surging resource/energy prices
- Growing geopolitical risk
- Management ability that responds to the risks and opportunities and increases corporate value

### Materiality

- Realization of a Resource-Recycling and Recycle-Oriented Society
  - 6 CLEAN WATER AND SANITATION
  - 7 AFFORDABLE AND CLEAN ENERGY
  - 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
  - 13 CLIMATE ACTION
  - 14 LIFE BELOW WATER
  - 15 LIFE ON LAND
- User Needs in the New Normal Era
  - 3 GOOD HEALTH AND WELL-BEING
  - 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
  - 11 SUSTAINABLE CITIES AND COMMUNITIES
  - 17 PARTNERSHIPS FOR THE GOALS
- Diverse Human Resource Foundation by Improving Comfort in Working and Job Satisfaction
  - 3 GOOD HEALTH AND WELL-BEING
  - 5 GENDER EQUALITY
  - 8 DECENT WORK AND ECONOMIC GROWTH
  - 10 REDUCED INEQUALITIES
  - 17 PARTNERSHIPS FOR THE GOALS

### Initiatives for materiality

#### Creating shared value (CSV) by Daiken businesses

- Expansion of the possibilities of wood materials  
▶ P.23-25
- Effective utilization of unused resources  
▶ P.26
- Contribution to well-being  
▶ P.26-27
- Challenge to creating new shared value  
▶ P.28
- Simultaneous pursuit of security and labor saving  
▶ P.28

- Research and Development  
▶ P.43-44
- Environmental Strategies  
▶ P.45-46
- Human Resource Strategies  
▶ P.47-50

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