

# DAI-DAN REPORT 2022–2023

Integrated Report 2022–2023, DAI-DAN CO., LTD.

**DAI-DAN CO.,LTD.**

<https://www.daidan.co.jp/>

For any feedback or inquiries relating to this report,  
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Published in December 2022

A Message from Management

# Inspired by Light, Air & Water

At Dai-Dan, our duty has always been to provide people with safe, comfortable places in which to live and work, while also giving due consideration to the environment.

This 119-year journey is one we have shared with a variety of stakeholders, not only our customers, but also the shareholders, investors, subcontractors, employees, and communities we have met along the way.

We believe that continuing to meet their expectations will lead to raising our corporate value in a sustainable way.

Going forward, we hope we can count on your continued understanding and support for our activities.

## Shohei Kitano

Representative Director  
Chairman  
DAI-DAN CO., LTD.



## Ichiro Fujisawa

Representative Director  
President  
DAI-DAN CO., LTD.



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### Editorial Policy

Since fiscal 2008, we have been publishing our CSR report as a means of informing our stakeholders of our business operations and CSR initiatives. In fiscal 2014, we renamed this publication the Dai-Dan Report. Compiled as an integrated corporate report, it contains both financial and non-financial data in addition to the conventional content.

### Scope of This Report

• **Target organization**  
This report covers the operations of DAI-DAN CO., LTD. All financial information is reported on a consolidated basis.

• **Period**  
This report covers the fiscal year spanning April 1, 2021, to March 31, 2022. Some data refers to activities after April 1, 2022.

### Report Guideline References

ISO 26000  
Ministry of the Environment *Environmental Reporting Guidelines* (2018)  
GRI *Sustainability Reporting Standards*

# Dai-Dan's 119-year History of Creating Value

As a building services engineering and installation provider, Dai-Dan has continued to use its advanced technology to add comfort and vibrancy to interior spaces where people gather.

For more than a century, we have been expanding the breadth of our expertise and securing the trust of our customers.

At the same time, we are helping to achieve greater harmony with nature.

## The company is founded in 1903 as industrial production looks set to take off

- 1903 Dai-Dan's founder, Genji Sugaya, opens Sugaya Shoten in Tsuboya-cho, Kita-ku, Osaka, as a shop selling various machines, electric appliances, iron materials, etc., necessary for industrial production.
- 1906 The Murai Sugaya Sales Office is opened in the same district, and the company enters the heating business.
- 1907 With the Russo-Japanese War, Japan enters an age in which greater importance is placed on heavy industry. The resulting signs of a move toward full-scale use of electricity in the country lead the company to specialize in the electrical work business and change its trade name to Osaka Denki Shokai.
- 1909 Office operations are moved to Edobori Minami-dori 1-chome (site of the former head office) as the number of staff increase as the electricity and heating businesses boom.
- 1912 Offices are opened in Nagoya and Tokyo (upgraded to branch offices in 1921).

## Osaka Danbo Shokai is launched and expanded as a building services engineering and installation provider

- 1915 The business rights of Murai Sugaya Sales Office are taken over by the newly established Osaka Danbo Shokai.
- 1918 The business expands due to the war economy of World War I, and Osaka Denki Shokai and Osaka Danbo Shokai are integrated. In line with the founder's thinking that a name that sticks in the memory is a key to success, the newly established company takes the long name Osaka Denki Shokai/Osaka Danbo Shokai.

## The company responds to larger buildings and more advanced industrial facilities

- 1933 Osaka Denki Shokai/Osaka Danbo Shokai Co., Ltd. is incorporated.
- 1962 The company motto—"Serious efforts, thought creation, cooperation and harmony, faithfulness, sincerity and gratitude"—is formulated.
- 1965 The corporate name is changed to Osaka Denki Danbo Co., Ltd.
- 1968 The Technical Division is established to introduce and accumulate cutting-edge technologies.
- 1973 Osaka Branch's operating division independently establishes Dai-Den Equipment Construction Co., Ltd. Between this and 1976, nine companies become independent and establish affiliated companies.
- 1975 The company is listed on the Second Section of the Osaka Securities Exchange.
- 1976 The catchphrase "Inspired by Light, Air & Water" is born. The slogan, which leads into the current sustainability thinking, sets out the company's great social responsibility in handling light, air, and water—elements that are indispensable for life—and as a company that develops a positive balance between the electricity, air conditioning, and plumbing sectors.

## Major installations



## The company expands its overseas business

- 1977 The Overseas Division is established in June, and in August a representative office was set up in Singapore.
- 1979 The representative office in Singapore is upgraded to a branch office.
- 1981 The company is moved into the First Section of the Osaka Securities Exchange.
- 1983 The building of head office is constructed at the current place (Edobori, Nishi-ku, Osaka).

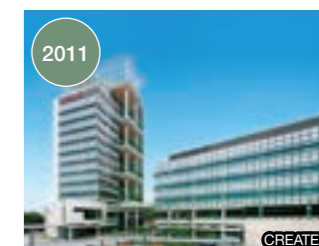
## R&D into cutting-edge equipment technologies is strengthened

- 1984 Technical Research Laboratory is constructed at Miyoshimachi, Iruma-gun, Saitama Prefecture. R&D into intelligent buildings and clean rooms is promoted.
- 1987 The corporate name is changed to DAI-DAN CO., LTD. in April. In November, the Tokyo head office is relocated from Ginza 2-chome, Chuo-ku to Fujimi 2-chome, Chiyoda-ku. Its functions, previously dispersed, are integrated.
- 1993 The company is listed in the First Section of the Tokyo Stock Exchange.
- 2003 The company celebrates the hundredth anniversary of its founding.

## The company responds to the decarbonization of society and the regenerative medicine business is promoted

- 2016 With the rebuilding of the Kyushu Branch Office, enefice Kyushu is constructed as a facility to demonstrate ZEB (net Zero Energy Building) in our own building from the perspective of BCP.
- 2017 The open lab Cellab Tonomachi, which is equipped with the latest CPF (cell culture processing facility), is opened within the Life Innovation Center (Kawasaki, Kanagawa Prefecture) in order to promote open innovation with the aim of contributing to the promotion of industrialization in the field of regenerative medicine.
- 2019 enefice Shikoku (Shikoku Branch Office), which completely achieves ZEB certification by reducing energy usage so 100% can be met with renewable energy, is constructed.
- 2021 From April, with the aim of entering a richer, sustainable stage, the Stage 2030 long-term vision is formulated and the Mid-Term Management Plan begun. In May, enefice Hokkaido (Hokkaido Branch Office) is opened. Complete cold-weather ZEB is achieved.
- 2022 In May, the Hokuriku Branch Office is rebuilt. Cross-Laminated Timber (CLT) is used to create a next-generation office building that fuses tradition and innovation.

## Major installations



President's Message

We aim to be a company that can create value in spaces that offer greater peace of mind, safety and health and that brings out the best in the lives of buildings and people.

**Ichiro Fujisawa**

Representative Director  
President



Profile

April 1979 Joined the company.  
June 2009 Director, Corporate Officer, Head of Industrial Facilities Division, and Manager of Technical Department  
April 2013 Director, Senior Executive Corporate Officer, in charge of East Japan Area, and General Manager of Tokyo Head Office  
April 2018 Representative Director and President (currently)

**120 years of history**  
**Breathing life into buildings**

Founded in 1903, Dai-Dan will reach its 120th anniversary in March 2023. The company got its start in electrical lighting installation work with the spread of electricity and soon after in the steam-heating business. Dai-Dan has continued—unceasingly to this day—to grow as a building services engineering and installation provider in those original business of electrical work and mechanical work.

During the period of rapid economic growth after World War II, there was a rush to build high-rise buildings and the use of air conditioning equipment spread instantly. The core Japanese industries have also changed and diversified over the years, from iron manufacturing and spinning to semiconductors and data centers and we have responded to advances in building equipment for industrial facilities that have come with these changes. Surely the reason that we can celebrate 120 years of business is that we have been able to meet the demands of our customers, which have evolved as the years have gone by, and repeatedly honing our engineering capabilities in order to do so.

I entered the company in 1979, at which point the company was still called Osaka Denki Danbo. Osaka was the birthplace of the company, and I think the company name also showed its work in electricity, air conditioning, and plumbing. In 1987, the company name was changed to Dai-Dan, previously often used as a nickname for the company. The mission of delivering environments that offer comfort, peace of mind, and safety through electricity, air conditioning, and plumbing equipment and our slogan, “Inspired by Light, Air & Water,” have been carried forward to the present.

When we first start the initial building installation process, the building is poorly lit with temporary lighting and the wind comes blowing in through openings. As work continues, plumbing pipes, electrical wiring, and air conditioning ducts are put in above the ceiling (or under the floor) and after this stage the ceilings, walls, and floors are finished and very few people will ever see all this equipment. Once the building starts receiving electricity, the rooms become well-lit, and a comforting breeze flows from the ceiling air conditioning nozzles. This point, when the building takes its first breaths and comes to life, is exactly the time when the value of our work—delivering environments that offer comfort, peace of mind, and safety—can be physically felt.

Until that equipment starts to work, a building cannot function as a building. In other words, our work of installing building equipment breathes life into buildings. That is why we have added a new slogan to our website—“Breathing life into buildings.”

**Long-Term Vision:**  
**A Company That Creates Value in Spaces**

Following discussions about our ideal for Dai-Dan’s future, we formulated Stage 2030, our long-term vision that focuses on the 2030. A key phrase found in that vision is “space value creation.”

Mechanical and electrical services tend to focus on handing the customer installations that just match the design plans. But looking again, we have seen that society and customers are less concerned with the physical items themselves, and more about spaces that have intrinsic, latent value—whether spaces that make it easier for people to work or clean environments that support highly precise manufacturing.

I feel that the COVID-19 pandemic has changed the way society thinks about indoor environments, including the role of offices. In particular, greater importance is placed on air conditioning services to provide health benefits as well as just comfort. Our company has an extensive track record in completing medical facilities and we are aware of our contribution to society—we have often performed urgent improvement work on air conditioning and ventilation equipment in examination and treatment rooms in hospitals in order to prevent the spread of infectious diseases. I have realized anew how society asks for peace of mind, safety, and health from the building equipment we work on.

The lifespan for most building equipment is around 15 years, and if regularly replaced and updated, can be used for 50 years or more. During that time, the demands of customers and society toward buildings and equipment change. Keeping ourselves familiar with what our customers want, and continuing to cater to spatial needs that change—such as the requirement for greater comfort or convenience from highly functional spaces—is, I have come to believe, what we should be aspiring to.

Our ideal for the future is to be a company that creates value in spaces as outlined in our long-term vision; in other words, continuing to create and deliver value through building spaces. This is our raison d’être.



### Mid-Term Management Plan: Preparation Stage FY2021–2023

The Mid-Term Management Plan that began in April 2021 is positioned as a three-year period in which to set the stage for our path to 2030, the final year of our long-term vision, by establishing and strengthening our foundations in Japan and overseas. Under the plan, Preparation Stage, we are placing greater importance on expanding sales, and aiming to improve our installation capabilities to carve out an unassailable position as a top group in the industry. Two measures we will be focusing on in particular are expanding industrial facility projects and strengthening overseas business.

#### Expanding industrial facility projects

Manufacturing facilities such as those that produce electronic devices or pharmaceuticals, as well as facilities such as large data centers and logistics warehouses—for which demand has grown in recent years—are classed as industrial facilities and require air conditioning and electrical equipment to produce the items and machines they manufacture.

Engineering capabilities are needed to guarantee the requirements of manufacturing environments such as temperature, humidity, airflow control, and dirt-free purified air. I am convinced that continuing to gain installation experience in this field is an investment in our technical capabilities.

By pushing forward with structural reforms and DX, industrial facility projects have grown to comprise more than 40% of the group's total installation sales. In the Mid-Term Management Plan, we aim to increase the proportion of industrial facility projects to 50%, even as the total installation sales grow.

#### Strengthening overseas business

The construction market in Japan is predicted to shrink in the future, another reason why I believe that strengthening overseas business is indispensable if we wish to expand the Dai-Dan Group's overall business.

The overseas business has developed over many years in two countries—Thailand and especially Singapore—but we have now set up new local subsidiaries, in Vietnam last year and Taiwan this year, with aim of achieving new growth. The overseas business made up only around 3% of the Dai-Dan Group in fiscal 2017, but by fiscal 2021 this had risen to more than 6%.

From this fiscal year forward, the Overseas Affairs Office is now the International Division and will be advancing the expansion of the overseas business.

### Making sustainability promotion a management priority

We are cognizant of the fact that to achieve the goals of our long-term vision and Mid-Term Management Plan, it is imperative that we address environmental, societal/human rights, and governance issues and become more sustainable in each of these areas. To promote our response to these sustainability issues, we have identified the following six material management issues:

1. Contributing to a carbon-free society
2. Responding to changes in the business environment via DX
3. Achieving high-quality medical environments
4. Promoting innovation and improving productivity through research and better trained human resources
5. Designing working environments where people want to work with attention to health and safety
6. Building better partnerships with subcontractors and suppliers

Of the above, I would like to talk about two areas that we are focusing our energies on: contributing to a carbon-free society and designing working environments where people want to work.

#### Contributing to a carbon-free society

The building equipment that we install and that our customers use, consumes a large variety of energy types, through lighting, air conditioning, etc. Around 16% of Japan's greenhouse gas emissions are produced by office buildings and other parts of the business category, while around half of the energy used at office buildings is consumed by lighting and air conditioning equipment.

We install building equipment that delivers comfortable environments, but we realize we have a duty to be aware of how much effect that has on climate change, and reduce that impact.

#### Promoting net Zero Energy Buildings (ZEBs)

To help decarbonize society, we are promoting the development and spread of ZEBs. These buildings use highly efficient equipment to pursue greater energy-savings, between this and further use of solar power and similar technologies, they achieve net zero annual energy consumption. These buildings are truly the culmination of a dream for equipment installers like ourselves.

As an example that was pioneering in Japan, our Kyushu Branch Office was rebuilt as enefice Kyushu to be "ZEB Ready." Later, we achieved 100% ZEB certification for enefice

Shikoku, managed a cold-weather ZEB with enefice Hokkaido, and accomplished a well-being-focused environment in the Hokuriku Branch Office using cross-laminated timber. We are proud to be a leading ZEB company, and that is the reason we have been recognized as such.

As well as reducing emissions of greenhouse gases in our business operations, we will put the ZEB technologies that we have accumulated to use in our customers' buildings, and through the spread of these we will contribute to the achievement of a carbon-neutral society.

#### Designing working environments where people want to work

One of Dai-Dan's strengths is the sum total of the capabilities and positive attitude at each worksite, and of all the people who work there. We respect diversity, and we in management believe that it is our duty to provide environments where everyone who works for the company can demonstrate their full potential. As part of that, In April last year, we extended the age at which workers have to retire so as to promote the employment of elderly workers. We also undertook a comprehensive review of our personnel, wage, and pension systems.

#### Reducing out-of-hours work is our highest priority

From April 2024, an upper limit on hours worked outside scheduled hours will come into effect in the construction industry, which until that point is covered by a moratorium. For us, as for the rest of the industry, the biggest question has been how to fundamentally rectify the problem of out-of-hours work, and so under the direction of the Sustainability Committee, we established the Work Style & Human Rights Task Forces and in April this year started a company-wide initiative, the SMILE 2024 Project.

The acronym SMILE, stands for:

- S**atisfaction for employees and
- M**otivation, which we will raise through
- I**deas that create some
- L**eeway and greater
- E**fficiency

Alongside sharing results, we need to have clear messaging from management, looks back at zero-base improvements, the promotion of DX, and studies into their effects. The SMILE 2024 Project will make work more appealing and so establish working environments where employees are satisfied, and have a desire, to work. The end goal, a company filled with smiles.

#### Bringing DX promotion to the heart of our operations

Enhancing productivity by promoting digital transformation (DX) will directly lead to greater corporate competitiveness, correct the problem of long working hours, and result in more

attractive workplaces. It will also lead to more people entering the construction industry, securing necessary labor. The philosophy behind the IT/digital strategy policy that we have formulated is that DX should utilize our people.

As one example of how we are promoting DX, since around 2017 we have made use of ICT, such as through online meetings, cloud file servers, and shared 3D CAD, and introduced job site support remote teams to offer remote support from head office and branches to construction worksites scattered around the country. These technologies make working from home, satellite offices, and other diverse ways of working possible, and we are promoting these as ways in which to help those who have to work shorter hours because they are raising children, and to help more women be active in the construction industry.

### Prizing communication with all stakeholders

Our management principles are rooted in the idea that we should always be taking on the challenge of creating value for our customers while contributing to the development of a better environment and stronger communities, and that is something that will not change going forward. However, our responsibility toward sustainability has changed over the years, issues like transparency and fairness in business dealings, human rights and raising awareness of the problems, diversification of working styles, and how to commit to resolving environmental issues. A company that does not keep its eyes open to various issues will not gain the praise of society, and its existence will not be valued.

Going forward, we will take every opportunity to engage with a variety of stakeholders—customers, business partners, investors, and employees, to name a few—and carefully consider how we can progress hand-in-hand with society.

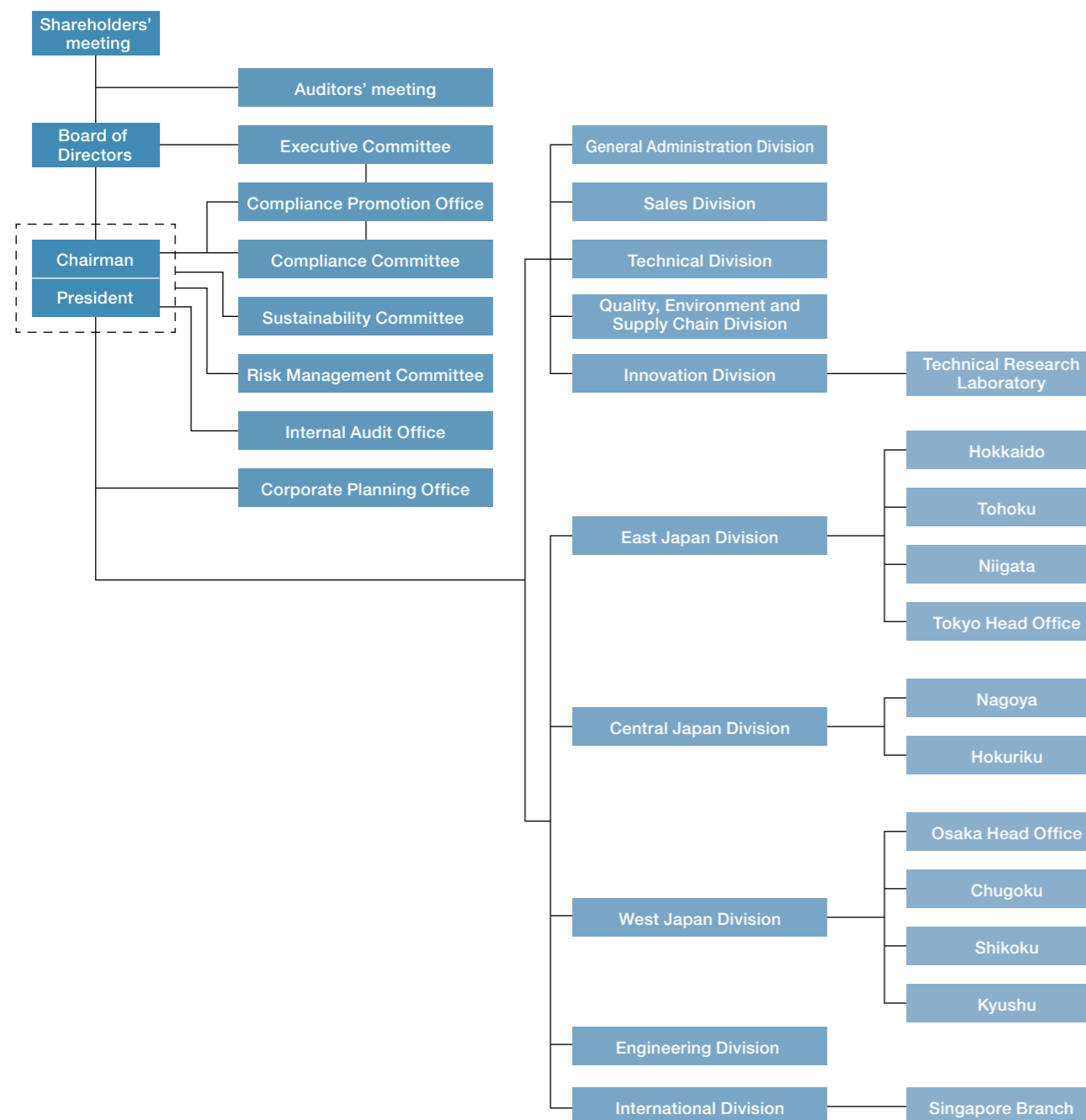


# Dai-Dan's Businesses

## Corporate Profile

Company name	DAI-DAN CO., LTD.	Head office	1-9-25 Edobori, Nishi-ku, Osaka, Japan
Founded	March 4, 1903	Incorporated	October 10, 1933
Capital fund	4,479,725,988 yen	Employees	1,845 (as of June 30, 2022) consolidated
Stock listing	Prime market of Tokyo Stock Exchange		

### Organization Chart (as of September 2022)



## Our Services

### Electrical work

● Sales ..... **25.68** billion yen

● Proportion of total sales ..... **15.8%**



Electricity is what brings a building to life, and it is our electrical work that supports its supply, creation, and storage. Electrical work is absolutely key to ensuring energy-saving, decarbonization and the effective use of renewable energy for buildings. Our installations comprise such varied elements as high-efficiency power receiving and transforming equipment, solar power systems for generating electrical power, LED lighting fixtures that help to lower power consumption, storage batteries for optimizing power usage, and IoT-driven control systems. Dai-Dan assembles the various pieces of equipment into electrical systems that serve the intended purpose whether to build or retrofit buildings with ZEB technologies, ready buildings for disasters as part of business continuity planning, or other need.

### Mechanical work

● Sales ..... **137.25** billion yen

● Proportion of total sales ..... **84.2%**

#### Air conditioning work



It is our air conditioning work that maintains optimal levels of temperature, humidity, and airflow to create high-quality living or working environments. They vary widely in size and performance from typical AC systems for office buildings to precision models required by semiconductor manufacturing plants. Dai-Dan has advanced technologies and vast experience with planning, designing and installing air conditioning systems. In fact, the large data centers that underscore today's internet society adopt many of our technologies—for example—to introduce cold outdoor air in order to reduce air conditioning load and to effectively direct cooled air towards IT equipment. Moreover, we can tap renewable geothermal energy as a heat source in order to efficiently manage a building's energy balance to meet ZEB criteria. Based on our cutting-edge technologies and a wealth of experience, we offer appropriate support at every stage—through planning, design, and installation.

#### Plumbing work



Our plumbing work both supplies water that is high-quality and acts to recycle it. In this field, we are putting our efforts into purification to prevent the contamination of rivers and oceans and we also pursuing greater reuse of water, which is a limited resource. Our environmentally friendly plumbing equipment covers such processes as purifying contaminated water or wastewater from factories, or transporting supplies of water, whether hot or cold, or gas. In addition to the above, the Plumbing Department also takes charge of firefighting equipment. As a company that is responsible for safety, we constantly strive to create installation technologies that can be relied on. Water is something that we take for granted in our daily lives, and Dai-Dan is putting its technologies to work to ensure that does not change.

## Global Network

Dai-Dan has a total of 52 offices (51 in Japan, 1 overseas), as well as affiliated companies inside and outside Japan.

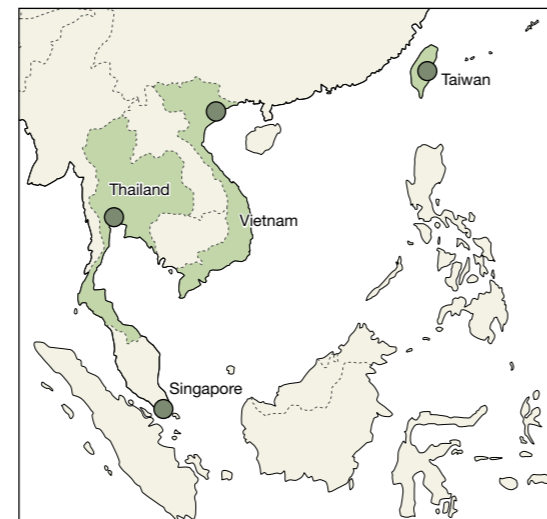
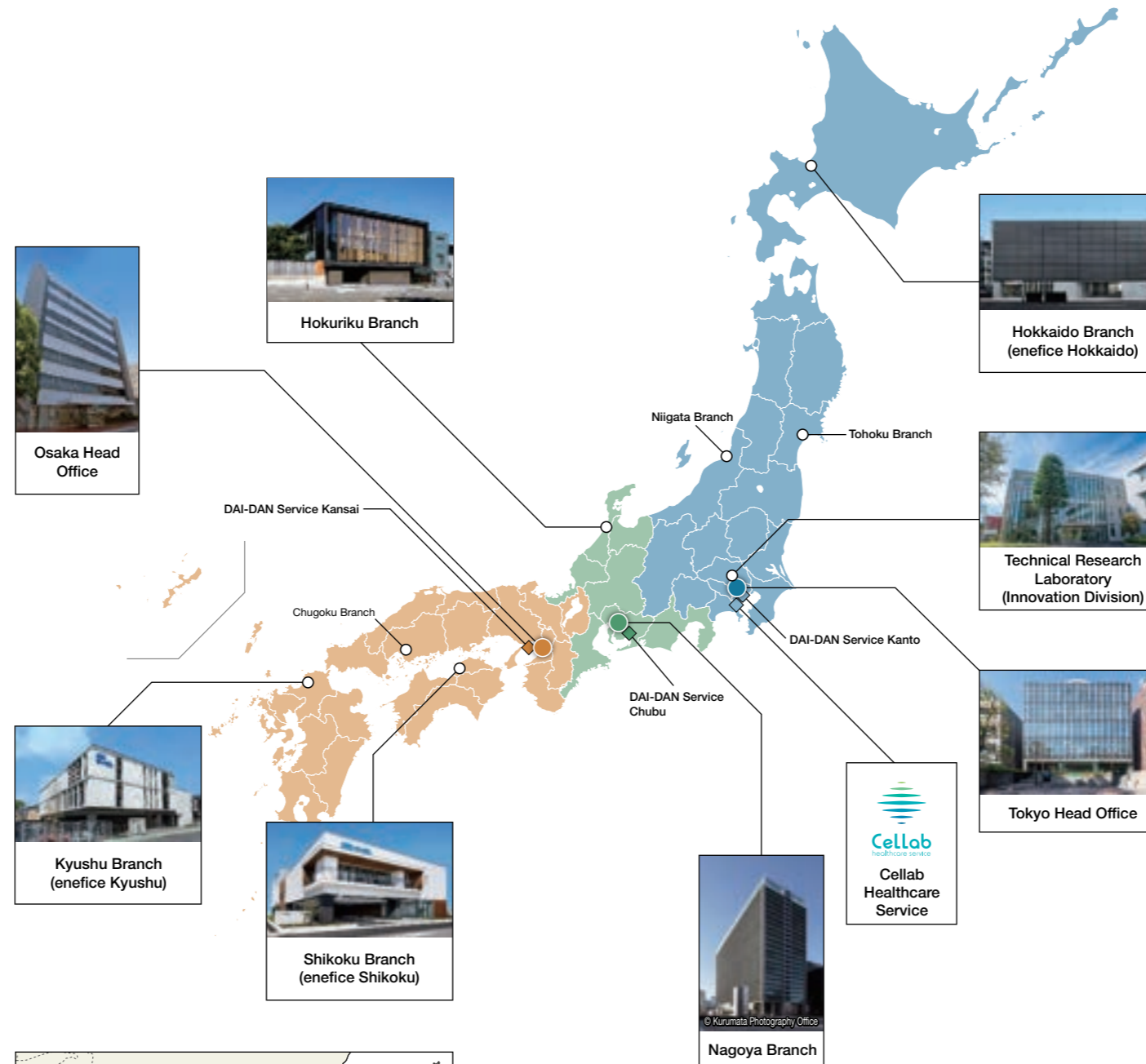
West Japan Division			
Osaka Head Office	550-8520	1-9-25 Edobori, Nishi-ku, Osaka City	06-6441-8231
Nara Branch	630-8122	5F JR Nara Denho Bldg., 9-21 Sanjohonmachi, Nara City	0742-32-1060
Kobe Branch	651-0088	7F Nihon Seimei Sannomiya Ekimae Bldg., 7-1-1 Onoe-dori, Chuo-ku, Kobe City	078-221-7777
Kyoto Branch	604-8186	2F Urbanex Oike Bldg. East Wing, 361-1 Umeya-cho, Kurumayaoike-sagaru, Nakagyo-ku, Kyoto City	075-251-6411
Wakayama Office	640-8203	4F-408 Nankai Wakayamashi Station Bldg., 3-17 Higashikuramae-cho, Wakayama City	073-433-9431
Shiga Office	520-2331	3-A Finesu, 2101-2 Koshinohara, Yasu City, Shiga Prefecture	077-518-1035
Chugoku Branch	730-0812	2-22 Kakomachi, Naka-ku, Hiroshima City	082-241-4171
Okayama Branch	700-0984	6-10 Kuwada-cho, Kita-ku, Okayama City	086-223-3106
Yamaguchi Office	754-0011	4F Sanyo Bldg. Ogori, 4-9 Ogorimiyukimachi, Yamaguchi City	083-976-0121
San-in Office	690-0015	#103 Heights Shalom, 2-29-13 Agenogi, Matsue City	0852-27-5890
Shikoku Branch	760-0032	6-17 Honmachi, Takamatsu City	087-811-2301
Matsuyama Office	790-0942	2-22-13 Furukawa-Kita, Matsuyama City	089-957-5021
Kochi Office	780-0088	10-16 Kitakubo, Kochi City	088-884-8231
Tokushima Office	770-0872	4-1-10 Kitaokinosa, Tokushima City	088-664-8121
Kyushu Branch	810-0023	3-1-24 Kego, Chuo-ku, Fukuoka City	092-771-4361
Kumamoto Branch	862-0941	1-7-6 Izumi, Chuo-ku, Kumamoto City	096-364-7134
Miyata Office	823-0016	680-1 Shiromaru, Miyawaka City, Fukuoka Prefecture	0949-33-2602
Saga Office	841-0031	#101 Sungarden Yarita, 436-1 Yaritamachi, Tosu City, Saga Prefecture	0942-84-2350
Nagasaki Office	850-0027	#202 Grand Mansion, 31-3 Okeya-machi, Nagasaki City	095-828-0772
Oita Office	870-0033	#402 Matsumoto Bldg., 1-3-22 Chiyomachi, Oita City	097-532-4350
Miyazaki Office	880-0036	103 Office YOU, 498-5 Yanaginomaru, Hanagashima-cho, Miyazaki City	0985-86-6622
Kagoshima Office	890-0046	1F San Laqa Bldg., 2-25-12 Nishida, Kagoshima City	099-256-3662
Okinawa Office	900-0015	4F Arute Bldg. Naha, 3-15-9 Kumoji, Naha City	098-868-1700

Engineering Division		
Engineering Division	163-0525	25F Shinjuku Nomura Bldg., 1-26-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo
		03-5326-7137

International Division		
International Division	102-8175	2-15-10 Fujimi, Chiyoda-ku, Tokyo
		03-5276-5021
Singapore Branch	—	315 Outram Road #15-09, Tan Boon Liat Building, Singapore, 169074
		+65-62218488

Major Affiliated Companies in Japan			
DAI-DAN Service Kanto Co., Ltd.	135-0033	2F Ugai Bldg., 2-30-39 Fukagawa, Koto-ku, Tokyo	03-5639-0721
DAI-DAN Service Chubu Co., Ltd.	460-0011	4-10-32 Osu, Naka-ku, Nagoya City, Aichi Prefecture	052-252-7775
DAI-DAN Service Kansai Co., Ltd.	556-0011	9F Parks Tower, 2-10-70 Nambanaka, Naniwa-ku, Osaka City, Osaka Prefecture	06-6645-1181
Cellab Healthcare Service Co., Ltd.	210-0821	R407 Life Innovation Center, 3-25-22 Tonomachi, Kawasaki-ku, Kawasaki City, Kanagawa Prefecture	044-276-5010

Affiliated Companies Overseas	
DAI-DAN INTERNATIONAL ASIA PTE. LTD.	
DAI-DAN (THAILAND) Co., LTD.	
DAI-DAN (VIETNAM) Co., LTD.	
台湾大暖股份有限公司 DAI-DAN Taiwan CO., LTD.	



East Japan Division			
Hokkaido Branch	001-0020	5-1-43 Kita 20jo Nishi, Kita-ku, Sapporo City, Hokkaido	011-716-9116
Obihiro Office	080-0010	4F Abotakachi Bldg., 12-20 Odoriminami Obihiro City, Hokkaido	0155-25-3559
Hakodate Office	041-0851	4-17-40 Hondori, Hakodate City, Hokkaido	0138-55-7086
Tohoku Branch	980-0811	1-15-17 Ichiban-cho, Aoba-ku, Sendai City	022-225-7901
Aomori Office	030-0802	4F Tanuma Bldg., 2-4-10 Hon-cho, Aomori City	017-773-1582
Akita Office	010-0951	6F Sanno Piares Bldg., 2-2-17 Sanno, Akita City	018-824-6491
Morioka Office	020-0034	3F Angel Bldg., 16-14 Morioka Ekimae-dori, Morioka City	019-654-3023
Fukushima Office	960-8002	4F Daichi Kosan Bldg., 15-1 Moriai-cho, Fukushima City	024-525-7080
Yamagata Office	990-0043	1F Honcho Bldg., 2-4-3 Hon-cho, Yamagata City	023-634-2620
Niigata Branch	950-0088	2-3F Niigata Tokio Marine & Nichido Bldg., 2-3-6 Bandai, Chuo-ku, Niigata City	025-247-0201
Tokyo Head Office	102-8175	102-8175 Fujimi, Chiyoda-ku, Tokyo	03-3261-8231
Kanto Branch	330-0802	8F Omiya MT Bldg., 2-35 Miya-cho, Omiya-ku, Saitama City	048-644-8468
Chiba Branch	261-0023	25F m BAY POINT Makuhari, 1-6 Nakase, Mihama-ku, Chiba City	043-211-8881
Yokohama Branch	231-0062	24F Nisseki Yokohama Bldg., 1-1-8 Sakuragi-cho, Naka-ku, Yokohama City	045-683-1050
Gunma Office	371-0805	7F Daidoseimei Maebashi Bldg., 3-9-5 Minami-cho, Maebashi City	027-226-7720
Tochigi Office	321-0953	6F Yamaguchi Bldg., 4-1-20 Higashishukugo, Utsunomiya City	028-637-3380
Ibaraki Office	300-0037	7F Regal Tsuchiura Bldg., 1-16-12 Sakuramachi, Tsuchiura City, Ibaraki Prefecture	029-825-6656
Nagano Office	380-0824	5F Choedaiichi Bldg., 1282-11 Minamihishido-cho, Nagano City	026-228-3820
Matsumoto Office	390-0811	2F Orii Bldg., 1-1-2 Chuo, Matsumoto City, Nagano Prefecture	0263-33-7016

Central Japan Division			
Nagoya Branch	461-0005	16F Urbannet Nagoya Bldg., 1-1-10 Higashisakura, Higashi-ku, Nagoya City	052-973-4750
Toyota Branch	471-0835	1-20 Akebono-cho, Toyota City, Aichi Prefecture	0565-28-1841
Mikawa Office	448-0011	5-6-4 Tsuji-cho, Kariya City, Aichi Prefecture	0566-27-0324
Shizuoka Office	422-8067	17F-1704 South Pot Shizuoka, 18-1 Minami-cho, Suruga-ku, Shizuoka City	054-281-3501
Mie Office	514-0006	3F-303 Mie Rice Bldg., 345-2 Komei-cho, Tsu City, Mie Prefecture	059-225-3840
Gifu Office	500-8844	10F Daidoseimei Hirose Bldg., 6-16 Yoshino-machi, Gifu City	058-265-8224
Hokuriku Branch	920-0902	1-6-15 Owari-cho, Kanazawa City, Ishikawa Prefecture	076-261-6147
Toyama Office	930-0019	1-10-20 Yayoi-cho, Toyama City	076-441-3371
Fukui Office	910-0005	4F Fukui Hosokaikan, 3-4-1 Ote, Fukui City	0776-23-2166

Headquarters Organizations			
Name	Zip Code	Address	Telephone Number
Corporate Planning Office	102-8175	2-15-10 Fujimi, Chiyoda-ku, Tokyo	03-5276-4568
Compliance Promotion Office	550-8520	1-9-25 Edobori, Nishi-ku, Osaka City	06-6447-8050
	102-8175	2-15-10 Fujimi, Chiyoda-ku, Tokyo	03-5276-4652
Internal Audit Office	550-8520	1-9-25 Edobori, Nishi-ku, Osaka City	06-6447-8065
General Administration Division	550-8520	1-9-25 Edobori, Nishi-ku, Osaka City	06-6447-8000
Sales Division	102-8175	2-15-10 Fujimi, Chiyoda-ku, Tokyo	03-5276-4551
Technical Division	163-0525	25F Shinjuku Nomura Bldg., 1-26-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo	03-5326-7133
Name	Zip Code	Address	Telephone Number
Quality, Environment and Supply Chain Division	100-0005	5F-542 Shin-Kokusai Bldg., 3-4-1 Marunouchi, Chiyoda-ku, Tokyo	03-5223-1070
Innovation Division	354-0044	390 Kita-Nagai, Miyoshimachi, Iruma-gun, Saitama Prefecture	049-258-1511
Technical Research Laboratory Innovation Division	354-0044	390 Kita-Nagai, Miyoshimachi, Iruma-gun, Saitama Prefecture	049-258-5725
Regenerative Medicine Promotion Office Innovation Division (Cellab Tonomachi)	210-0821	R407 Life Innovation Center, 3-25-22 Tonomachi, Kawasaki-ku, Kawasaki City, Kanagawa Prefecture	044-276-5010
Regenerative Medicine Promotion Office Innovation Division (Kobe Office)	650-0047	Rm 654 Kobe International Business Center, 5-5-2 Minatojima-Minamimachi, Chuo-ku, Kobe City	078-302-9060

## Projects Completed in FY2020



**SE1 Building, AGC Yokohama Technical Center**  
(air conditioning and plumbing works)



**Komaki City Hospital**  
(air conditioning and plumbing works)



**Terminal building renovations at Osaka International Airport**  
(plumbing work)



**Head Office Building, Hirogin Holdings**  
(air conditioning work)



**Okinawa Arena**  
(air conditioning work)



**New Main Government Office Building, Ueda City**  
(air conditioning and plumbing works)



**A1 Building, Kitasato University School of Allied Health Sciences**  
(electrical, air conditioning and plumbing works)



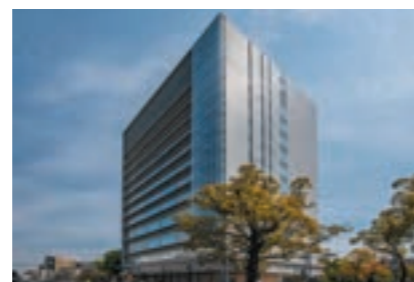
**LaLaport Aichi Togo**  
(electrical work)



**Kawakita Factory, Shinko Chemical**  
(air conditioning and plumbing works)



**The Vale Rusutsu (Hokkaido)**  
(air conditioning and plumbing works)



**Government Office Building No. 2, Nishinomiya City**  
(air conditioning and plumbing works)

## Projects Completed in FY2021



**Mebks Toyosu**  
(air conditioning and plumbing works)



**Hyogo Prefectural Harima-Himeji General Medical Center**  
(plumbing work)



**Kurita Innovation Hub (Tokyo)**  
(electrical work)



**New government office building, Yatsushiro City**  
(air conditioning and plumbing works)



**New factory for Canon Mold (Ibaraki Pref.)**  
(electrical work)



**Production equipment for Shiseido Fukuoka Kurume Factory**  
(plumbing work)



**Major renovations at government office building, Tsu City**  
(electrical, air conditioning and plumbing works)



**New factory for GS Yuasa (Kyoto Pref.)**  
(plumbing work)



**New factory for Nipponham Hokkaido Factory Ltd.**  
(air conditioning and plumbing works)



**JR East Sendai Branch Office**  
(air conditioning work)  
Courtesy of JR East Sendai Branch Office



**National Center for Geriatrics and Gerontology (Aichi Pref.)**  
(electrical work)





# Value Creation Story

In this section, we introduce the processes behind our transformation into a company that creates value in spaces, our ideal, by continuing to create and deliver value through building spaces.

- 17 | The Value Creation Flow
- 19 | Long-Term Vision and Mid-Term Management Plan
- 21 | Materiality at Dai-Dan

# The Value Creation Flow

The Dai-Dan Group challenges itself daily to create new value. By tackling materiality (priority issues), we will continue to deliver value sustainability to all stakeholders, while also contributing to the achievement of the UN's Sustainable Development Goals (SDGs).

Input

Business activities

Output

Outcome

(FY2021)

<b>Financial capital</b>	
• Total assets	139.10 billion yen
• Capital	77.08 billion yen
• Equity capital ratio	55.4 %
<b>Human capital (non-consolidated)</b>	
• Employees	1,578
• Training hours per person	64.75
• First-class architects	32
• First-class building operation and management engineers	7
• First-class plumbing work operation and management engineers	838
• First-class electrical work operation and management engineers	242
• Professional engineers	31
• Doctors	8
• Energy management technicians	65
<b>Intellectual capital</b>	
• Intellectual properties held (incl. patents and other expertise)	198
• R&D expenses	1.08 billion yen
<b>Social capital (non-consolidated)</b>	
• Subcontractors & suppliers	5,018
<b>Natural capital (non-consolidated)</b>	
• Energy consumption	1.90 million liters (crude oil equivalent)
<b>Manufacturing capital</b>	
• Japanese bases	55
• Overseas bases	4
• Technical research laboratory	1

## Delivering value throughout the building/equipment lifecycle



(FY2021)

### Financial results

• Orders received	183.67 billion yen
• Net sales	162.93 billion yen
• Operating profit	7.58 billion yen
• Profit attributable to owners of the parent	5.78 billion yen
• Return on equity (ROE)	7.6 %
• Dividend payout ratio	33.3 %

### Non-financial results (non-consolidated)

• Scope 1 & 2 greenhouse gas emissions	3,747 t-CO <sub>2</sub> (40% reduction from FY2013)
• Orders for ZEB-related projects	8
• Collaborative relationships outside the company for business creation (universities, start-ups, etc.)	8
• CSR procurement agreement forms collected from subcontractors and suppliers	2,050
• Net sales per domestic engineer	131 million yen

### Value we deliver to stakeholders



Providing functional spaces that offer people and items health and comfort, optimized to their use

Contributing to a richer, more sustainable society



Enhancing organizational value through individual growth

Resolving societal issues through new businesses



Achieving our long-term vision of being a company that creates value in spaces

# Long-Term Vision and Mid-Term Management Plan

## Long-Term Vision Stage 2030 Moving from building services engineering and installation to creating value in spaces

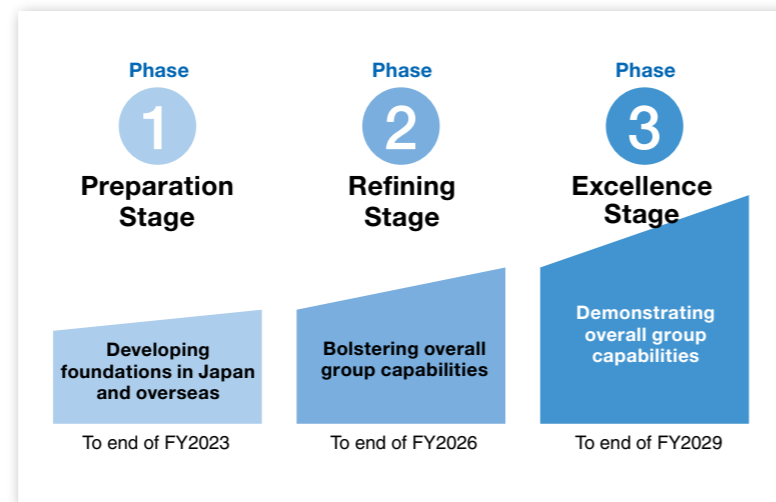
In February 2021, we announced our long-term vision, Stage 2030, which will take us through to 2030. This vision is split into three stages we wish to achieve, the first of which started in April 2021 with our three-year Mid-Term Management Plan, entitled Preparation Stage.

### What is a “space value creator”?

Since our founding, we have always provided the equipment needed for living and working spaces that the times demand as a building services engineering and installation provider.

As a company involved in space value creation—a space value creator—it is our role to satisfy the needs of customers and society through the “creation” of “spaces” that have the essential and potential “value” they demand.

In order to continue contributing to the realization of a sustainable society and to continue creating value in spaces, we must go beyond the framework of being a building services engineering and installation provider and enter a new stage of our evolution as a space value creator.



### Basic policies

Through our business activities, we will help to make a richer society and to resolve the myriad issues that face society.

#### Comfortable, optimal spaces

To lead daily lives or to operate businesses requires spaces with comfortable, optimal environments. By refining the elements of light, air, and water through our technologies, we will continue to be a corporate group that can offer new value through spaces.

#### Richer, more sustainable society

So that people can lead safer, healthier lives with peace of mind, a more sustainable society is called for. Through our new technologies and advanced specialisms, we will continue to be a corporate group that can help bring about a richer, more sustainable society.

#### Trustworthiness and outstanding organization

For an organization to continue to provide value to society, the most important thing is to have reliable personnel. By fostering such human resources, we will raise corporate value and continue to be a corporate group that is trusted by all its stakeholders.

## Mid-Term Management Plan Stage 2030 Phase 1: Preparation Stage

(FY2021–2023)

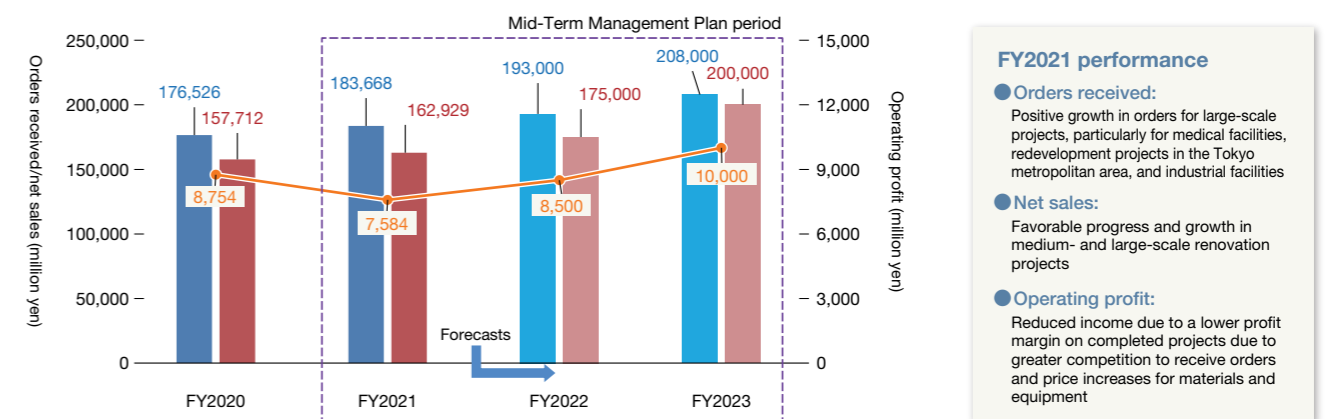
The Mid-Term Management Plan that we launched in April 2021 forms the first of the three phases of our plan to bring about our long-term vision. This phase, dubbed the “Preparation Stage,” will serve to build and strengthen our foundations inside and outside Japan. We have set ourselves targets for the Dai-Dan Group’s fiscal 2023 performance: consolidated sales of 200 billion yen and consolidated operating profit of 10 billion yen. We have also designated a cumulative investment total for the three-year period of 20 billion yen.

In the Mid-Term Management Plan, we have formulated the concrete strategies by which we will address the five specific business strategy themes we lay out in our long-term vision: expanding core businesses, strengthening overseas business, enhancing our technical capabilities, opening up new businesses, and bolstering our business foundations.

### Progress toward the Mid-Term Management Plan

Item	FY2021 target	FY2021 result	Preparation Stage FY2023 target
Sales (consolidated)	168 billion yen	162.9 billion yen	200 billion yen <small>Greater proportion from subsidiaries</small>
Operating profit (consolidated)	7.5 billion yen	7.5 billion yen	10 billion yen
Financial indicators	ROE		8% or higher
	Dividend payout ratio		30% or higher
Investment plans <small>*cumulative for 3 fiscal years</small>	DX promotion (worksites and workstyle reform) Corporate group enhancement New business, R&D, etc.		20 billion yen

### Mid-Term Management Plan performance forecasts (Orders received, Net sales, Operating profit)



### Mid-Term Management Plan (FY2021–FY2023) Stage 2030 Phase 1: Preparation Stage

We are making progress with the main policies detailed below, in line with the strategies of Preparation Stage.

Basic policy	Business strategy	Preparation Stage strategy	Main progress
Comfortable, optimal spaces	Expand core businesses	Expand industrial facility works	• We established the Engineering Division, and are making progress toward expanding the industrial facility projects and improving profitability.
		Strengthen renovation and maintenance services	• In order for the Dai-Dan Group to better attract customers, we have established DAI-DAN Service Chubu, to sit alongside the existing DAI-DAN Service Kanto and DAI-DAN Service Kansai, and are developing services to retain customers, such as offering maintenance.
Richer, more sustainable society	Strengthen overseas business	Develop a unified foundation for overseas expansion	• We established the International Division, and are making progress toward expanding overseas business and improving profitability.
		Open up new business sites	• We established a subsidiary in Taiwan, DAI-DAN Taiwan CO., LTD., and are working to enter the mechanical and electrical (M&E) work business and to expand our business in filter cleaning and reuse.
Trustworthiness and organizational depth	Enhance technical capabilities	Strengthen competency for construction job sites	• We developed Construction Visualizer 4D™, a digital tool that helps to visualize installation processes in order to improve efficiency on-site, and are currently expanding its use. • We expanded the activities of the job site support remote teams, and are strengthening how our offices support worksites.
		Expand ZEB and IoT businesses	• We are promoting sales activities aimed at expanding orders for ZEB projects and REMOVIS.
Trustworthiness and organizational depth	Open up new businesses	Contribute to practical application of regenerative medicine	• We are promoting initiatives that expand the use of regenerative medicine through our regenerative-medicine-focused subsidiary Cellab Healthcare Service (announcing developed products and research results at related academic conferences, etc.).
		Promote environmental load reduction business	• We established the Sustainability Committee, which is chaired by the president, and the Quality, Environment and Supply Chain Division. We are currently promoting activities connected to ISO standards and that are related to tackling global warming, such as those associated with the TCFD’s recommendations. We have also introduced renewable energy virtually completely at offices in Japan.
Trustworthiness and organizational depth	Bolster business foundations	Promote DX	• We received DX certification, set by the Ministry of Economy, Trade and Industry, and are improving administration work efficiency by introducing robotic process automation. • We are promoting working from home by establishing environments that allow remote working and distributing devices.
		Improve working environment	• We have developed the SMILE 2024 Project to reduce out-of-hours working. • We updated our uniform (worksite clothing) for the first time in 33 years.
		Strengthen the corporate group framework	• We chose and successfully applied to be moved into the new Prime Market section of the Tokyo Stock Exchange, following its reorganization. • We supported governance reforms at each of the DAI-DAN Service companies and at Cellab Healthcare Service.

# Materiality at Dai-Dan

## Selecting Areas of Materiality

To promote activities aimed at fulfilling our social responsibilities as a building services engineering and installation provider, we have long been guided by the “challenge of creating value for our customers while contributing to the development of a better environment and stronger communities,” as set forth in our management principles at Dai-Dan. We are conscious of the fact, though, that it is more important than ever to contribute to the achievement of the UN’s Sustainable Development Goals (SDGs) and grow sustainably, hand-in-hand with society. As such, we have evaluated the impact of our business on society and the environment, and selected specific areas of materiality (material issues) in which we should prioritize our efforts.

By addressing these issues, we aim to maximize the value we provide our stakeholders.

## Material Issue Selection Process

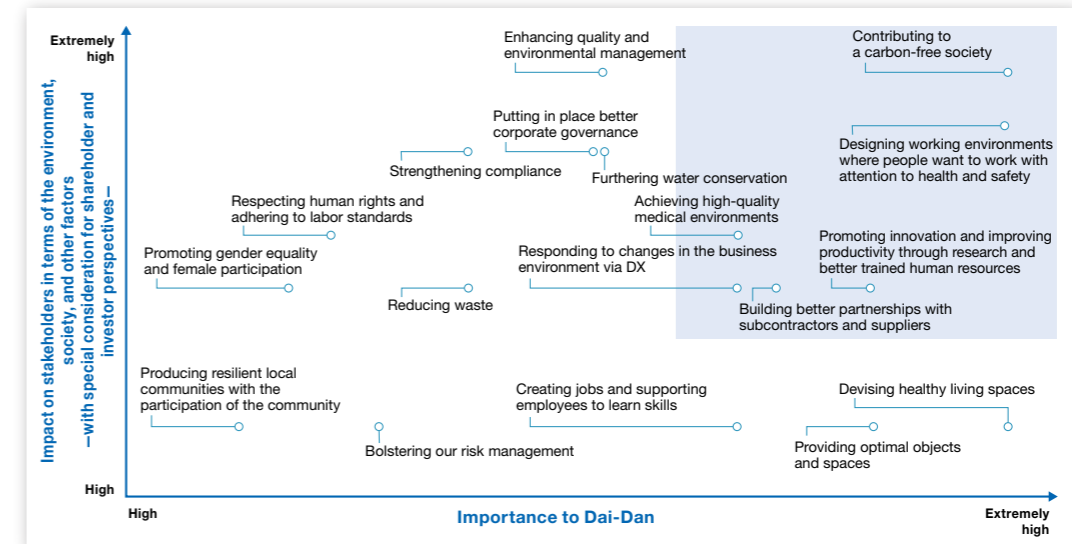


Implementation of the PDCA cycle in line with the period of the Mid-Term Management Plan

## Materiality Mapping

We selected 18 issues for which both the impact on stakeholders in terms of the environment, society, and other factors, and the importance to Dai-Dan, was high.

By mapping the levels of both, we came up with six material issues.



## Material Issues and KPIs

No.	Material issue	KPI	FY2020 performance	FY2021 performance	Target	Remarks	SDGs
1	Contributing to a carbon-free society	Reduce greenhouse gas (GHG) emissions (Scopes 1 & 2)	Reduced 36% from FY2013 levels (FY2020: 3,996 t-CO <sub>2</sub> ) (FY2013: 6,235 t-CO <sub>2</sub> )	Reduced 40% from FY2013 levels (FY2021: 3,747 t-CO <sub>2</sub> ) (FY2013: 6,235 t-CO <sub>2</sub> )	Long-term target: FY2030 Reduce 46% from FY2013 levels	Set reduction targets for FY2023 onwards	7 AFFORDABLE AND CLEAN ENERGY, 13 CLIMATE ACTION
		Disclose GHG emissions (Scope 3)	—	—	Disclose FY2022 results onwards	—	—
		Increase cumulative total of projects (no. of orders and gross floor area) related to ZEBs	9 orders Gross floor area: 131,405 m <sup>2</sup>	8 orders Gross floor area: 323,910 m <sup>2</sup>	Cumulative total for FY2021-23: 40	Disclose cumulative total for gross floor area, for received orders (incl. ZEB planning orders), as one of the indicators we monitor	—
2	Responding to changes in the business environment via DX	Increase instances of job site adoption of ICT tools such as 3D recording and conversion technology	6 cases	14 cases	—	Disclose the no. of instances for each fiscal year as one of the indicators we monitor	5 GENDER EQUALITY, 7 AFFORDABLE AND CLEAN ENERGY, 8 DECENT WORK AND ECONOMIC GROWTH, 11 SUSTAINABLE CITIES AND COMMUNITIES
		Increase no. of job sites implementing job site support remote teams	217 projects	339 projects	FY2023: 400 projects	—	—
		Teleworking implementation rate	—	35.3%	—	Disclose the implementation rate for each fiscal year as one of the indicators we monitor	—
3	Achieving high-quality medical environments	Expand usage for medical development devices and systems	13 facilities 28 units	6 facilities 10 units	Cumulative total for FY2021-23: 30 units	Infection control units: 10	3 GOOD HEALTH AND WELL-BEING
		Expand usage for regenerative medical devices and systems	3 facilities 3 units	6 facilities 21 units	Cumulative total for FY2021-23: 45 units	Air barrier booths: 4 Animal equipment: 7 Rooms for compromised patients: 10	—
		Expand collaborative relationships outside the company for business creation (universities, start-ups, etc.)	4 cases	8 cases	—	Disclose the no. of relationships in practice per fiscal year as one of the indicators we monitor	—
4	Promoting innovation and improving productivity through research and better trained human resources	Increase net sales per domestic engineer	131 million yen per person	131 million yen per person	FY2021 / FY2022: 135 million yen per person	—	4 QUALITY EDUCATION, 8 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
		Increase no. of intellectual properties held (incl. patents and other expertise)	190	198	—	Disclose the no. of properties held for each fiscal year as one of the indicators we monitor	—
5	Designing working environments where people want to work with attention to health and safety	Improve employee satisfaction	2.54	2.52	FY2023: 2.7 or above	Answers from employee questionnaires (max score 4.0)	3 GOOD HEALTH AND WELL-BEING, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
		Frequency rate of job site accidents	0.25	0.48	FY2021 / FY2022: 0.25	Calculate employee accidents or illnesses resulting from work tasks that led to one day or more work missed	—
		Severity rate of accidents	0.004	0.013	FY2021 / FY2022: 0.01	—	—
6	Building better partnerships with subcontractors and suppliers	Improve retention rate for Meisters and Excellent Foremen	Meisters: 72% Excellent Foremen: 46%	Meisters: 83% Excellent Foremen: 52%	FY2023: Meisters: 75% or higher Excellent Foremen: 50% or higher	—	8 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 17 PARTNERSHIPS FOR THE GOALS
		No. of CSR procurement agreement forms collected from subcontractors and suppliers	—	2,050 companies	Cumulative total for FY2021-23: 5,500 companies	—	—

## Participation in the UN Global Compact

We are onboard with the United Nations Global Compact as a signatory and responsible corporate citizen committed to realizing a sustainable society. We fully agree with the Ten Principles espoused in the fundamental areas of “Human Rights,” “Labour,” “Environment” and “Anti-Corruption,” and develop strategies and activities to enact these values with the wholehearted commitment of top management.



## Support for TCFD Guidance

We have announced our agreement with the guidelines published by the Task Force on Climate-related Financial Disclosures (TCFD). To aid in the achievement of a carbon-free society, we will evaluate climate-related risks and opportunities that may come up in our business and proactively disclose their potential impact.





# Value Creation in Practice

In this section, we introduce our initiatives and their progress toward addressing environmental and societal issues, two of the three main pillars of our long-term vision.

- 25 **E** (Environment) Long-term vision  
**How We Are Bringing About a Richer, More Sustainable Society**
- 25 Contributing to a Carbon-free Society
- 27 Expanding a Business That Contributes Lower Environment Impacts  
—Reducing waste through air filter regeneration services—
- 29 **S** (Society) Long-term vision  
**How We Are Providing Comfortable, Optimal Spaces**
- 29 Achieving High-Quality Medical Environments  
—Combining facility construction and operation—
- 31 How We Promote Wellness
- 32 Regional Collaboration and Vitalization

## Contributing to a Carbon-free Society



With an eye on achieving carbon neutrality by 2050, the government declared a target of reducing Japan's CO<sub>2</sub> emissions by 46% from fiscal 2013 levels by 2030. Of the country's total CO<sub>2</sub> emissions, the business category, which includes office buildings, accounts for around 16%. As such, energy-saving measures for buildings to reduce emissions is an urgent issue. More than ever, ZEBs are indispensable for a carbon-free society—they are well-insulated, installed with highly efficient equipment, and use electricity derived from renewable energy sources for virtually zero energy consumption.

We have placed contributing to a carbon-free society at the top of our list of materiality and, based on the expertise we have gained in acquiring ZEB certification for our own buildings, are working hard to expand the ZEB concept to a whole range of different building types.

### Dai-Dan Hokuriku Branch Office, at one with its environment, completed



■ CASBEE rank S



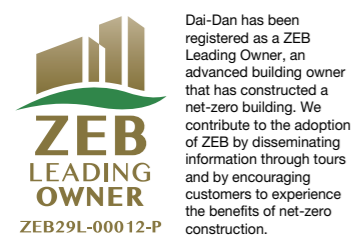
■ ZEB Ready



Dai-Dan Hokuriku Branch Office, faces onto Hyakumangoku-dori, a street that runs alongside part of Kanazawa Castle Park, and was designed to blend in seamlessly with the local streetscape, close to the historic Omicho Market, Higashi Chaya district, and the Kenroku-en gardens. With the office, we took on board all that we had learned from verifying how to save energy and enhance comfort during the process to acquire ZEB certification for our other buildings (enefice Kyushu, enefice Shikoku, and enefice Hokkaido), and went for a building concept that fuses tradition and innovation. Showing our approval for the Kanazawa: City of Wood initiatives, we deliberately incorporated elements such as a CLT\* construction and the use of vertical wooden louvers for the facade. The application of wooden materials helps with both harmony with the surrounding buildings and with our efforts toward carbon neutrality. LEDs colored like conventional lightbulbs combine with roll screens to resemble light leaking through a traditional Japanese screen door. This idea considers both the outside aesthetic but also helps to light the surrounding area for brighter, safer streets.

\* Cross-Laminated Timber: significantly reinforced wooden material that can be used in large spaces, which contributes to carbon neutrality by fixing CO<sub>2</sub> within the wood

#### ■ ZEB Leading Owner



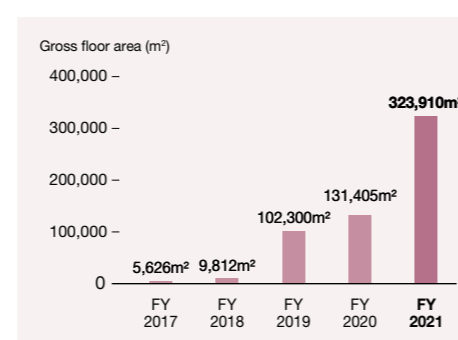
Construction record  
Number of ZEB assets 4 units

#### ■ ZEB Planner



Planning record  
ZEB 8 units

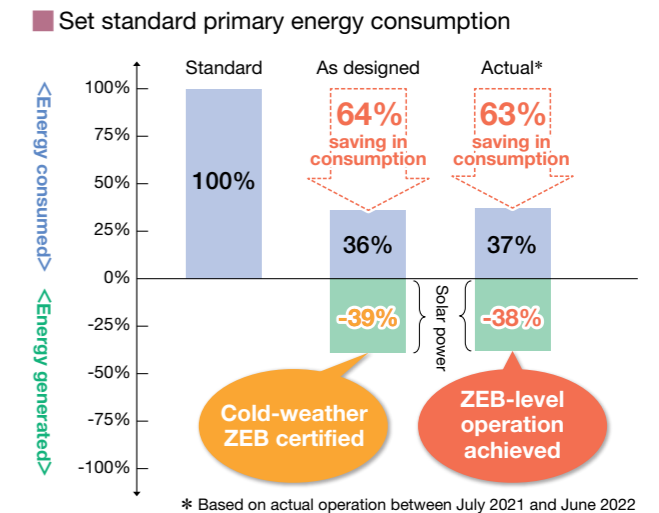
#### ■ ZEB track record



### Performance during the operational stage at enefice Hokkaido (Hokkaido Branch Office)



Construction of enefice Hokkaido was completed in June 2021, and operations began later that same month. The building was designed based on three key concepts: resilience, cold-weather ZEB, and wellness. ZEB certification was acquired at the design stage, and the building has also managed to achieve ZEB-level savings in energy consumption during actual operation. In cold-weather regions, winter necessitates a great deal of energy use, but by implementing continuous energy management throughout the year, and by improving the way we operate and fine-tuning our equipment systems, we have achieved an energy-saving, yet comfortable, building.



■ BELS 5★ ZEB



■ CASBEE rank S



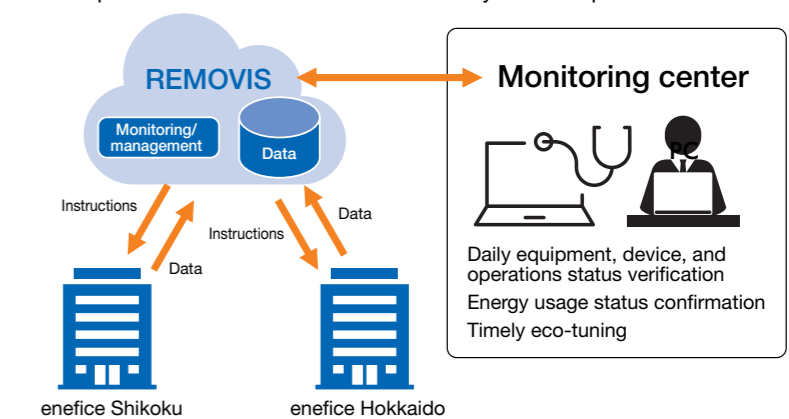
### Initiatives to reduce LCCO<sub>2</sub>\* effectively

As one of our areas of materiality as we work toward sustainability, we aim to respond to changes in the business environment via DX for both our ourselves and for our customers and society in general.

Amid the need for society to decarbonize, we provide systems that use DX to reduce the amount of CO<sub>2</sub> that is emitted during building operations. Specifically, our originally developed cloud-based automatic control system REMOVIS™ and IoT devices that offer feedback on the temperature users feel, both of which were incorporated into our branch offices (enefice Shikoku and enefice Hokkaido), which has helped to achieve both LCCO<sub>2</sub> reductions and comfort.

#### ■ Effects of introducing REMOVIS

- The operational status of buildings can be ascertained remotely, and fine-tuned to lower CO<sub>2</sub> emissions.
- Feedback on how individual users experience temperature is gathered and used to automatically calibrate the target air conditioning temperature to ensure comfort for as many users as possible.



\* Life Cycle CO<sub>2</sub>: refers to the total amount of carbon dioxide emitted over the entire life cycle of a building (from design to construction, running, and demolition)

# Expanding a Business That Contributes Lower Environment Impacts

—Reducing waste through air filter regeneration services—

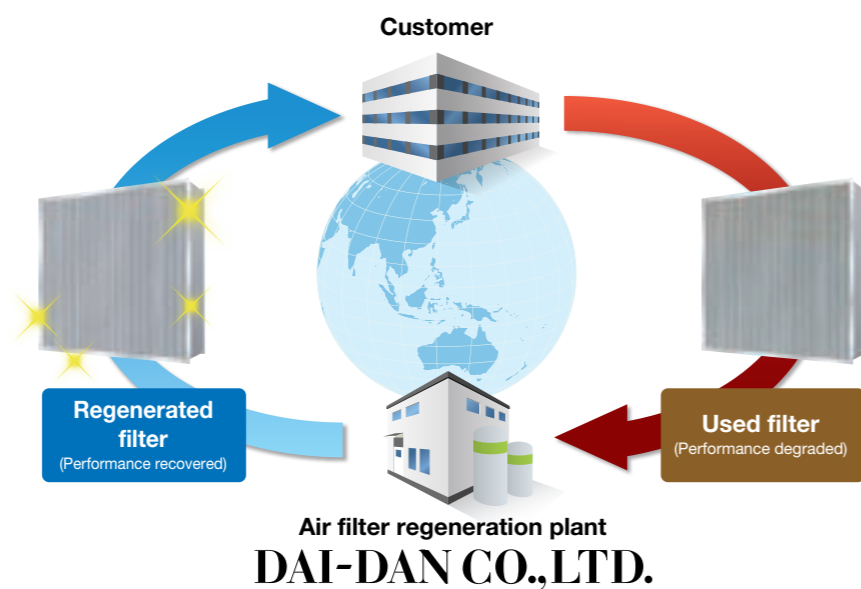


Factories use large quantities of air filters and adsorbents to remove volatile organic compounds (VOC), which they then discard at the end of their service-life. Dai-Dan figured out a way to regenerate these air filters using supercritical CO<sub>2</sub>\* and started a business with it in order to promote sustainable material recycling practices in industry.

\* Fluid CO<sub>2</sub> held at or above its critical temperature (31.1°C) and critical pressure (7.4 MPa) where it exhibits both the diffusibility of a gas and the solubility of a liquid.

## Air filter regeneration using supercritical CO<sub>2</sub>

Using supercritical CO<sub>2</sub>, we are able to clean and regenerate air filters and offer a service that returns the regenerated air filters to the customer for reuse. This reuse of filters, previously discarded, requires no initial investment by the customer. The supercritical CO<sub>2</sub> filter regeneration technology used in this service is an original Dai-Dan technology and has been praised highly for the contributing it makes to saving money and lowering environmental impact. It also received the SCEJ Award for Outstanding Technological Development from the Society of Chemical Engineers, Japan in 2012.

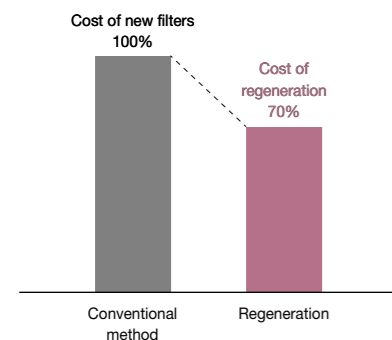


**Helped reduce about 50 tonnes of waste**

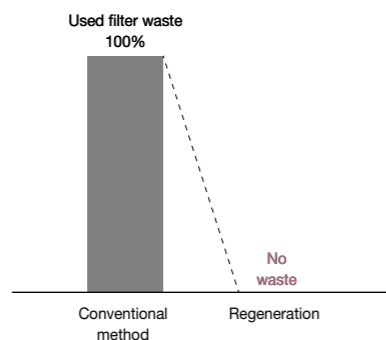
## Helping lower costs and environmental impact

With our air filter regeneration service, customers are able to reuse filters more cheaply than buying new replacements. This has garnered plaudits from companies looking to contribute to the SDGs and promote ESG management, and customers, after using the service once, keep coming back. Since the service was launched in 2014, we have helped to reduce a cumulative 50 tonnes of waste.

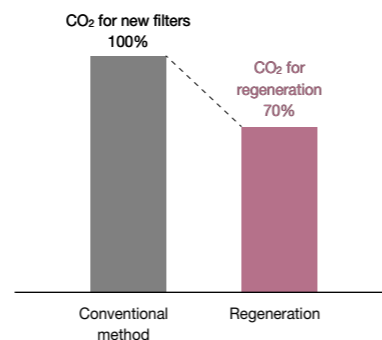
### 30% less cost than replacement



### 100% less waste



### 30% less CO<sub>2</sub>

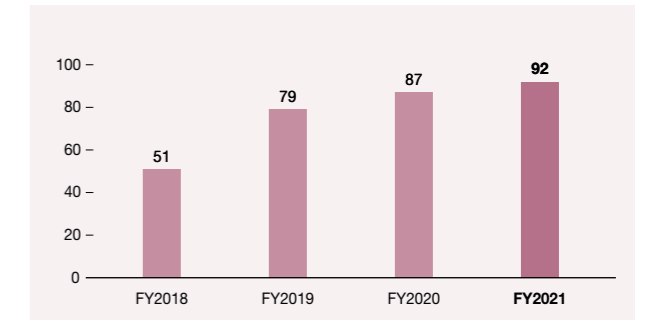


## Regeneration service track record

Our air filter regeneration is mainly employed for filters used at semiconductor factories, and since we launched the service in 2014, we have received more than 300 orders. As the regenerated air filters can perform as well as new filters, while reducing costs, waste, and CO<sub>2</sub> emissions, the number of new orders continues to increase.

Since 2018, the regeneration process used in the service has been featured in the environmental report for United Semiconductor Japan Co., Ltd. (formerly Mie Fujitsu Semiconductor Limited).

No. of orders for the service



## Taiwanese subsidiary

In order to contribute to an international sustainable society, we will start providing our air filter regeneration service outside Japan. As part of this expansion, we have established a wholly owned subsidiary, DAI-DAN Taiwan CO., LTD., on the island, home to a flourishing semiconductor industry.

In line with one of the business strategies outlined in our Mid-Term Management Plan, we are currently strengthening our overseas business. In the future, we plan to expand our business to cater not only to the air filter regeneration market in Japan, but elsewhere too. Following on from our businesses in Singapore, Thailand, and Vietnam, we will enter the mechanical and electrical (M&E) work business in Taiwan, and aim to further expand the business overseas.

### Company overview

Trading name: DAI-DAN Taiwan CO., LTD.  
 President: Yasunobu Tanaka  
 Established: April 2022  
 Capital: NT\$5 million  
 Investor: Wholly owned by DAI-DAN CO., LTD.  
 Main business lines: Filter regeneration service, electrical work, air conditioning work, plumbing work, firefighting installation work, and mechanical equipment installation work design, supervision, and implementation

## Enhancing our air filter regeneration plant

In corporate activities in recent years, initiatives that aim to achieve the SDGs by reusing resources or reducing waste have become a necessity.

We also predict that the semiconductor market will also see long-term growth and, as such, we are expanding our existing air filter plant in Saitama to meet demand for air filter regeneration both inside and outside Japan.



## Achieving High-Quality Medical Environments

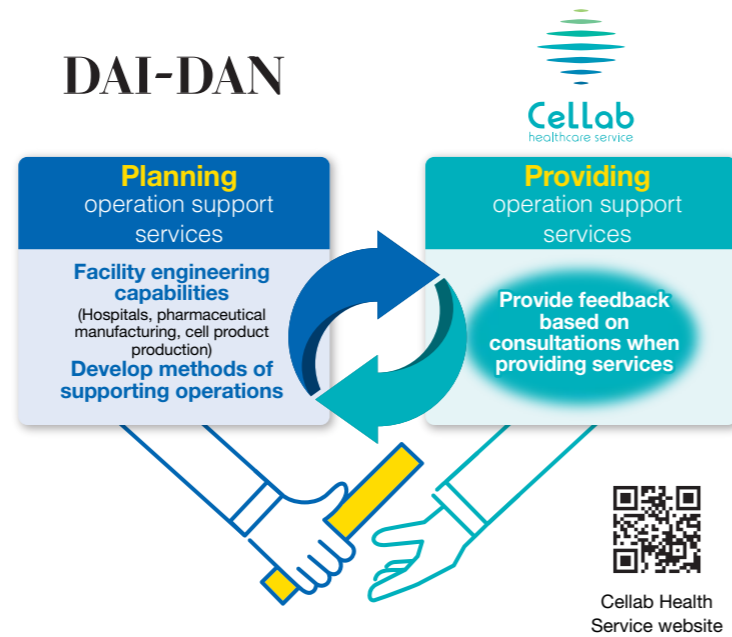
—Combining facility construction and operation—



We have set achieving high-quality medical environments as an area of materiality, and are working to promote safe environments that support high-quality medical care. To that end, we are contributing to the regenerative medicine field, and providing hospitals with safe, easy-to-use facilities that are optimized to handle the cell products used in regenerative medicine. We are now receiving more and more requests from customers to support operational management post-installation, and in response we are working to enhance our services to offer integrated design, installation, and operation support to achieve higher-quality medical environments.

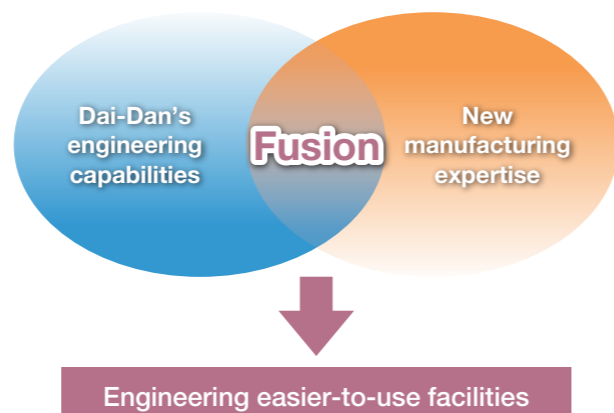
### Expansion of operation support services

In order for Dai-Dan to develop products for use in regenerative medicine and offer operational support for cell processing facilities (CPFs), we are utilizing joint research with customers as a means of establishing operation support services that are catered to the specific applications or scales of different facilities. As part of that, our maintenance service business (taken over by our Cellab Healthcare Service (CHS) subsidiary) has been expanding alongside developing and launching products such as the AIR Barrier booth™. In addition, we are strengthening our cooperation with CHS to provide better proposals, such as for preparing operational procedure documentation and other operation support utilizing our cloud-based monitoring control system REMOVIS. Through a wide array of support services, we will help lighten the load for medical practitioners and contribute to making medical environments higher quality and easier to use.



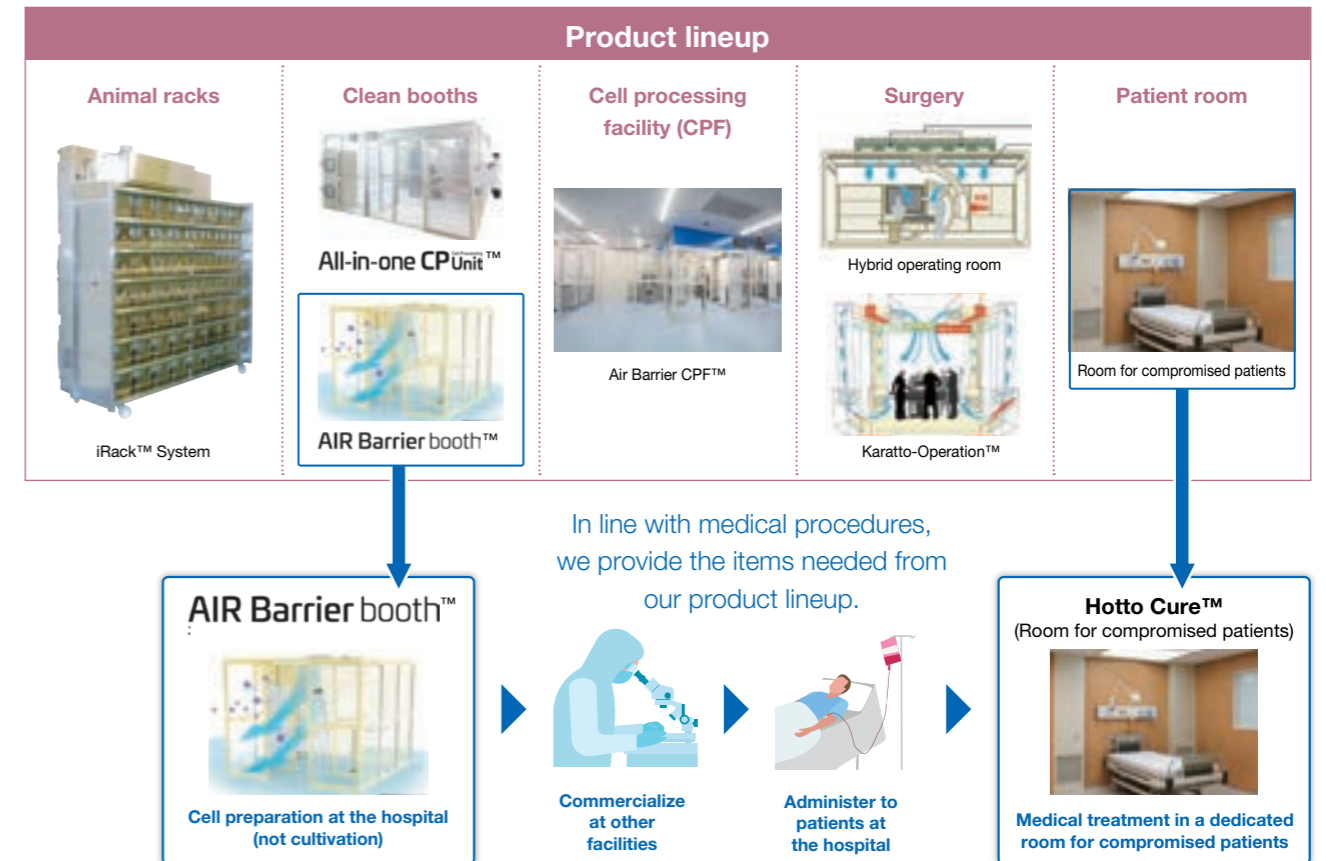
### Fusing manufacturing expertise and facility engineering capabilities

To provide the engineering for facilities that can offer more advanced medical care, we believe it is imperative that we fully understand the ins and outs of actual operations. CHS has been actively recruiting individuals with experience in producing cell products, which has allowed it to gather and acquire manufacturing expertise. This know-how will inform our engineering to adapt to actual operations. By considering customer perspectives, we will make proposals for environments that are safer and offer greater ease of use.



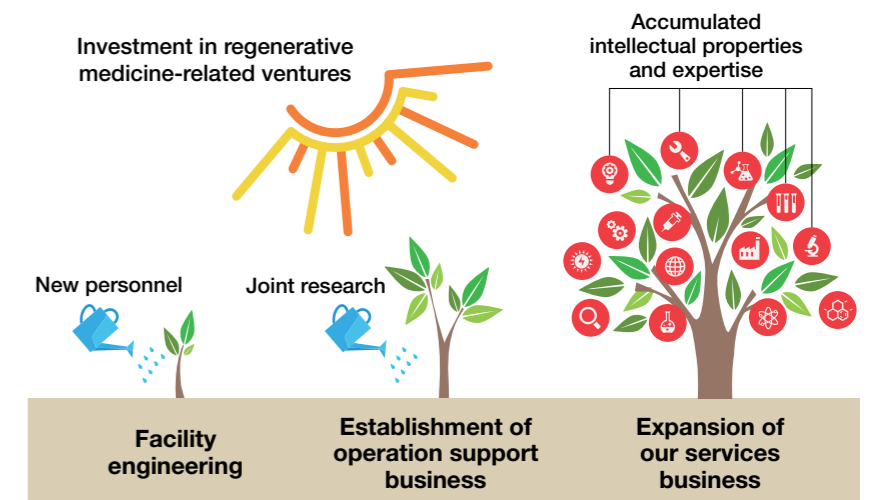
### Expanding our track record for regenerative medicine equipment and systems

We have an extensive lineup of equipment and systems used in regenerative medicine (21 devices as of fiscal 2021), utilized by customers for everything from foundational research to medical treatment. We are a one-stop shop for the clean environments that customers need in line with medical procedures.



### Diversification of our services business

In order to fuse the facility operation expertise and engineering capabilities of Dai-Dan and CHS, we are continuing to appoint new personnel. Furthermore, through investment in promising start-ups in the regenerative medicine field and joint research, we are aiming to establish a support business that focuses on post-construction. We are also looking to expand our business, in areas such as cell preparation and production, and diversifying our services business.





## How We Promote Wellness



As the country's labor force shrinks and workers expect an end to over-long working hours, industries are making various efforts to improve productivity. We have set designing working environments where people want to work with attention to health and safety as one of our areas of materiality and are tackling this as an initiative that will lead to productivity enhancements. As such, under the theme of improving working environments, we are running joint research with universities and demonstration tests with local authorities as part of our projects to replace our own buildings.

### Investigating projects in-house

As we did at enefice Shikoku and enefice Hokkaido, we have introduced elements of biophilic design\*<sup>1</sup> and ABW,\*<sup>2</sup> and brought in Clima chairs,\*<sup>3</sup> and are investigating the effects of our wellness reforms.\*<sup>4</sup> During our replacement project for the Hokuriku Branch Office, we employed an interior designed to combat drops in efficiency due to exhaustion (using an appropriate level of plantlife and wooden interior), based on joint research with Shibaura Institute of Technology.

Office spaces at enefice Hokkaido (l) and the Hokuriku Branch Office (r)



- \*1 Design informed by the belief that human instinctively crave a connection with nature
- \*2 Activity-Based Working: where the worker is free to choose when and where they work
- \*3 Seat that we developed, which combines task-specific cooling and heating functions
- \*4 Reforms using designs that look to create richer lives by considering health through the lens of physical and mental health, the environment, and society

### Initiatives to make wellness reforms to field offices

In the construction industry, there is a desire for improvements to the working environment at field offices so as to raise productivity. As an experimental measure to improve our field offices, we made wellness reforms at two such offices. We are currently investigating their effectiveness by conducting a survey of opinions pre- and post-reform.

Office space at field offices after wellness reforms



### Participating in demonstration tests in collaboration with local authorities and other companies

With the National Urban Greening Kawasaki Fair in 2024 approaching, Kawasaki city authorities are promoting initiatives that create value through new greenery in the city. As part of those efforts, they ran a trial on the positive impact biophilic design can have on productivity at the city hall offices. We put the expertise we have gained so far, and we evaluated the effect our combinations of plant placement (or absence) and natural sounds had.

Biophilic design: before (l) and after (r)



\* For more details on the city's trial of biophilic design: <https://www.city.kawasaki.jp/530/page/0000134111.html> (Japanese only)

## Regional Collaboration and Vitalization



We have offices throughout Japan, and through a wide range of efforts we engage and cooperate with local communities. During our work to replace the Hokuriku Branch Office, which was completed in May 2022, we collaborated with the Kanazawa city authorities and a local university, and helped to invigorate the region. In Kanazawa, home to the office, there is a campaign to make the city carbon neutral through efforts that bring together citizens, businesses, and the city government, based on an action plan drawn up to counter global warming in the city. This includes projects such as the Kanazawa SDGs and Kanazawa: City of Wood initiatives. We are in full support of the city's efforts and based on the Dai-Dan Group Sustainability Policy, we went ahead with the Hokuriku Branch Office replacement project with the aim of making society more sustainable.

During the project, we worked with Kanazawa College of Art, and students submitted ideas to our competition to decide the design to be used on our temporary fencing around the site, and we used Kutani-ware washbowls created by the students. We implemented these and other initiatives so that we could vitalize and increase cooperation in the region through our project.

### Joining in with the Kanazawa SDGs

As a form of SDGs for Kanazawa, the city's authorities have come up with Kanazawa Future Visions, a plan that comes at issues from the standpoint of a holistic approach to the economy, society, and the environment, while considering Kanazawa's unique natural features, history, and culture. Working with partner companies, the city has announced a five-pronged approach. We have made public our agreement with that approach and applied it to our building replacement project to help make society more sustainable.



#### Initiatives

- Designs that harmonize with the location and consider the local ambience
- Buildings with low environmental impact through the proactive application of highly efficient equipment and passive design
- Offices that anyone can work in easily through fastidious use of CLT and interiors that make use of wood
- New value through IoT, etc., that uses wireless devices and our cloud-based monitoring control system REMOVIS
- Appealing construction sites that build ties with the community through the effective use of temporary fencing to share information



### Bringing industry and academia together: collaboration with Kanazawa College of Art

The temporary fencing that we placed along the roadside for the Hokuriku Branch Office replacement project measured three meters in height, and nine in length, making it ideal for sharing information so we held a design competition in collaboration with Kanazawa College of Art.

The theme for the competition was the kind of building that could be built, inspired by the replacement concept of fusing tradition and innovation and the Kanazawa SDGs, and asked students to submit their designs for buildings of the future.

We received many submissions, which incorporated a whole range of the ideas and imagination that only students living in the area could have come up with, and as well as displaying the submissions, we had the students create the overall design for how the submissions would be displayed.

The students also created a number of Kutani-ware washbowls, a traditional craft in Kanazawa, for us. Kanazawa College of Art is working to hand down this kind of traditional technique, and we have endorsed this mission, installing the washbowls the students made in our first-floor guest toilets and elsewhere. Our plan was for visitors to the Hokuriku Branch Office to come into contact with Kanazawa culture.





# Value Creation Drivers

In this section, we introduce the three driving forces behind the creation of the value we provide: the innovation capabilities that create new value as we look to the future, the engineering capabilities that address issues and provide value, and the practical competence in the field that embodies our comprehensive strengths.

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# Innovation Capabilities

To act as a central hub to promote innovation at Dai-Dan, we established the Innovation Division.

At the heart of the division is its technologies related to light, air, and water, and it acts based on its three main pillars: fundamental research that ensures quality, technical development that allows us to deliver new value to customers, and the creation of new businesses through innovation not restricted to the M&E services field.

## 1 Maintenance Fundamental research that ensures quality

We are focused on the R&D that strengthens our core technologies related to light, air, and water. The fundamental research that we are promoting aims to improve the quality of M&E services throughout the entire lifecycle of the building, with research into areas such as achieving both comfort and energy-savings for buildings, analysis of airflows, measures to counter noise vibrations, and rusting of distribution pipes.

In recent years, we have also been advancing research and development that incorporates “deep tech” such as AI and digital twins.

## 2 Growth Technical development that allows us to deliver new value to customers

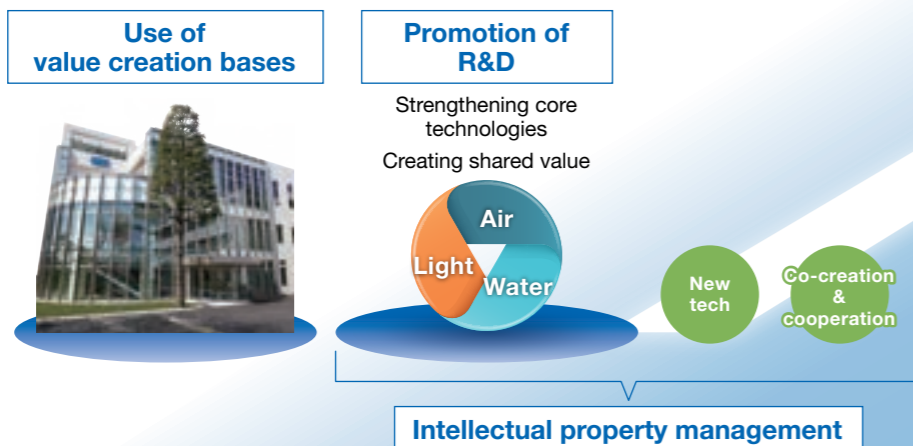
We are developing technologies that reduce environmental impacts and advanced space control technologies, with the aim of providing customers with solutions that grasp their real issues, in growth fields like decarbonization, electronic devices, and regenerative medicine. By linking these with, and optimizing these to, the various fields that have grown from our core technologies, we will react flexibly even in a highly uncertain age and successfully create shared value.

Furthermore, by promoting collaborations with external partners, such as through open innovation, we are able to deliver value in a timely manner.

## 3 Creation Innovation not restricted to the M&E services field

Through activities to co-create and cooperate with external bodies—including universities, companies in other industries, and start-ups—we are working to develop practical applications for new technologies and to create new business. One example is our air filter regeneration technology, which uses supercritical CO<sub>2</sub>. This technology is the fruit of joint research between industry, academia, and government, and has been highly praised from inside and outside the company as an example of shared value creation that aims to resolve environmental issues.

Moreover, we will start new R&D and business creation themes as part of our ongoing Mid-Term Management Plan, Preparation Stage, and achieve value creation in our target year of 2030.



# Core business expansion and new business creation for sustainable space value creation



Value Creation Drivers

Innovation Capabilities

Value Creation Drivers

Innovation Capabilities

## Promoting R&D

Through our core technologies in light, air, and water, we flexibly adjust to meet our customers' increasingly sophisticated, increasingly diverse needs, and we are also promoting R&D that can help bring about a more sustainable society. Using synergies between our innovation and engineering capabilities, we are providing customers with space value throughout the lifecycle of their buildings.

### R&D Case Study 1 Achieving both comfort and decarbonization

#### R&D into buildings for both people and the planet

To construct environments that are easy to work in, even in ZEBs, we are conducting R&D into areas such as designs informed by perceived brightness—which enable ZEBs to feel bright even with half or less of the energy consumption of a standard office building—and biophilic design—which can raise workers' intellectual productivity. Also, since energy management during operations is absolutely necessary to achieve a decarbonized society, we are running initiatives on the theme of optimal building control using AI. We strive to deliver spaces and create value with the aim of promoting coexistence between people and nature, considering not only the natural environment but also ease of use for work.



At the design stage, we use simulations to study the brightness of a space. We can achieve a bright environment even in low-energy buildings like ZEBs.

Our Hokuriku Branch Office is an example of this lighting and biophilic design in action. The result is a working environment that uses little energy but is bright and relaxing.

Based on joint research with Shibaura Institute of Technology, we calculated the amount of greenery required to boost intellectual productivity. Using field-of-view translation data, we have designed the spaces to ensure 5% of the field of view is green.

### R&D Case Study 2 Providing optimal air conditioning environments

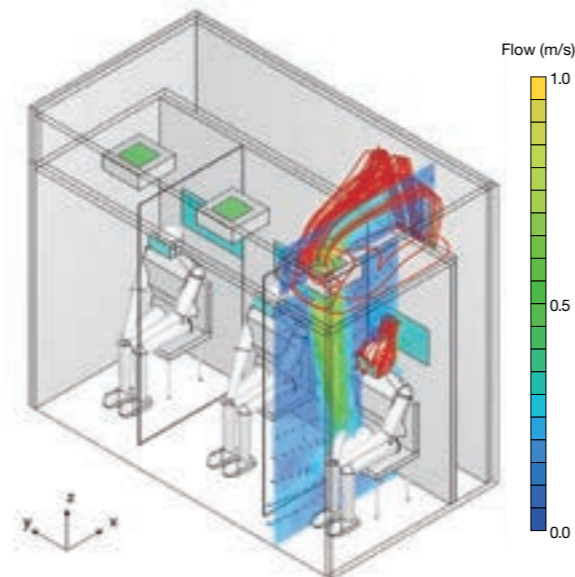
#### R&D into infection prevention air conditioning

Prior to the release of the COVID-19 vaccinations, in the early period of the pandemic when there was a high severity rate, there was a lot of trial and error into methods and systems that would lessen, even a little, the risk of infection.

We developed infection prevention air conditioning as an infection risk reduction technology for hospital waiting rooms where an unspecified number of people share the same space. This technology uses a monodirectional airflow to quickly collect and whisk away people's exhalations. This development involved verification tests using airflow simulations (via computational fluid dynamics) and a full-size mockup. We announced the technology as an effective infection prevention measure at the 2021 meeting of the Society of Heating, Air-Conditioning and Sanitary Engineers of Japan.

We will endeavor to keep medical facilities safer by delivering optimized air conditioning environments.

#### Infection prevention airflow simulation



### R&D Case Study 3 Reducing environmental impact by extending equipment service lives

#### Understanding the process of corrosion and developing anti-corrosion technologies

To achieve a recycling-oriented, decarbonized society, we consider the effective use of resources; that perspective has led us to become highly interested in extending the service lives of buildings. Therefore, with the goal of maintaining the value of customers' assets, we are placing great importance on measures that maintain and protect equipment through diagnosis.

The corrosion and deterioration of piping systems are caused by a combination of three elements: environment, materials and operations. We conduct case study surveys, analyze causes, and work to clarify the corrosion process through lab testing, and have developed equipment able to limit the corrosion of pipes used to supply hot water.

These kinds of R&D findings are incorporated into our designs and installation work, and we are contributing to making our customers' equipment useful for longer.

#### Example of corrosion analysis (Piping sampling inspection)

By checking the condition of pipe interiors and testing the thickness of the remaining pipe material, as well as analyzing matter that has built up inside the piping, we can better estimate the causes of corrosion and deterioration and propose ways of countering it.



#### Anti-corrosion device for hot water supply piping

Expansion tank with anti-corrosion function

#### Cushion Dakki™

All-in-one hot water supply unit that combines an expanding tank, circulating pump, and gas-water separator



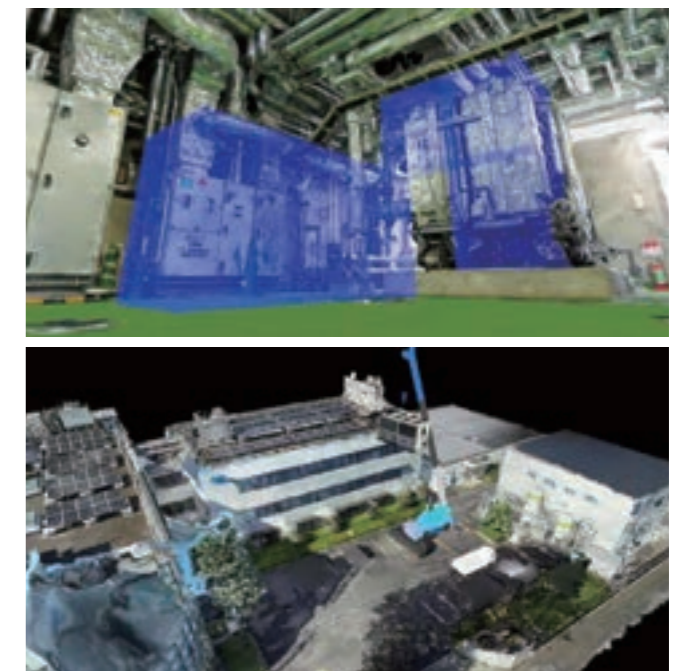
### R&D Case Study 4 Providing high-quality works

#### Developing tools that help visualize installation processes

Raising the efficiency and productivity of on-site tasks is a pressing issue at construction sites. During work to update equipment, a great deal of work is required to survey and map out the locations of devices, piping, etc., onto schematics and to draw up work plans. In order to resolve this issue, we developed an installation process visualization tool, Construction Visualizer 4D™.

This tool uses 360-degree cameras and photographic measurement technologies to quickly record the relevant mechanical room and equipment as a 3D model. The planned installation processes can then be shown in a 3D video. This reduces the amount of work on-site to survey the room, and the plan can be studied before work starts from a range of angles, including aspects such as installing or removing equipment. This means plan proposals can be safer and more efficient. Furthermore, aspects that are hard to show in schematics can be shared with the customer or subcontractors, the effect of this is that it encourages a swifter decision-making process.

#### 3D video showing equipment installation/removal processes



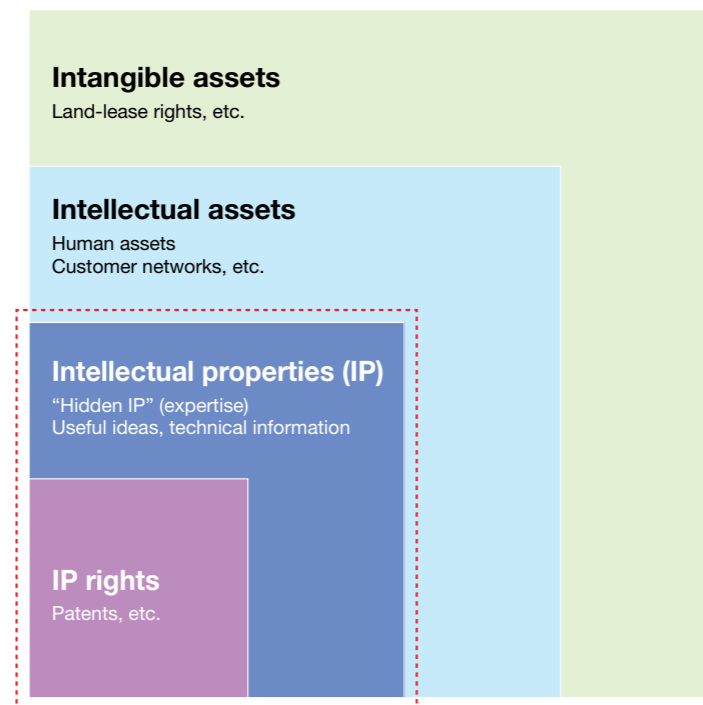
## Intellectual Property Management

In addition to our intellectual property (IP) rights (patents, etc.), we also consider our IP more generally to include useful ideas and technical information. Therefore, we manage the creation and use of IP.

### Utilizing our IP

As part of the 2021 revision to Japan's Corporate Governance Code (CGC) made by the Financial Services Agency and Tokyo Stock Exchange, companies were called on to disclose information about actions relating to their business portfolios—in which human capital and intellectual property are considered assets—to investors and financial institutions.

As a result, and based on our belief that enhancing and utilizing IP is vital to increase corporate value, we have implemented activities focused mainly on our existing IP rights—most of which have come from our R&D departments—but we have also formulated the Dai-Dan Intellectual Property Strategy 2022, a major pillar of which is the shift to a broader understanding of IP to include useful technical information for which we do not yet have IP rights.



### Broader understanding of IP:

**IP + “hidden IP,” useful ideas, technical information**

Adapted from a chart from the Ministry of Economy, Trade and Industry's "What are IP and IP management?" article [https://www.meti.go.jp/policy/intellectual\\_assets/teigi.html](https://www.meti.go.jp/policy/intellectual_assets/teigi.html) (Japanese only)

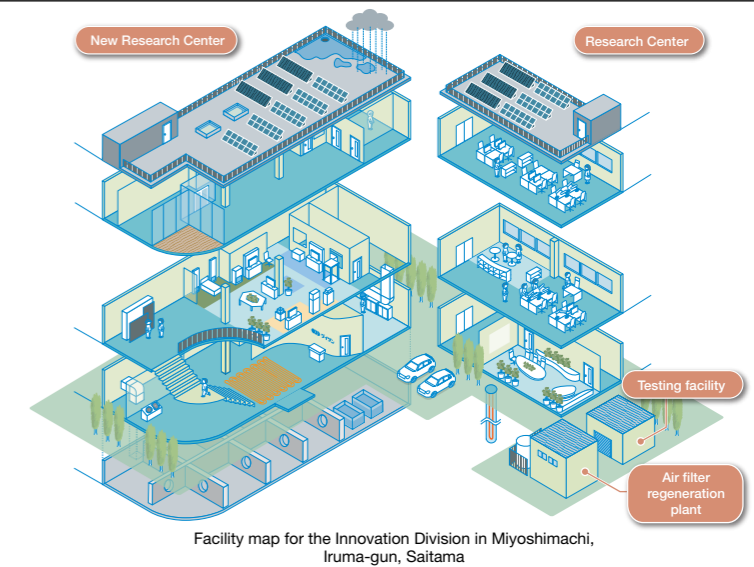
Through this initiative, we are creating a great deal of IP at each of the sites where we conduct designing, installation, and R&D. As well as management to promote the effective use of the IP we create, we are educating all technicians about IP.

## Utilizing Our Value Creation Bases

We make effective use of our “value creation bases”—the Innovation Division and our own buildings throughout Japan—as a management resource that supports our creation of value.

### R&D bases

In the Innovation Division facility, an R&D base, we have both dedicated and multipurpose testing facilities, as well as equipment and personnel able to provide measurements and analysis to address any problems that may crop up at installation sites. The division functions as the core of our R&D efforts. The building also features spaces for staff to relax or exchange information, and by integrating the bookshelves that hold specialist journals with a café space, we have improved employee communication and helped them to recharge, which lead to new ideas.



### Value creation from dialogue

In order to truly grasp customers' real issues and continue to deliver high-added-value solutions, we recognize that it is important we have a venue where customers can experience that value and engage in dialogue with our developers. In the exhibition space at the Innovation Division building, we have found ways for customers to use and experience the technologies and services that we develop, and we hold tours where visitors can take part. Also, by designing the space to encourage the kind of conversations that lead to open innovation, we have picked up customer feedback and this is leading to new space value creation.

Furthermore, so as to analyze the issues intimately associated with the lifecycle of buildings and provide solutions, we promote medium- and long-term studies that make use of our own buildings. Throughout our varied testing bases, staff in Kyushu, Shikoku, Hokkaido, Hokuriku, and elsewhere, are able to stand in front of customers and enhance the essence of value at the practical application stage.



Exhibition and ideas exchange area



Next-generation office experience



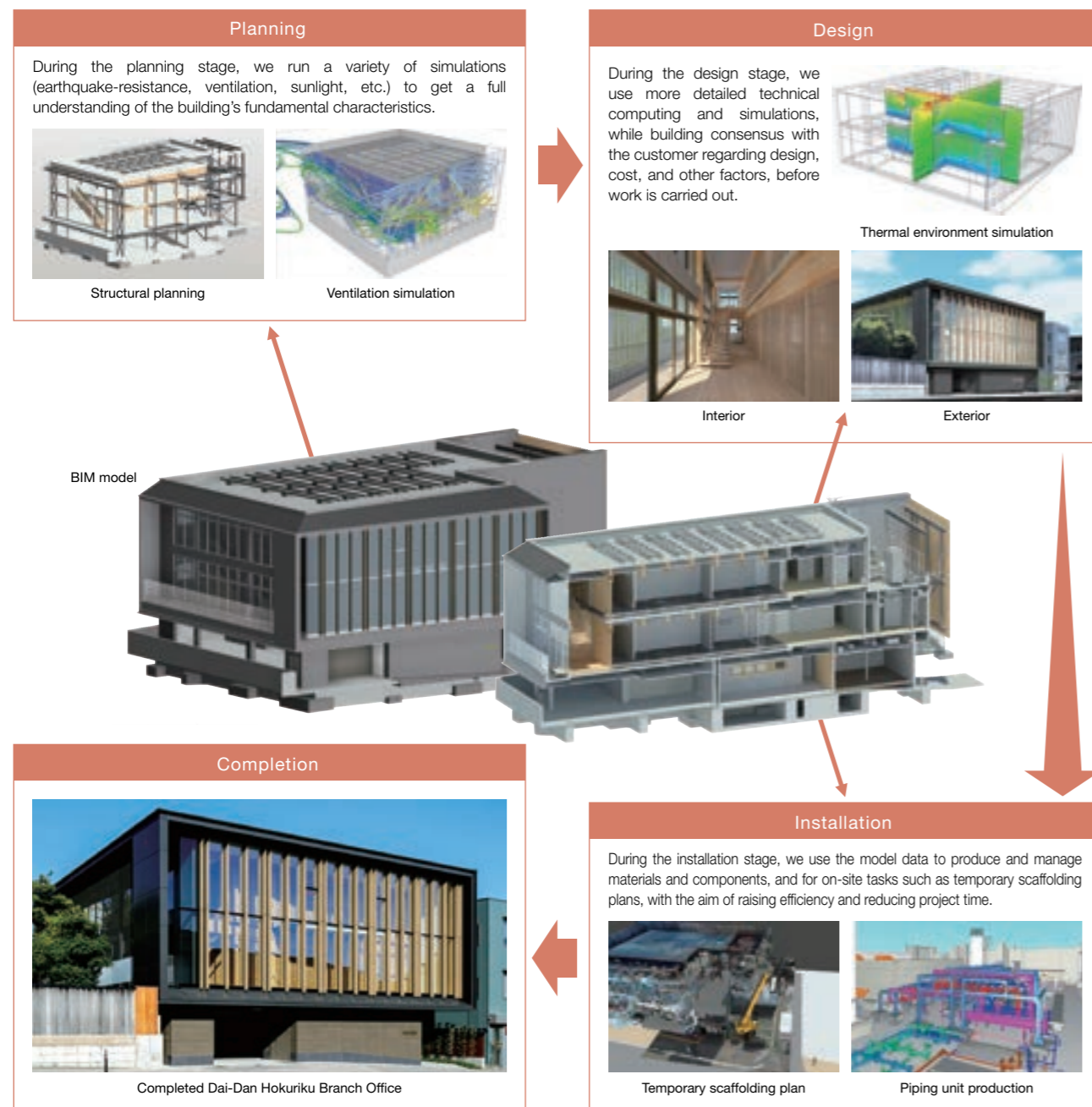
Experiential features use the latest technologies

## DX Promotion: Projects

### Reforming work flows

#### Working to make DX (BIM) a work flow platform

We have positioned BIM\* as a platform for work flows and are promoting it as such. This will increase the efficiency of various tasks throughout a building's lifecycle and help deliver the high-quality building a customer wants. We also used BIM for our branch office replacement projects.



\* Building Information Modeling: a system that creates building information models that include not only 3D computer-generated modeling information, but material and component specifications and characteristics and finishes, combined with additional, related information about the building. At every stage from design to construction and operations, the system allows blueprint preparation, estimates, various technical calculations, simulations, and other processes to be effectively linked and put into practice, for higher quality.

## DX Promotion: Organizational Changes

### Promoting workstyle reform through the job site support remote teams

To address labor shortages in the construction industry, and as part of our reforms to the way people work, in 2017 we began a pioneering initiative ahead of the rest of the industry, we organized job site support remote teams throughout the company to work to improve productivity. These teams, made up of CAD operators and office workers who would previously need to be stationed on-site, use ICT environments (online meetings, cloud servers, shared BIM/CAD software, etc.) to offer support to job sites remotely.

### Standard support

#### Remote support RTR

As well as allocating various tasks (creating BIM and CAD models, job site documents, regulatory filings, etc.) related to milestones such as work commencement dates and material and equipment purchase order date set in the project master plan, the RTR\* also adjusts the schedule and organizes survey records during the project or creates completion documents. This remote support reduces the work involved in on-site tasks.

\* Remote Team Review



#### Blueprint RTR

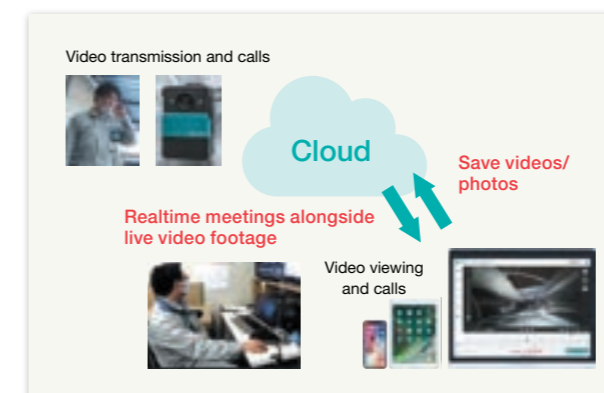
Via online meetings, the teams share BIM and CAD 3D images with job site employees via large monitors and can carry out blueprint reviews to verify construction quality and contribute to improvements in the engineering skills of less experienced job site employees.



### Enhancing support tasks

#### Remote job site patrols

Mobile web cameras allow images to be shared between offices and job sites, and we are conducting progress checks and quality patrols remotely.



#### Security patrols

To ensure information security, we can check the running status of job site computers remotely. This reduces the number of tasks that require employees to visit sites and massively increases efficiency.



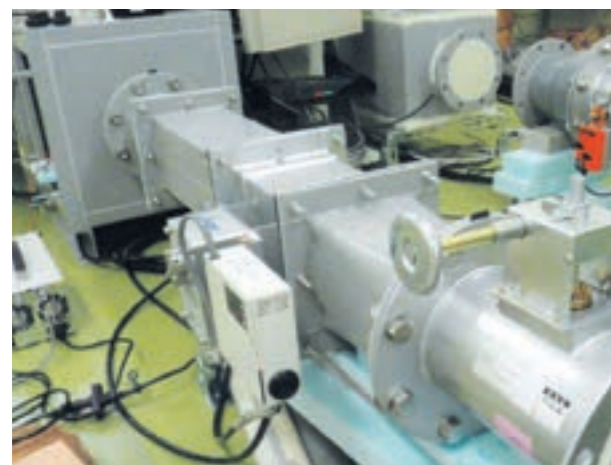
# Advanced Development Technologies

## Highly precise room pressure control system

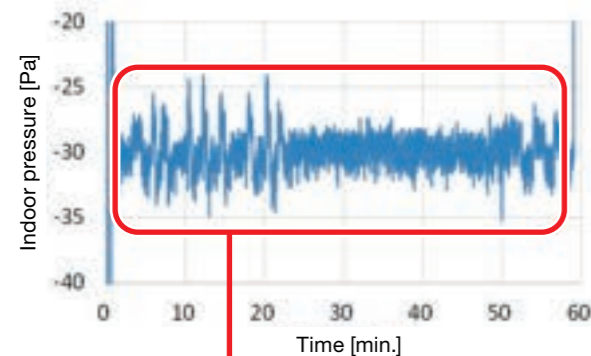
Providing pharmaceutical plants and similar with Initiatives aimed at providing stable room pressures

Important facilities such as pharmaceutical plants or research institutions require rooms to be airtight and for room pressure to be stable. However, in the past, achieving the highly precise room pressure control needed to maintain airtightness was considered challenging. Through modeling using mockups and from our own installation accomplishments, we are gaining the expertise and knowledge needed to control room pressure to a precise degree. In this way, we will respond to customers' wishes.

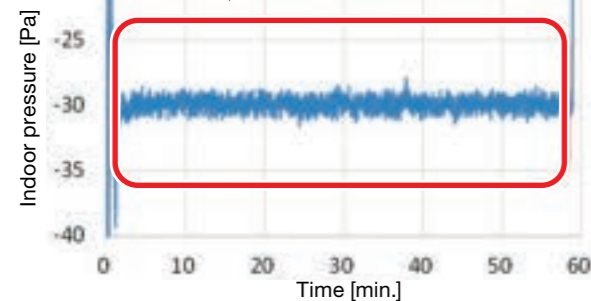
### Example of modeling by using a mockup



### Example of improvements to room pressure controllability



Settings and system changes led to improved room pressure controllability

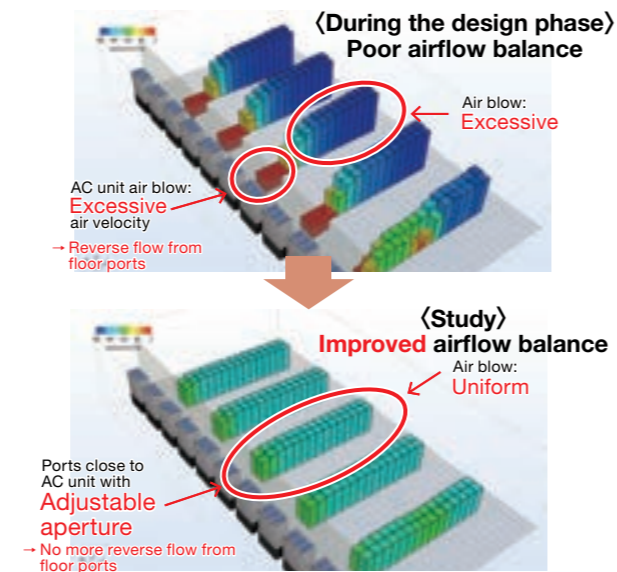


## Interior environments optimized to the building application

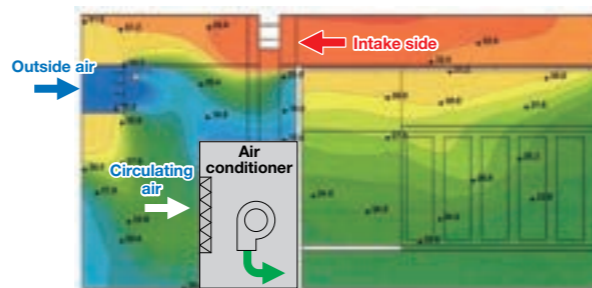
For datacenters, etc. Modeling by using airflow simulations and mockups

Dai-Dan has done numerous datacenter installation jobs. Those experiences have led our engineers to using airflow simulations and mockups to identify and solve potential issues in new projects, as well as to develop new technologies.

### Simulation of floor-blown airflow distribution



### Mixing of outside and circulating air in outdoor air cooling (Intake side)



### Modeling by using a mockup (Mixing of outside and circulating air)

Measurement conditions	Photo of mockup	Temperature distribution on AC intake side
Outside air intake angle	0°	<p>Max. 18.4°C, Min. 17.5°C Max. ΔT: 0.9°C</p>
Airflow ratio (Outside air : Circulating air)	3:1	
Circulating air temperature when blown	33.7°C	
Outside air temperature when blown	11.6°C	

## Low-cost clean room

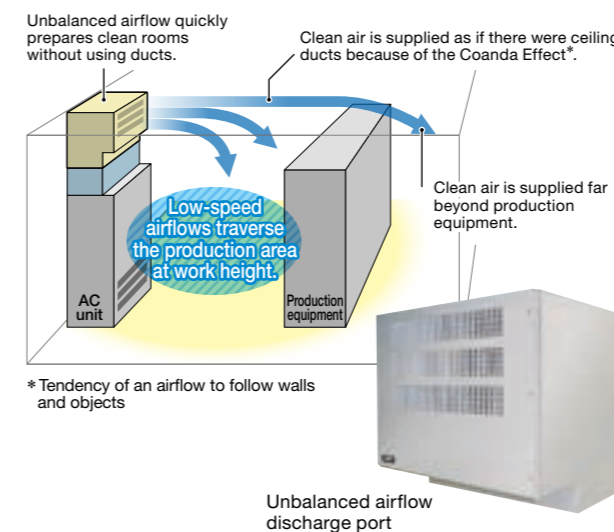
Equipping electronics and precision-item factories  
Virtual Duct Clean Room System™

This ductless air conditioning is suited for ISO Class 6-8 clean rooms. Using a proprietary discharge unit that emits an unbalanced airflow, it delivers at a low cost the same level of temperature, humidity and clean factor uniformity as a conventional system built with ceiling ducts and HEPA filters.

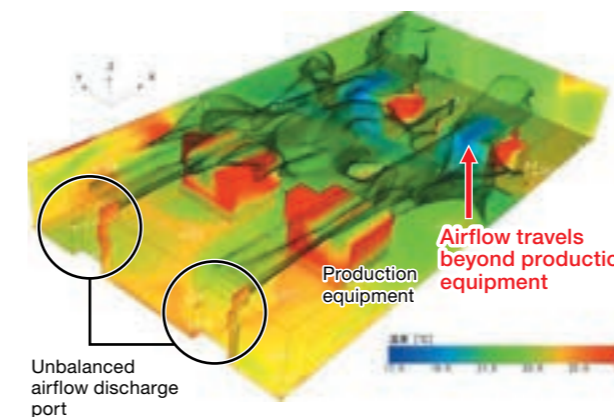
### Features

- ① Similar low-cost to direct blow AC systems
- ② Good temperature, humidity and clean factor uniformity
- ③ No duct work required. Little time needed to install.
- ④ Easy-to-relocate AC unit ensures that layouts can be changed in the future

### System concept



### Airflow simulation



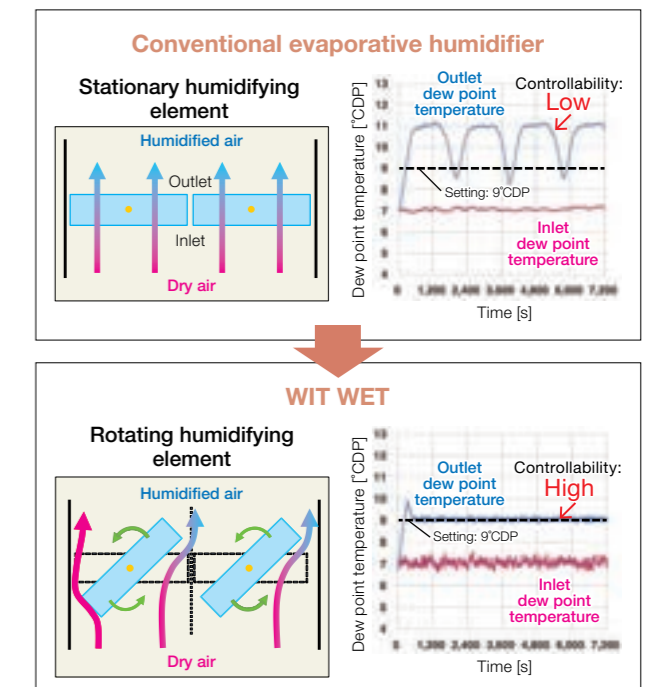
## Energy-saving, highly precise humidity control system

Evaporative humidifier enabling highly precise humidity control  
WIT WET™

The WIT WET evaporative humidifier with a rotating humidifying element was developed as a direct outdoor air-cooling system to be used in datacenters. A problem with conventional evaporative humidifiers is the low degree of control over humidity, which this system resolves and so is especially effective at controlling humidity when using direct outdoor air cooling. Another characteristic of this evaporative humidifier is that it allows energy-saving through its cooling effect and the precise control over humidity that it offers. It is also suitable for locations other than datacenters, such as offices, hospitals, or art museums.

### Features

- ① The humidifying element can be turned to regulate airflow and control humidity.
- ② Humidity control is highly accurate and features stepless setting, effectively eliminating over-humidification and hunting.
- ③ Reduced pressure loss during seasons that do not require humidification



### WIT WET's rotating humidifying element in action



Infection prevention via a simple installation

For simple infection countermeasures at medical and care facilities  
**Air purification and depressurizing unit (INF Series)**

As the recent COVID-19 pandemic shows, when a new infectious disease breaks out, even general medical institutions or care facilities require separated room into which to temporarily admit those who are infected or suspected to be infected.

This unit purifies the air and depressurizes the room in which it is placed and requires little in the way of installation to create a simple depressurized room. The design has been chosen to cater not only to medical facilities, but also to care facilities.

Features

- ① Small-scale installation for air purification and depressurization
- ② Uses HEPA filters to purify circulated and vented air.
- ③ Rooms can be outfitted for depressurizing with simple duct work.

INF Series



INF-101 (Floor standing type)

INF-201 (Window unit)



INF-301 (Floor standing type) installation concept

Surgical rooms that are comfortable yet save energy

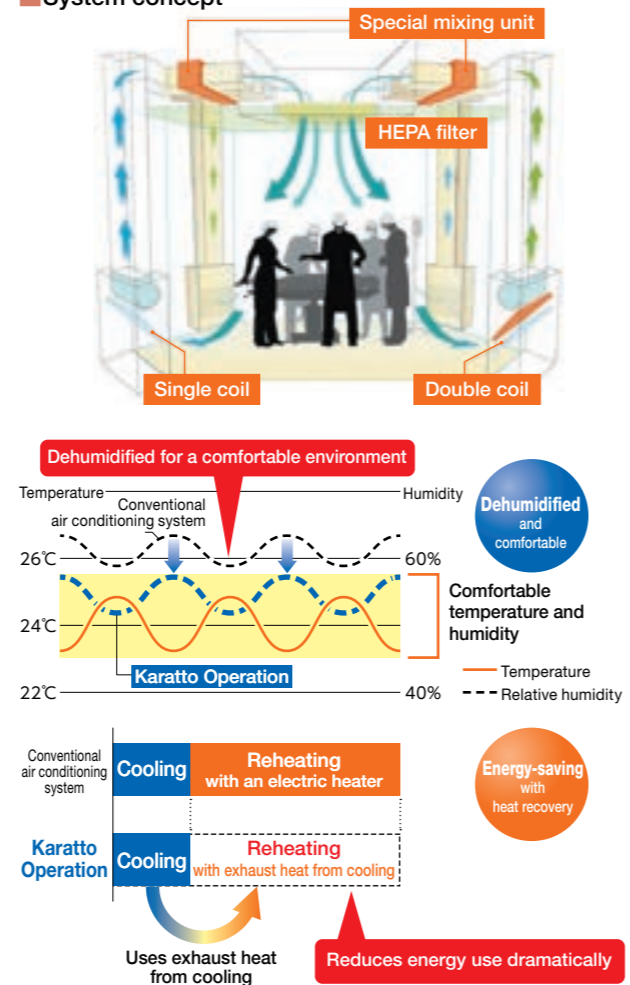
For energy-saving dehumidifying for surgeries  
**Karatto Operation™**  
 \* Handled by Cellab Healthcare Service

In cases where air from outside the surgery is not processed by reheating it, the room can become very humid, such as during the rainy season. This can, in some cases, lead to trouble such as condensation building up in medical equipment. With Karatto Operation we have focused on heat recovery technology using coolant, for an air conditioning system where the exhaust heat produced during cooling is used for reheating. Compared to conventional electric heaters, the result is superlative energy-saving and a comfortable environment.

Features

- ① Cools and dehumidifies surgery interior.
- ② Highly energy-efficient air conditioning system uses control technology for multiple air conditioners that can independently heat or cool at the same time.
- ③ The air conditioning system in each room is a complete unit so it is easy to maintain.

System concept



Exceeding customer expectations with knowledge, experience and action

# Practical Competence

Every building system we deal with is unique and different, which requires us to employ flexibility and creativity when challenged to accommodate a variety of building structures, usage patterns and customer needs. As a building services engineering and installation provider, we are committed to exceeding the expectations of our customers by applying the knowledge and experience we have gained throughout our history. Moreover, since our establishment, we have exhibited the ability to provide design solutions and installation expertise with inherent skill. This is Dai-Dan's practical competence in the field.

Installation example ①

ICT facility

NRT10

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Installation example ②

Large-scale research facility

Kurita Innovation Hub

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Installation example ③

Large-scale research facility

Nagasaki University

Testing building, National Research Center for the Control and Prevention of Infectious Diseases

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Enhancing Our Installation Expertise and Ability to Provide Design Solutions

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Installation example ①  
ICT facility

# NRT10

This datacenter was designed for a tenant that needed a high-capacity energy source, and construction was completed in November 2021.

We installed the air conditioning and plumbing, and here we would like to introduce the heat sources and air conditioning and ventilation equipment we used for this project.



### Building outline

Location	Inzai, Chiba
Use	Datacenter
Scale	Gross floor area: 37,850 m <sup>2</sup> Five stories above ground, one-story rooftop structure
Construction	Steel (partial reinforced concrete), seismic isolation
Completed	November 2021

### Overview of the equipment (for one system)

Heat sources	<ul style="list-style-type: none"> <li>• Air-cooled centrifugal chillers (1,765 kW × 5 units, N + 1)</li> <li>• Cold water thermal storage tanks (15 m<sup>3</sup> × 2 units × 2 series, 2N)</li> <li>• Plate type heat exchangers (3,980 kW × 2 units × 2 series, 2N)</li> </ul>
Air conditioning	<p>Server room: Wall-mounted AHUs × 18 units (N + 2) + Outdoor-air-processing AHUs × 2 units (2N) + Electric steam humidifiers × 2 units (2N)</p> <p>UPS room: Upward-blowing AHUs × 3 units (N + 1) + Outdoor-air-processing AHU</p>

\* In the chart above, N indicates the number of units in operation during 100% load.

This project involved hypothesizing stoppages due to breakdowns or maintenance in advance, so we fitted the server rooms and UPS rooms with heat sources and air conditioning equipment in N + 1 and 2N configurations so that redundancy is built in.

Also, the cold water supply to the air conditioners comprises a system whereby during normal operation half of the water is supplied to series A and half to series B, but if there is a problem with one of the piping series, BMS can be used to switch the supply so that 100% of the supply can be sent via the other, fully functioning series.

Moreover, cold water thermal storage tanks we installed ensure that even if all of the chillers stop working, the UPS electrically powered cold water pump will continue to operate, and that water will provide a stable supply of cold water for ten minutes.

Installation example ②  
Large-scale research facility

# Kurita Innovation Hub

Our client, Kurita Water Industries Ltd., opened the doors on its new R&D base, the Kurita Innovation Hub (KIH) in April 2022.

KIH is a base that looks to fuse a wide range of ideas inspired by connections with customers in Japan and abroad, research institutions, and other stakeholders, and to create new innovation that can resolve issues in society and industry. Working with Taisei Corporation, we installed the buildings' electrical equipment.



### Building outline

Location	Hajijima-cho, Akishima, Tokyo
Use	R&D facility
Scale	Technology Innovation Center (R&D facility): Five-story single building, etc. Technical Education Center (Multipurpose facility): Three-story single building Site area: 30,112.33 m <sup>2</sup> Gross floor area: 38,395.02 m <sup>2</sup>
Construction	Reinforced concrete, steel, steel reinforced concrete
Completed	March 2022

The Technology Innovation Center features a number of pieces of equipment: state-of-the-art testing and analysis equipment to do with water and the environment, the latest ultra-pure-water production equipment that can supply high-purity water in large amounts, and test facilities with clean rooms that boast the highest level of cleanliness. The Technical Education Center, meanwhile, features the training equipment needed to teach about the technologies and expertise used in processing water, and to foster personnel who can address customers' and society's problems. The overall facility also includes systems that can recycle water and systems that help to reduce energy consumption and CO<sub>2</sub> emissions by integrating water processing and the air conditioning cooling and heating systems. Between these and its 100% use of renewable energy sources, the facility has been designed to be kind to the environment.

### Overview of the equipment

Power receiving method	High voltage: 6.6 kV Main and backup lines × 2 (two buildings)
Power receiving and transforming equipment	Indoor and outdoor cubicles: in 6 places Total equipment capacity: 15,070 kVA (transformers: 48)
Backup power generation equipment	6.6 kV, 625 kVA 200 V, 250 kVA Underground fuel tanks: Fuel oil A, 1 × 12,000 L; 1 × 5,000 L
Other equipment	Sub-main cable service, secondary power supply service, electrical light outlets, guidance and support, storage batteries, digital signage, audio-visual equipment, etc.

### Customer review

This project was for the construction of the first building of our new datacenter in Tokyo, a vitally important, massive-scale project that will prove a stepping stone to a Japanese datacenter business.

Just as construction started, the pandemic struck. The situation was a world-first, with shortages of labor and materials, and restrictions on groups of people assembling. Despite this, Dai-Dan's technical capabilities, creativity, and ability to communicate were demonstrated to the nth degree. We were incredibly grateful to Dai-Dan for completing work in such a short time while maintaining a high quality. I hope that we can further develop the relationship between our two companies going forward.

Toshiharu Yamamoto, Country Manager  
Nobuyoshi Osawa, Director  
Digital Realty

### Comment from the site manager

This project was for a truly cutting-edge datacenter that needed to be able to handle electricity supplies of up to 42 MW for its IT.

With hurdles such as the outbreak of COVID-19 to overcome, procurement was challenging, but by employing air-cooled turbo chillers and data hall air conditioners that had been manufactured abroad—and which did not have much of an installation track record in Japan—as well as remote factory checks, local heat load tests and IST and other studies, we were able to furnish equipment that met our customer's required standard.



I am deeply indebted to the client, the design team, all of the subcontractors, and everyone else involved—it is thanks to them all that we could complete the project in such circumstances without issue. They all have my thanks.

Atsushi Mogi, Grand Project Master  
Engineering Department 4, Tokyo Head Office

### Customer review

As the name would suggest, the concept for the Kurita Innovation Hub is a place where diverse people from inside and outside our company come together, make connections, and revolutionize technology and society. This interaction and cooperation between various stakeholders will help to accelerate creativity. During construction, Dai-Dan came up with a variety of ideas in ways to save energy and visualize how much energy we use, and were able to incorporate those into the facility.

Even with changes to the plans and shortages of materials, Dai-Dan responded quickly and flexibly, for which we are very thankful. In the future, we hope to have Dai-Dan look after the maintenance and replacement of the equipment, so we look forward to continuing to work together.

Shinich Wada  
Operational Improvement Team, KIH Administration Department,  
Kurita Innovation Hub, Innovation Division  
Kurita Water Industries Ltd.

### Comment from the site manager

During the roughly two years we were involved at this site, we had repeated meetings with our client, the design office, and the general contractor company—everyone responsible for meeting the customer's needs—and worked to ensure quality. In particular, to make sure that the clean rooms were airtight, and to guarantee the performance of the large-scale research facility and the advanced equipment it possessed, we worked with the machinery team to simulate the power cut and restoration that would occur with a momentary or short-term power outage, and we were able to trial an actual power outage to study and confirm the results.



I am deeply grateful to everyone involved who ensured the installation went ahead without a hitch.

Yuichi Kinami, Project Master  
Engineering Section 2, Engineering Department 1  
Tokyo Head Office

Installation example ③  
Large-scale research facility

# Testing building, National Research Center for the Control and Prevention of Infectious Diseases, Nagasaki University



Nagasaki University planned the construction of its BSL-4 testing facility, with advanced safety features, in order to conduct research into emerging and re-emerging infectious diseases. Construction was completed in July 2021.

Working with Toda Corporation, we installed air conditioning equipment and here we introduce a building overview and some of the characteristics of the equipment.

### Building outline

Location	Nagasaki City, Nagasaki
Use	University
Scale	Gross floor area: 5,210 m <sup>2</sup> Five stories above ground, one-story rooftop structure
Construction	Reinforced concrete, partial steel reinforced concrete, seismic isolation
Completed	July 2021

This facility is the first in Japan where workers wearing positively pressurized airtight suits can handle BSL-4 pathogens inside the test lab.

While it is the third BSL-4 facility to be built in Japan, it is the first BSL-4 facility to house research and testing into pathogens.

### Overview of the equipment (for one system)

Heat sources	<ul style="list-style-type: none"> <li>• Air-cooled HP module chiller</li> <li>• Air-cooled HP air conditioner</li> <li>• Boiler (for air conditioner and humidifier, autoclave)</li> </ul>
Air conditioning and ventilation	<ul style="list-style-type: none"> <li>• Ventilator + coil filter unit + HEPA filter unit + extractor (test lab)</li> <li>• Total heat exchanger + air-cooled HP (general-use room)</li> <li>• Scrubber (for local venting)</li> <li>• Honeycomb filter unit (for local venting)</li> </ul>

### Comment from the site manager

This project was affected by factors such as exceptionally heavy rains in Kyushu and the outbreak of the pandemic. During that time, we used Rebro (BIM software), virtual reality, and other technologies to raise the efficiency of the installation work. By sharing information in this way with Nagasaki University, Toda Corporation, manufacturers, and subcontractors, we are able to successfully complete the project.



Osamu Nakano, Project Master  
Engineering Section 3, Engineering Department  
Kyushu Branch

The project actually overlapped with the busiest period in Nagasaki Prefecture, and so we faced chronic labor shortages, so I am very grateful to everyone who took part.

### Reference: Biosafety levels (BSL)

	Pathogens that can be handled
BSL-1	Vaccines or pathogens that present no danger to animals
BSL-2	Measles, influenza viruses, etc.
BSL-3	Rabies, tuberculosis, avian influenza viruses, etc.
BSL-4	Ebola viruses, Lassa virus, etc.

## Enhancing Our Installation Expertise and Ability to Provide Design Solutions

### Sharing and utilizing the enhanced value generated by our on-site expertise

#### Case study presentations for sharing expertise and integrity throughout Dai-Dan

We held our "14th Case Study Presentations" in November 2021. This event gives our employees an opportunity to present the achievements they have made through expertise and integrity in the course of their day-to-day work. Awards are also presented. A video conferencing system is used so that employees across the country can participate. We also use a web conferencing system to broadcast the presentation live to employees.

By taking lessons and ideas presented through the case studies at the presentations and bringing these remarkable achievements into our offices and job sites to share and utilize them in in-house education, we are contributing to the further enhancement of Dai-Dan's technical capabilities, safety, and quality.



Award recipients

#### Comment from the winner of the President's Award

At the 14th Case Study Presentations, my team and I were chosen to receive the President's Award out of the many examples of design, installation, proposals, and improvements from across Japan. We are truly thankful for this great honor. The case study for which we won the award involved using BIM and ICT for an installation in a building that required exceptional quality, and using these technologies we were able to relay information and heighten the accuracy of the installation, which resulted in improvements in efficiency. Specifically, we analyzed our existing management methods and cut out the impossible and unnecessary, while selecting tools and adding information as appropriate to each goal. Doing so has led to a new management method. As a result, the accuracy of management has improved, and many other advantages of DX have been achieved, including fewer manhours required and greater safety. However, we also discovered issues with applying this method company-wide, including constructing a new support system and fostering and training personnel. Lastly, with major changes in the industry set to continue, for Dai-Dan to always lead reform, we have to keep broadening our outlook in our daily tasks, and we will strive to actively take on challenges.



Engineering Section 2, Engineering Department 1  
Kyushu Branch  
Kaoru Fukuyama, Manager  
(Photo as representative)  
Shoich Tanaka, Grand Project Master  
Osamu Nakano, Project Master  
Daijiro Shimoino, Deputy Manager  
Kazunori Kasatani, Deputy Manager  
Akihiro Okada, Chief

#### Technical Reports

Our Technical Reports are published with the aim of leveling up through technical accomplishments and advancing standards, predominantly by detailing designs and case studies of installations.



In the latest issue, there are articles with information about 26 case studies, including some of the winning entries to the Case Study Presentations, and case studies related to medical facilities, industrial facilities, and other building applications.

The magazine is targeted at all engineers and includes introductions to such advanced topics as: our promotion of i-Construction, inventiveness and method improvements, cost-suppressing efforts, improvements to productivity via the use of installation BIMs, and the promotion of moving tasks offsite to reduce job site work as much as possible.

#### Step Up Training

Our Step Up Training is designed to offer a next step for mid-level engineers who have finished their core technology training. Participants are taught about four fields where our core technologies play significant roles: medical treatment, industry, innovation, and electricity. Training is split over three levels (Step 1 for beginners, Step 2 for intermediate trainees, and Step 3 for advanced trainees) and is conducted to foster specialists in each of our core fields.

#### Main training topics

##### Medical treatment

- Understanding of hospital equipment guidelines
- Basic knowledge of regenerative medicine facilities
- Sharing techniques and knowledge of those with design or installation experience

##### Industry

- Basic knowledge of pharmaceutical plants, validations and equipment installation
- Basic knowledge of air conditioning and utility systems for electronic devices plants
- Sharing techniques and knowledge of those with design or installation experience

##### Innovation

- IoT foundations and overview of cloud-based monitoring control system REMOVIS
- Main points and concerns about planning, design, and installation of ZEB air conditioning equipment
- Tours of the latest ZEBs

##### Electricity

- DALI lighting control system
- ZEB overview and web programs
- Cogeneration systems
- Grounding and lightning protection equipment
- Extra-high-voltage power receiving and transforming equipment

# Overseas Business

Fiscal 2021 is the first year of our Mid-Term Management Plan, and one of the business strategies we have set is to strengthen our overseas business. With an eye on growth in overseas markets, we are aiming to actively expand our business in Southeast Asia.

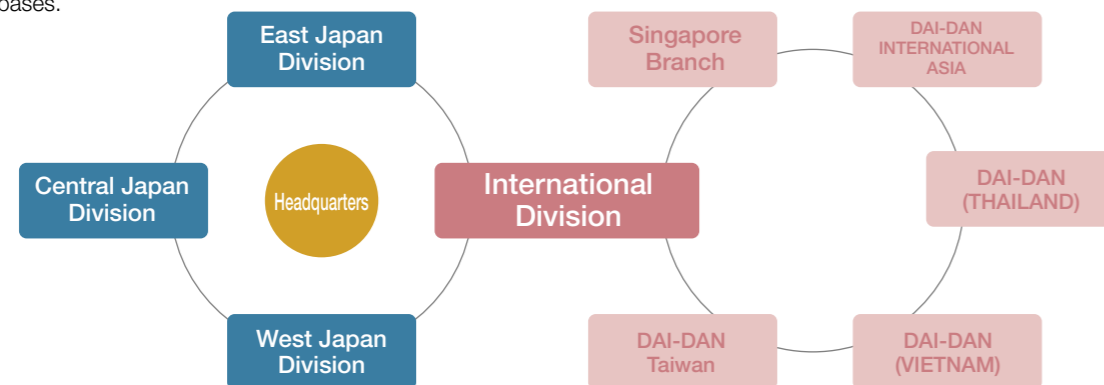
Our overseas business has so far spread to cover Singapore, Thailand, Vietnam, and Taiwan.

To act as a base for our overseas operations here in Japan, in April 2022, we established the International Division, and are strengthening cooperation between our various overseas bases and Japan.

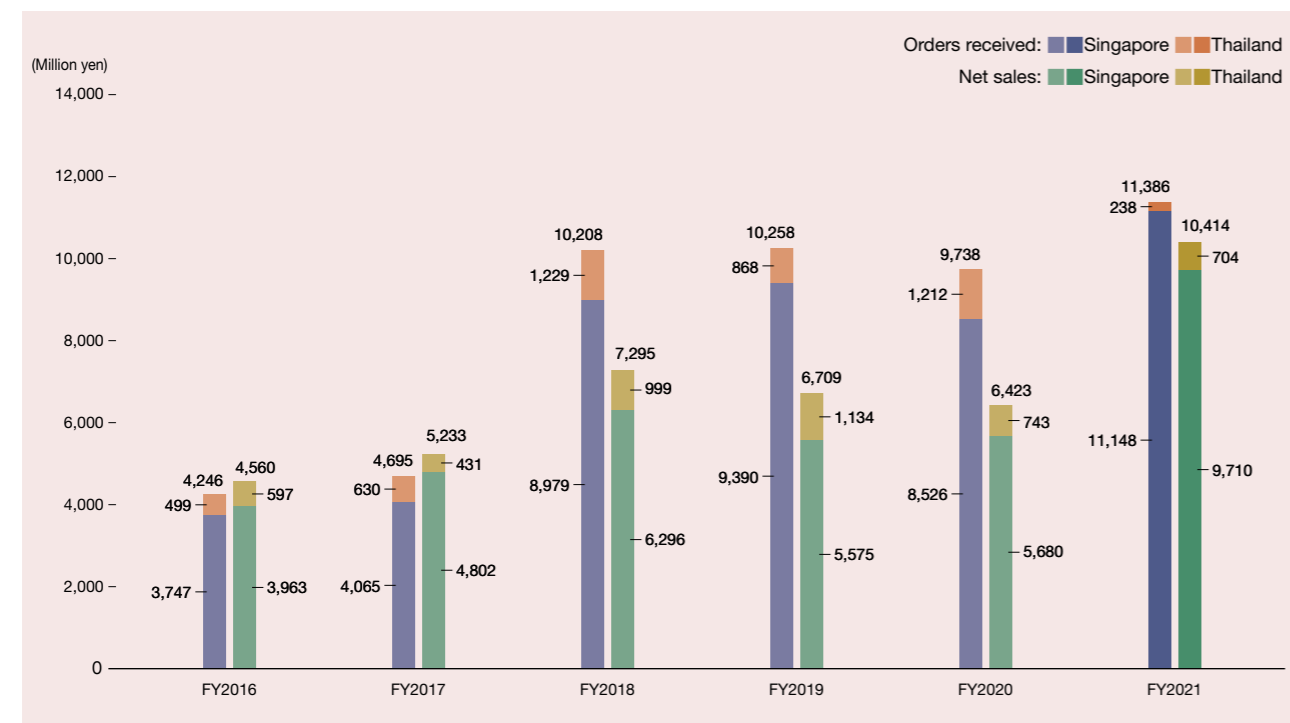
In Japan and elsewhere, we provide customers with technologies that can create the environments they want but outside of Japan, our goal is to use our international staff to fuse these technologies with the individual perspectives of our foreign bases.

## Efforts in our overseas business

- Overseas projects**  
 From sales to design and installation, overseas subsidiaries are working together with Dai-Dan in Japan.
- Overseas assignment preparatory training**  
 We carry out preparatory training for those who want to be assigned overseas.
- International staff training**  
 We have adjusted the training that we carry out in Japan, incorporating case studies unique to our business outside Japan, and we periodically conduct this technical training for international staff.



## Orders received and net sales



## Overseas installations



Singapore CREATE



Singapore Terminal 2, Changi Airport (Updated power receiving and transforming equipment)



Thailand Solar cells for existing factory (Mie Precision Machining)



Thailand Solar cells for existing factory (Company P)

## Singapore

In 1977, we set up a representative office in Singapore, and in 1979 this was reorganized and established as the Singapore Branch Office. The first large-scale project that the branch office, which is now more than 40 years old, tackled was at Changi Airport. Since then, the branch office has been involved in many different types of projects, including back at Changi Airport. In 2021, we established a wholly owned local subsidiary, DAI-DAN INTERNATIONAL ASIA PTE. LTD., and we will transfer the functions of Singapore Branch Office to this new company as we work to expand our business in Singapore. Also in the future, as the subsidiary's name would suggest, we aim to have the company act as a central based in Southeast Asia and to contribute to the expansion of our overseas business overall.



### Singapore Branch

Established : January 1979  
 General Manager : Eiji Fujita  
 Number of staff : 71 (4 Japanese)

### DAI-DAN INTERNATIONAL ASIA PTE. LTD.

Established : September 2021  
 Managing director : Eiji Tsukamoto  
 Number of staff : 40 (2 Japanese)

Thailand

Dai-Dan (Thailand) is our second overseas base after the Singapore Branch Office, and as well as a head office in Bangkok, includes offices in the Chon Buri and Lamphun provinces. For Japanese companies or subsidiaries operating in the area, the company works with Dai-Dan in Japan to offer everything from sales, to design and installation. It also provides Dai-Dan-standard quality even in Thailand, and will continue to maintain its high satisfaction levels among customers.



**DAI-DAN (THAILAND) Co., LTD.**

Established : August 1984  
 Managing director: Yoshinori Uetani  
 Number of staff : 73 (6 Japanese)  
 Website : <https://www.daidan.co.th>



Vietnam

In October 2020, we established a wholly owned local subsidiary in Hanoi, the capital of Vietnam. Vietnam is expected to see steady economic growth and further expansion of its construction market.

Like Dai-Dan (Thailand), the subsidiary will provide Dai-Dan-standard in the country to Japanese companies or subsidiaries operating in the area by working with Dai-Dan in Japan to offer everything from sales, to design and installation.



**DAI-DAN (VIETNAM) Co., LTD.**

Established : October 2020  
 Managing director: Masatsugu Itano  
 Number of staff : 3 (1 Japanese)

Taiwan

In order to expand our business overseas, in April 2022 we established a wholly owned local subsidiary in Taiwan, and we are making preparations to enter the building services business there.

At present, we are offering an air filter and adsorbent regeneration service that uses our supercritical CO<sub>2</sub>, a service which we already have a track record in Japan.



**DAI-DAN Taiwan CO., LTD.**

Established : April 2022  
 Managing director: Yasunobu Tanaka  
 Number of staff : 1



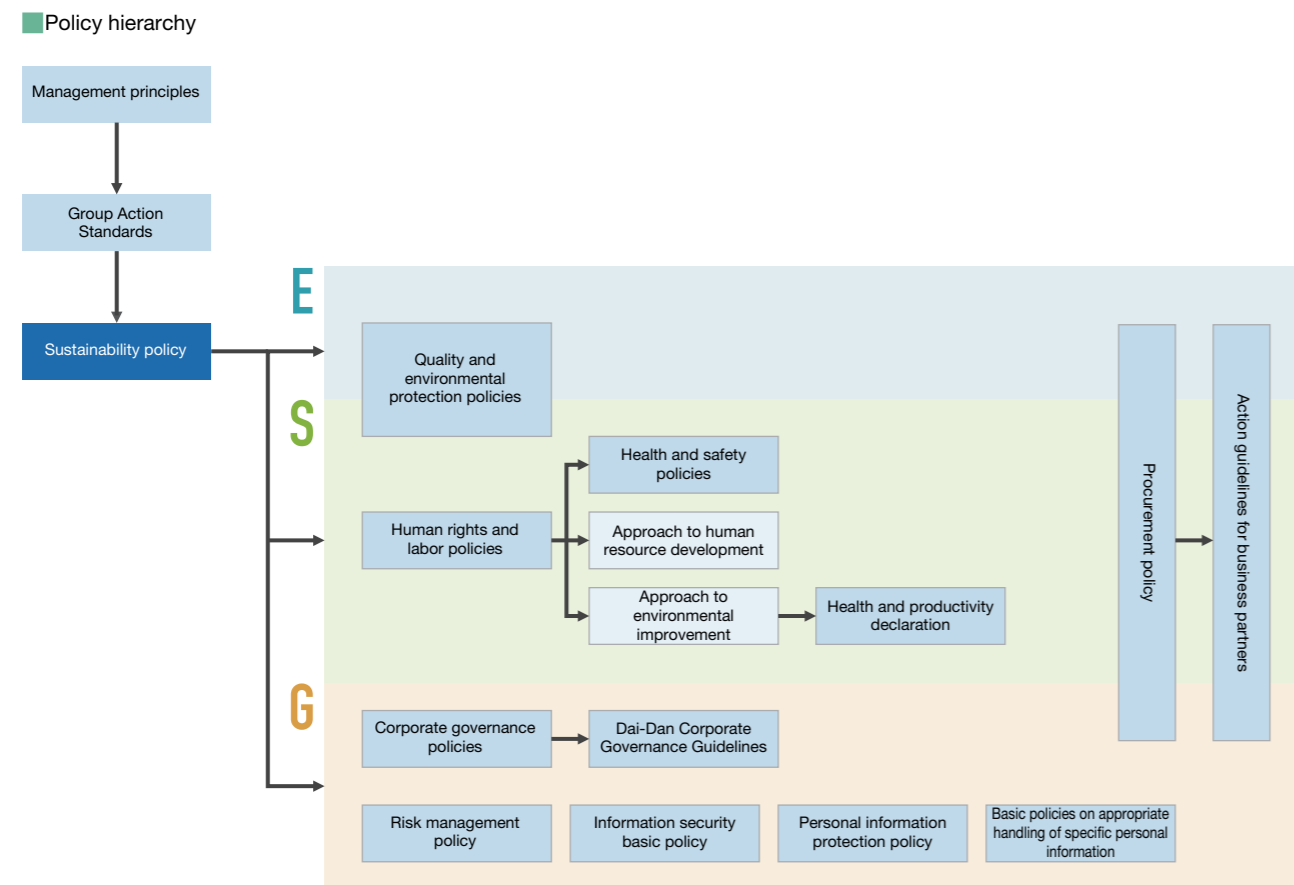
## Promoting Sustainability

- 55 Sustainability Initiatives
- 59 Environmental Initiatives
- 59 Environmental Conservation Initiatives
- 61 Partnering with Hosting Communities
- 63 Planting the Idea of Dai-Dan Forests
- 65 Valuing Our Employees
- 65 Work-Life Balance and the Work Environment

# Sustainability Initiatives

## Formulation of the Dai-Dan Group Sustainability Policy

We formulated our policy as our fundamental approach to tackling the issue of sustainability. Our policy, founded on our management principles and the Dai-Dan Group Action Standards, is positioned above our individual environmental, social, and governance policies. By setting the Dai-Dan Group Sustainability Policy, we aim to further promote ESG-focused management and help bring about a more sustainable society.



### Dai-Dan Group Sustainability Policy

The management principles that guide the Dai-Dan Group explicitly challenge us to “create value for our customers while contributing to the development of a better environment and stronger communities.” Those principles underscore the Dai-Dan Group Action Standards on which we seek the trust of our stakeholders and the business activities through which we strive to solve the problems facing society and the environment, and contribute to the realization of affluent but sustainable ways of life. In doing what we can to help steer society towards true sustainability, we at Dai-Dan are committed to:

1. Finding and applying light, air and water technologies that protect the global and local environments while providing comfortable work and living spaces by reducing environmental loads.
2. Fostering a corporate culture that respects the human rights and individuality of everyone by welcoming diversity into the workplace.
3. Ensuring full compliance with laws, regulations and agreements by continuously improving our systems of corporate governance.
4. Maintaining an open dialogue with stakeholders that allows us to meet social expectations and demands, and build strong bonds of trust with all.
5. Sharing this policy with group subsidiaries and subcontractors so that we can promote sustainability initiatives in unison.

## Sustainability Committee

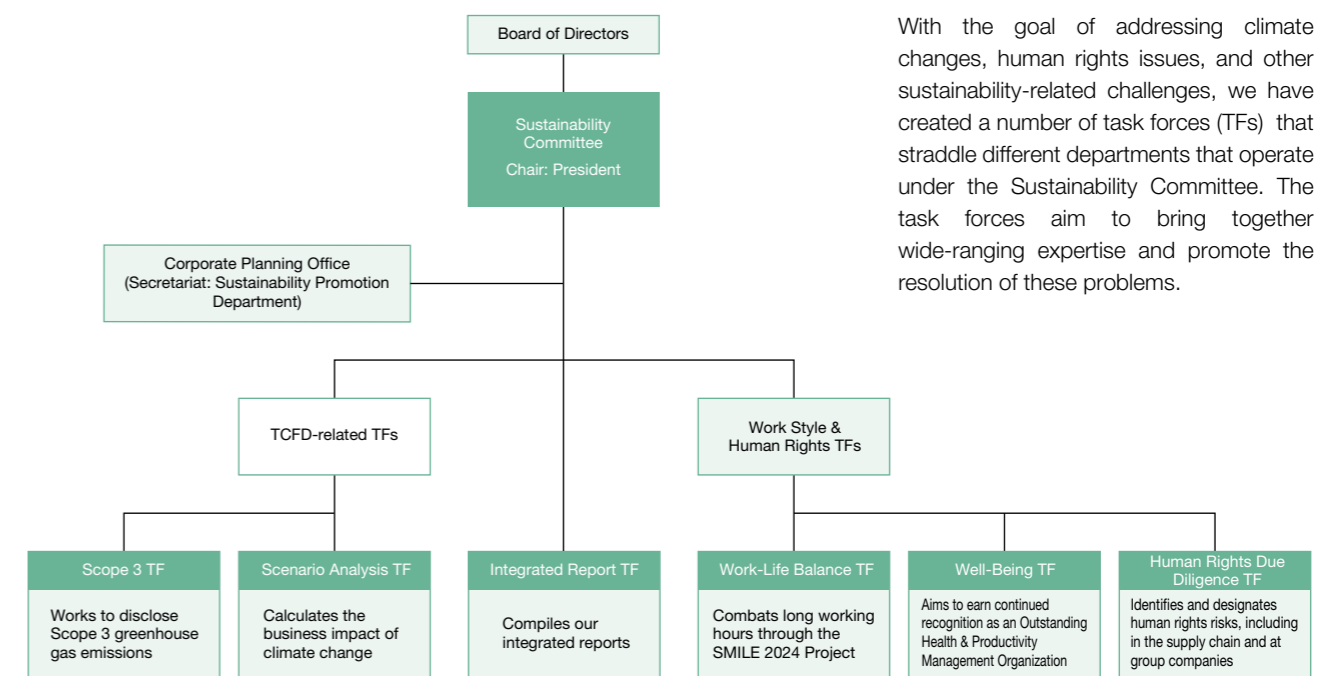
In April 1, 2022, we established the Sustainability Committee with the president as its chair, both to contribute to the shift to a more sustainable form of society, and to enhance our corporate value. At the same time, to function as a secretariat for the committee, we established the Sustainability Promotion Department.

The new Sustainability Committee, under the supervision of the Board of Directors, investigates and promotes efforts to implement the Dai-Dan Group Sustainability Policy, and as well as managing progress and deliberating measures connected to related policies or materiality, it deals mainly with the following three areas.

1. Determining responsibilities to work toward a more sustainable society and planning business strategies
2. Planning and promoting activities in three areas: CSR, the environment, and social contribution
3. Promoting information disclosure about ESG activities outside the company, as well as measures to enhance how we are perceived from outside

Under this aegis of this Sustainability Committee, we will further accelerate our move to sustainable management.

## Our task forces



With the goal of addressing climate changes, human rights issues, and other sustainability-related challenges, we have created a number of task forces (TFs) that straddle different departments that operate under the Sustainability Committee. The task forces aim to bring together wide-ranging expertise and promote the resolution of these problems.

## Information disclosure in line with the TCFD’s recommendations

We have set contributing to a carbon-free society as one of our areas of materiality, and in line with the Dai-Dan Group Sustainability Policy, we are promoting efforts to reduce our environmental impact through our business activities.



In August 2021, we announced our support for the recommendations published by the Task Force on Climate-related Financial Disclosures (TCFD) and joined the TCFD Consortium. The TCFD’s recommendations are split into four categories: governance, strategy, risk management, and metrics and targets.

Going forward, we will continue to further advance our analysis of the effect climate change will have on our business activities, and will disclose any pertinent related data.

### TCFD-recommended information disclosure categories

Governance	Strategy	Risk management	Metrics and targets
Organizational governance around climate-related risks and opportunities	Actual and potential impacts on an organization’s business, strategy, and financial planning around climate-related risks and opportunities	Methods by which an organization identifies, assesses, and manages climate-related risks	Indicators and goals used when assessing and managing climate-related risks and opportunities

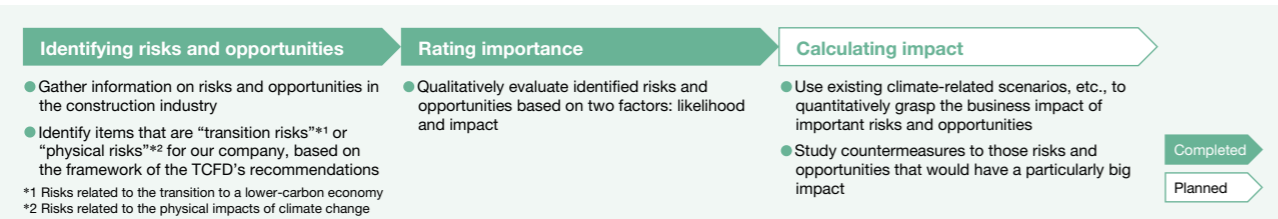
# 1. Governance

As part of our efforts to make society more sustainable, we established the Sustainability Committee (chaired by the president) below the Board of Directors to devise business strategy toward ESG and sustainability and deliberate on related initiatives. The committee, which is scheduled to meet twice or more a year, discusses our response to materiality—our business strategy, including how we react to climate change—as well as our efforts toward the risks and opportunities it throws up. The results of these discussions reported and referred to the Board of Directors; under this system, the Board of Directors provides oversight. To act as a cross-departmental organization under the committee, we created the TCFD Task Force, and are enhancing our information disclosure in accordance with the TCFD’s recommendations. The person ultimately responsible for how we deal with climate change is our president, who is at the heart of our efforts to respond to climate-related risks and opportunities and to promote information disclosure based on the TCFD’s recommendations. The president also leads the Risk Management Committee, which provides overall risk management, and the two committees share information so that perspectives related to climate change are reflected in our management of risk.

# 2. Strategy

We recognize that climate change is an important issue for our business, and so we identify climate-related risks and opportunities from short- to long-term perspectives and evaluate their potential impact. We organize the climate-related risks and opportunities based on information from outside bodies, etc., and proceed to designate and evaluate these. The chart below shows the major climate-related risks and opportunities that we have pinpointed. In the future, we will use the 2°C or less global temperature rise scenario and other concepts to continue to analyze these and we plan to both calculate the scale of climate change’s impact on our business and to study countermeasures. The findings of this analysis will be reflected in our efforts toward contributing to a carbon-free society, which we identified as an area of materiality.

## Analysis process



## Climate-related risks and opportunities

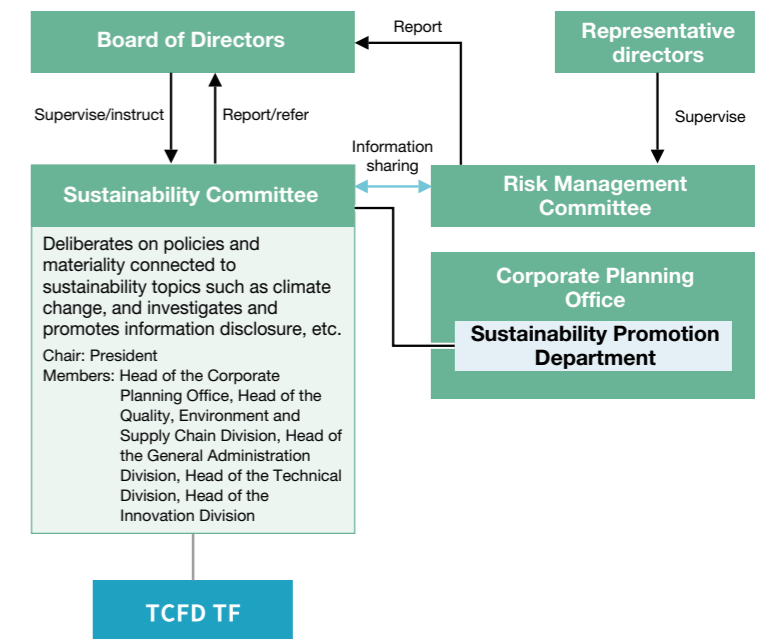
Type	Category	Subcategory	Major risks/opportunities	Impact	Time period*
Transition risks	Policy and legal	Levying of carbon taxes	Risk: Costs involved in business activities or installations could rise. Opportunity: Demand for low-energy, renewable energy, ZEBs, etc., could grow, leading to more orders.	Medium to high Medium	Medium to long term
		Tightening of new-building regulations	Risk: If we were unable to respond adequately to the tightening of regulations, accreditation systems, and low-energy standards for new buildings, we would lose orders.	Medium	Short to long term
		Strengthening of carbon emission targets and government policy (CO <sub>2</sub> emission allowance regulations, etc.)	Risk: To reach new targets, costs for buying carbon credits or for emissions trading would rise, and if we were unable to reach those targets, our reputation would be negatively affected.	High	Medium to long term
		Bolstering of government policy toward renewable energy	Opportunity: The introduction of policies relating to renewable energy could lead to greater investment in the construction of renewable energy facilities, leading to more orders.	Medium	Short to long term
	Technology	Spread of renewable energy/low-energy technologies	Risk: A slow response to new low-energy and renewable energy technologies could lead to a drop in our competitiveness, leading to fewer orders. Opportunity: A quick response to the development and spread of low-energy and carbon-free technologies could lead to us gaining a competitive advantage, leading to more orders.	Medium	Short to long term
		Improved introduction of technologies relating to energy management	Opportunity: Adapting to new energy management technologies could improve our competitiveness, leading to more orders.	High	Short to long term
	Market	Growth in demand for low-energy buildings (including ZEBs)	Opportunity: The appearance of needs related to ZEBs and Smart Cities could lead to greater adaptability toward technological development, etc., leading to more profit.	High	Short to long term
		Changes in customer behavior	Risk: A slow response to changes in the way the industry is structured or in investment in equipment toward the goal of a carbon-free society could lead to fewer orders. Opportunity: If our technical capabilities could simultaneously achieve low-energy, health benefits, comfort, and intellectual productivity, orders could increase.	High	Short to long term
		Increase in demand for renovations	Opportunity: Greater demand for renovations could require the use of our equipment diagnosis technologies and encourage further technical development, leading to more orders.	High	Short to long term
		Spread of next-generation technologies	Opportunity: Growth in demand for infection countermeasures could further promote technical developments relating to ventilation and air conditioning to combat infection, leading to more orders.	Medium	Medium to long term
	Reputation	Changes in investor and bank behavior (Increase in ESG investment)	Risk: Insufficient information disclosure about our decarbonization efforts could lead to a reduction in our reputation and trust from financial markets. Opportunity: Efforts toward a carbon-free society and proactive information disclosure could lead to gains in our reputation and trust from financial markets.	High	Short to long term
		Changes in appraisal by customers	Risk: An inability to gain praise from society for our decarbonization efforts could lead to a loss in trust from the markets and fewer orders. Opportunity: Decarbonization efforts and their recognition or accreditation could lead to gains in trust from customers.	High	Short to long term

Type	Category	Subcategory	Major risks/opportunities	Impact	Time period*
Physical risks	Acute	Frequency and severity of abnormal weather (typhoons, heavy rain, etc.)	Risk: More frequent, more severe rain and typhoons could damage our offices, sever lifelines, and delay work, leading to higher business operation costs.	High	Short to long term
			Opportunity: Growth in demand for building systems that are resilient to natural disasters like typhoons and heavy rain could lead to more orders.		
	Chronic	Rise in average temperatures (summer)	Risk: Rising average temperatures could raise health risks for workers at construction sites, as well as lowering productivity and leading to a shortage of engineers.	High	Short to long term
			Opportunity: Greater demand for work to strengthen cooling capabilities could lead to more orders.		
Chronic	Changes in rainfall patterns	Risk: Frequent occurrences of torrential rain could result in the flooding of construction sites, leading to project delays and repair costs.	Medium to high	Short to long term	
		Opportunity: Higher demand for moves away from areas where rivers are at risk of flooding could lead to more orders.			
Chronic	Changes in demand resulting from normalization of abnormal weather	Risk: Droughts resulting from lower rainfalls or similar could result in growth in demand for water recycling systems and water-saving technologies, leading to more orders.	Medium	Medium to long term	
		Opportunity: Droughts resulting from lower rainfalls or similar could result in growth in demand for water recycling systems and water-saving technologies, leading to more orders.			

\* For time period, "short term" refers to a period between one and three years; "medium term" is between three and ten years; and "long term" is more than ten years.

# 3. Risk management

With the formulation of our risk management policy, our goal is to minimize risk associated with our business, and this end is also furthered by our Risk Management Committee, who identify and evaluate major risks by making an overall judgment after considering frequency, threat level, and other factors. For climate-related risks and opportunities, the Sustainability Committee’s TCFD Task Force is at the heart of our efforts, judging the importance of climate-related risks and pinpointing and rating the impact of risks and opportunities on our business. It also reports on the progress of these efforts to the Board of Directors.



Moreover, we have created a system where climate-related risks are appropriately reflected in our risk management process via sharing the content of discussions by the Sustainability Committee with the Risk Management Committee.

# 4. Metrics and targets

We have selected contributing to a carbon-free society as one of our areas of materiality, and as such we wish to appropriately assess the risks and opportunities presented by climate change. To that end, we formulated medium- and long-term quantitative targets and we are now promoting activities to achieve those.

In terms of reducing our CO<sub>2</sub> emissions, we have set ourselves the target of a 46% reduction in Scope 1 and 2 emissions from fiscal 2013 levels by 2030. In fiscal 2021 we have already achieved a 40% reduction due to efforts such as rebuilding our offices as ZEBs, switching to virtually 100% renewable energy sources, and promoting the introduction of environmentally friendly vehicles such as hybrid cars. We are also actively working on ZEB-related projects, and in fiscal 2021 we received eight ZEB orders.

In order to achieve our fiscal 2030 targets, we aim to make greater use of renewable energy and research and develop installation and design technologies that can contribute to decarbonization. Through such efforts we hope to make society more sustainable and also raise our corporate value. We are currently still analyzing our Scope 3 emissions but we plan to disclose information in fiscal 2023.

Materiality	KPI	Target	FY2021
Contributing to a carbon-free society	Reduce greenhouse gas (GHG) emissions (Scopes 1 & 2)	Long-term target: FY2030 Reduce 46% from FY2013 levels	Reduced 40% from FY2013 levels (FY2021: 3,747 t-CO <sub>2</sub> ) (FY2013: 6,235 t-CO <sub>2</sub> )
	Increase cumulative total of projects (no. of orders and gross floor area) related to ZEBs	Cumulative total for FY2021–23: 40 Disclose cumulative total for gross floor area as one of the indicators we monitor	8 orders Gross floor area: 323,910 m <sup>2</sup>



## Environmental Initiatives

We believe it is our mission to contribute to the emergence of a society committed to global environmental sustainability.

### Environmental Conservation Initiatives

#### Efforts to reduce the environmental load of our business activities

We positioned “Contributing to a carbon-free society,” as an area of materiality (material issue), and so we are working to both reduce greenhouse gas emissions and encourage use of renewable energy.

The biggest contribution that we as a company can make to bring about a more sustainable society is to provide building systems that has little environmental load. To that end, we are actively advancing our proposal-making activities. It is also vital that we reduce the environmental load that is produced as part of our business activities and so we are making efforts to save energy and minimize resource use at both our offices and installation locations.

We think it is important to continue our ongoing efforts to prevent fluorocarbons from escaping into the atmosphere where they cause global warming, to reduce and sort the industrial waste we generate, and to reduce our water consumption and protect water resources. Dai-Dan also maintains ISO 14001 certification at all business sites in Japan, conducts activities to raise awareness of environmental protection amongst our workforce and cooperating companies, and contributes to greater efforts to achieve SDGs and preserve biodiversity.

#### Our Environmental Management System: FY2021 environmental targets and results

	Main target or item to be monitored	FY2020 performance	FY2021 performance	FY2021 target	Assessment
Greenhouse gases	Identify and reduce Scope 1 (direct emissions)*1.	1,783 tCO <sub>2</sub>	1,761 tCO <sub>2</sub>		—
	Identify and reduce Scope 2 (indirect emissions)*2.	2,213 tCO <sub>2</sub>	1,986 tCO <sub>2</sub>		—
	Identify and reduce Scope 1 + 2 (intensity). Greenhouse gas emissions per ¥1M in net sales	26.6 kgCO <sub>2</sub> /¥1M	24.7 kgCO <sub>2</sub> /¥1M		—
	Identify and reduce power consumption.	4,422,585 kWh	5,203,342 kWh		—
	(Portion of that derived from renewable resources)	(100,397 kWh)	(644,252 kWh)		—
	Reduce greenhouse gas emissions from offices.	1,637 tCO <sub>2</sub>	1,330 tCO <sub>2</sub>	Max. 1,600 tCO <sub>2</sub>	○
	Increase percentage of environment-friendly vehicles in company fleet.	94.1%	97.5%	Min. 97%	○
	Promote Scope 3 Category 11*3 emissions reduction proposal. Proposed reduction in CO <sub>2</sub> emissions by design proposal	34,079 tCO <sub>2</sub>	27,131 tCO <sub>2</sub>	Min. 36,000 tCO <sub>2</sub>	△
Waste	Promote Scope 3 Category 11 emissions reduction proposal. Contribution to reduction in CO <sub>2</sub> emissions by adoption of design proposal	20,494 tCO <sub>2</sub>	16,275 tCO <sub>2</sub>	Min. 22,000 tCO <sub>2</sub>	△
	Identify and reduce total discharge of industrial waste.	6,493 tonnes	10,037 tonnes		—
	Identify and reduce industrial waste buried as landfill.	885 tonnes	938 tonnes		—
	Identify and reduce general waste discharged from offices.	103 tonnes	96 tonnes		—
Water resources	Promote sorting of industrial waste. Increase number of industrial waste sorting categories per job site.	4.2/job site	4.8/job site	Min. 4.3/job site	○
	Identify and reduce water consumption.	58,690 m <sup>3</sup>	63,432 m <sup>3</sup>		—
Other	(Portion of that consumed by offices)	(12,287 m <sup>3</sup> )	(12,742 m <sup>3</sup> )		—
	Identify and reduce water consumption (intensity). Water consumption per ¥1M in net sales	0.390 m <sup>3</sup> /¥1M	0.419 m <sup>3</sup> /¥1M		—
Other	Increase green purchasing rate.	48.9%	46.5%	Min. 50%	△
	Reduce consumption of copy paper by offices.	51.7 tonnes	48.4 tonnes	Max. 51 tonnes	○

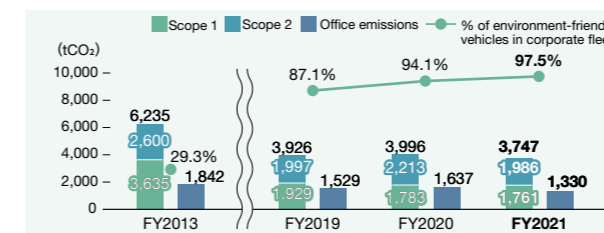
\*1 CO<sub>2</sub> emissions from gas, kerosene or gasoline consumption \*2 CO<sub>2</sub> emissions from secondary energy (electric power) consumption  
\*3 CO<sub>2</sub> emissions from operating installed equipment

#### Efforts to reduce greenhouse gas emissions

Our current active efforts include reducing the amount of energy consumed at our offices and the introduction of environmentally friendly vehicles. In fiscal 2021, we switched the electricity used at 19 sites in Japan—including our head office, branch offices, and other offices—in turn to power that comes from virtually 100% renewable energy sources.

We also managed to reduce the amount of greenhouse gas emissions produced by our offices in fiscal 2021 to a level 28% lower than our emissions in fiscal 2013. Despite a rise in the amount of energy consumption that we record due to the addition of electricity used in development activities, progress made in switching to renewable energy and to environmentally friendly vehicles meant that our overall fiscal 2021 greenhouse gas emissions fell by 40% compared to fiscal 2013 levels.

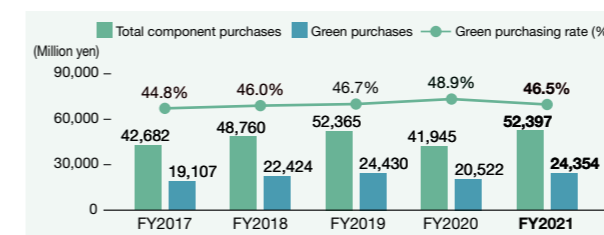
#### Greenhouse gas emissions



#### Green purchasing

We have five key areas of green purchasing activities—low-energy and high-efficiency equipment, environmentally friendly materials, materials and equipment with extended service lives, equipment with little impact on air quality, and equipment with minimal water consumption—and we have determined that for these we should be promoting the sourcing of environmentally friendly products and services (green purchasing). We are actively making green purchasing proposals for customers and in fiscal 2021, our green purchasing rate reached 46.5%.

#### Green purchasing



#### Quality and Environmental Management System

##### Quality and Environmental Protection Policies

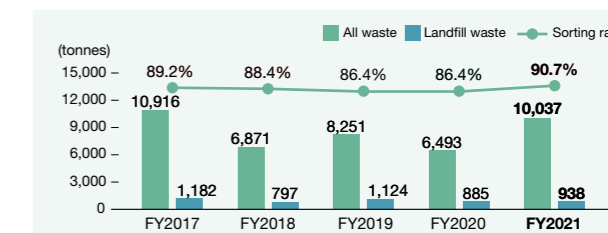
“As a building services engineering and installation provider, we continually take on the challenge of creating value for our clients while contributing to the development of a better environment and stronger communities;” in keeping with these management principles, we ensure our business practices contribute to quality and environmental preservation. Moreover, with the goal of improving customer satisfaction, we are contributing to the emergence of a society committed to a sustainable environment.

1. We aim to gain wide recognition from society for our corporate sustainability initiatives.
2. We strive to contribute to social development and environmental preservation by complying with laws and norms of society regarding quality and environmental standards as well as regulations established by our company.
3. While working to strengthen our field capabilities and improve productivity, we strive to improve the skills of our employees and strengthen our partnerships with subcontractors to provide assured quality.
4. We are dedicated to developing, proposing, and applying technologies that help to reduce environmental impact and promote the effective use of resources and energy.
5. Through our corporate initiatives, we will contribute to the mitigation of climate change, the conservation of water resources, and waste reduction while conserving biodiversity and protecting ecosystems.
6. We, as a good corporate citizen, carry out environmental and social contribution activities as well as positive information disclosure, to enhance communications with society.
7. We publicize our quality and environmental targets internally and continue to strengthen them in order to improve the results of our initiatives.

#### Efforts to sort industrial waste

At Dai-Dan, we promote the sorting of waste at all our installation sites. Throughout fiscal 2021, we produced 10,037 tonnes of industrial waste, of which 90.7% was sorted. Furthermore, we encourage reducing and sorting waste at our offices. In fiscal 2021, our offices produced 96 tonnes of general waste.

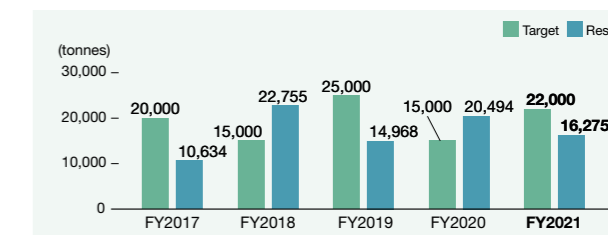
#### Industrial waste sorting rate



#### Design proposals that achieve CO<sub>2</sub> reductions

In the design stage, we are actively making low-energy proposals for customers, particularly for the technologies that we ourselves have developed, and in this way, we are endeavoring to reduce the amount of CO<sub>2</sub> produced during building operations.

#### Design use CO<sub>2</sub> reduction targets and results



#### Efforts to protect water resources

As part of efforts, we are introducing water-saving equipment at our offices. Furthermore, at our job sites, we use unit piping, and we are striving to lower the amount of water needed to clean out the piping.

We are working diligently to identify and reduce the amount of water we consume ourselves, but we also encourage customers to effectively use alternative water resources through proposals on using rainwater, wastewater and equipment that cuts back on water usage.



## Partnering with Hosting Communities

We undertake a variety of initiatives to make contributions to the industry and community in our position as a responsible corporate citizen.

### Signing of the Disaster Prevention Agreement (Cooperation with local communities)

Dai-Dan has, through its industrial associations, signed a Disaster Prevention Agreement with local governments concerning post-disaster emergency activities. We have also entered into agreements directly with some municipalities and industry organizations, and have established a system that allows for the swift provision of post-disaster emergency assistance.

We aim to assist with the swift recovery of the local community and local businesses by proactively participating in reconstruction efforts of the affected region.

### Dissemination of technical information to external parties

In order to contribute to the development of Japan's building services industry, we support the running of industry organizations and academic conferences, and we also dispatch lecturers to external organizations. In particular, our engineers are dispatched to external training centers and educational institutions across Japan as lecturers to provide classes on building service technologies.

#### External organization memberships and positions (as of September 2022)

Organization	Position
Air-conditioning & Plumbing Contractors Associations of Japan	Chair
The Society of Heating, Air-Conditioning and Sanitary Engineers of Japan	General Director
Institute of Electrical Installation Engineers of Japan	General Director
Japan Electrical Construction Association	Advisory committee member
Association of Japan Instrumentation Industry	Administration council member
Japanese Association of Building Mechanical and Electrical Engineers	General Director
Association of Building Engineering and Equipment	General Director
Japan Architecture Facilities Inspection Association	General Director
Japan Electrician Association	Vice Chair
Construction Industry Transaction Improvement Organization	General Director
Public Buildings Association	General Director

#### Organizations to which Dai-Dan employees are dispatched as lecturers

Organization	Position
Kanto Gakuin University	Part-time lecturer
Kogakuin University	Part-time lecturer
Toyo University	Part-time lecturer
Osaka Piping Higher Training School	Lecturer

### Assistance through the Dai-Dan Society Activity Fund

In April 1993, as part of our social contribution activities for our 90th anniversary, the Dai-Dan Society Activity Fund was established in the Osaka Community Foundation. From returns on fund assets, we support social welfare enhancement activities especially for persons with physical disabilities, including human rights education.

#### Publication of the DAI-DAN Technical Current News

With the objective of publicizing the technology we develop and our research initiatives, we publish the DAI-DAN Technical Current News every September. The publication gives comprehensive explanations of experiments, assessment methods and analysis results using charts and images.

The 116th edition was published in September 2022. Copies of these publications are donated to the National Diet Library.



#### Articles

- Usage examples of tools that visualize installation processes
- New methods to fill holes after inserting vertical piping through floors/ceilings
- Simple method to measure the amount of carbon film remaining within phosphorus-deoxidized copper soft tubes
- Planning concept and technologies installed for Dai-Dan's Hokuriku Branch Office
- Operational results of solar power generation at enefice Hokkaido
- Actual measurement results of the thermal environment at enefice Hokkaido
- Examples of biophilic design in use in office environments
- Effects of equipment systems that encourage rest or stimulation
- Methods to simulate building exterior air flows
- Methods to predict the effectiveness of spot air conditioning used to counter high temperatures in factories
- Introducing technologies that can interpolate CFD results using convolutional neural networks
- Methods to predict comfortable temperatures in systems that visualize room interior environments
- Methods and examples of combining the cloud-based monitoring control system REMOVIS with other systems

## Donations

Dai-Dan contributes financial support for various causes to help create and build a better community.

Our contributions include donations to organizations that protect the global environment, donations to university scholarship funds and art-related activities, and the sponsoring of community events in areas across the country where our sites are based.

In agreement with the appeal by Singapore's Changi Airport Group to support medical treatment, we have donated toward medical support activities in Indonesia. Changi Airport Group's most recent support activities have included the supply of 1,380 oxygen concentrators, which are used to support treatment for those with respiratory illnesses.



Letter of gratitude from the Changi Airport Group

## Social contribution activities

Dai-Dan promotes social contribution activities. Our major activities are clean-up of the local community, which we encourage all employees to participate in. All the activities we run are published on the intranet notice board to raise awareness of social contribution activities.

#### Forest maintenance, tree planting, and flower planting

Site	Activity
Chiba Branch	Town Open Garden Operation
Innovation Division	Miyoshi Green Support Squad



Miyoshi Green Support Squad

#### Company-wide activities

Activity	Details
Eco-cap Project	In fiscal 2021, we collected 139,690 caps, used as a source for reprocessed plastic that is converted to money and donated to causes that provide medical support, vaccines, assistance for people with disabilities, and children's environmental education.
Charity Calendar	In January 2022, we collected 1,712 calendars and notebooks from across the country and put them to use in support activities after regional disasters such as the heavy rain damage in the west of Japan.
Japan Deaf Football Association	Dai-Dan has a Silver Sponsorship agreement with the Japan Deaf Football Association (JDFA) in support of their vision and activities for realizing a true society where the hearing impaired and those not can play soccer/futsal together.

#### Other activities

Activity	Details
Traffic Safety Guard Activity	We posted traffic safety guards. (Tokyo Head Office and Nagoya Branch)
Nichiban Core Eco Project	We participated in Nichiban Core Eco Project involving "Collection of discarded tape cores to protect the green earth." The funds are used to plant mangrove trees. (Chugoku Branch, Kyushu Branch, General Administration Division, and Innovation Division)
Donation of emergency reserves	We donated food and drink we no longer needed due to switching out emergency supplies to charity groups. The donated items were then distributed to welfare institutions and organizations and to individual people in need. (Tokyo Head Office, Nagoya Branch, Osaka Head Office, and Chugoku Branch)
Sendai Beautification Support Program	We have joined in with the Sendai Beautification Support Program, a new system that works to beautify the city through a partnership between citizens, businesses, and local government. As a participant, we have been involved in both periodic and continual efforts at roads, parks and other sites managed by the city, including cleaning and weeding activities. (Tohoku Branch)



Training wear for the Japanese national team bearing the Dai-Dan logo (Dai-Dan is a JDFA sponsor)



Traffic safety guards



## Planting the Idea of Dai-Dan Forests

Forests absorb CO<sub>2</sub>, support biodiversity, and lead to more abundant water resources. There is therefore a great affinity between our supporting the development of forests and our corporate slogan of being “Inspired by Light, Air & Water.” We also recognize that the value of forests as society tries to become more sustainable. We have now signed agreements between our head office and branches (eight sites) and local authorities. In the future we hope to up this number to ten sites, and will move forward with activities to develop forests.



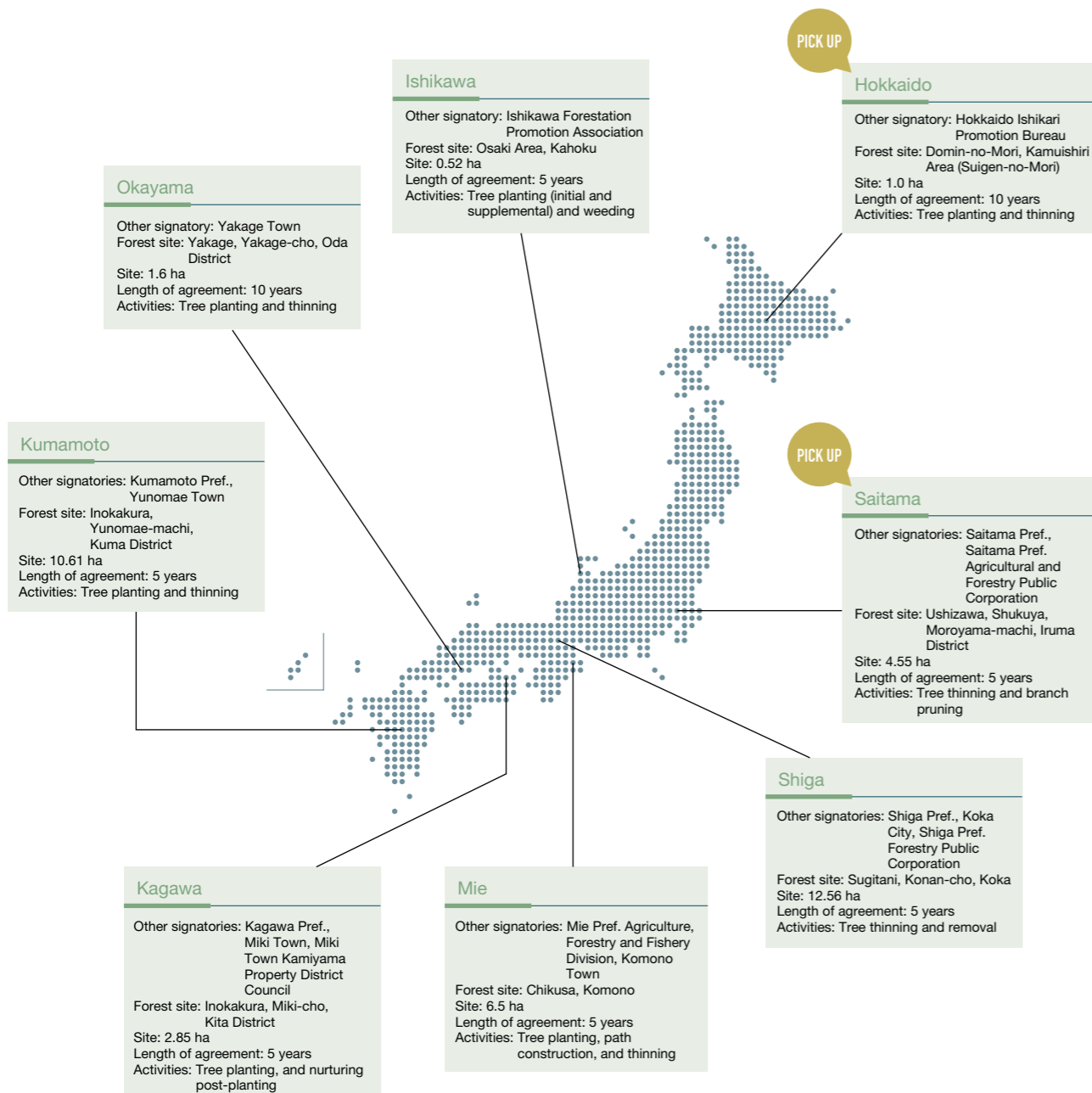
Signing ceremony in Kumamoto



Signing ceremony in Saitama



Signing ceremony in Shiga



### PICK UP

#### Dai-Dan Forest Hokkaido

On July 9, 2022, we held our first tree planting festival at Dai-Dan Forest Hokkaido, a memorable milestone. Under summery blue skies, employees and their families (17 kids and adults in total) took part and planted 200 trees from 5 species—Glehn’s spruce, Japanese emperor oak, Mongolian oak, Manchurian ash, and Amur maackia. After building up a sweat planting, participant enjoyed a barbecue in Kamuishiri Area, in Domin-no-Mori. It was a nice opportunity for a rare touch of nature, and we all look forward to seeing the trees we planted grow in the future.



### PICK UP

#### Dai-Dan Forest Saitama

In the town of Moroyama, in Saitama Prefecture, on July 24, 2022, we held our first activities at Dai-Dan Forest Saitama. Clear, azure skies provided the backdrop to lectures given by members of the Saitama Prefecture Agricultural and Forestry Public Corporation as 18 employees helped thin the trees. They got a real experience of the work of a lumberjack, using tools like saws and pulleys. All this hard work in the forest built up an appetite for the barbecue that followed, where employees could socialize. In the future, we would like to have family members and subcontractors join us for these activities.



## Dai-Dan is cheering on Nozomi Tanaka!

Since 2021, we have been a corporate sponsor for Nozomi Tanaka, a track-and-field athlete affiliated with Toyota Industries. Nozomi has gained attention as a promising young athlete, one of the next generation of champions, who represents Japan in athletics (middle- and long-distance running). The sense Nozomi gives off so strongly of being someone who surpasses conventional wisdom to continue taking on the world in differing areas, overlaps with our own corporate image, as seen in our long-term vision, Stage 2030, in which we aim to tackle new stages and create new value. It was only natural, therefore, that we became one of her sponsors. We will support her athletic activities and also cheer her on with all our might!



- Major achievements:
- ◆ Japanese record holder for 1,000 m, 1,500 m (indoor and outdoor), and 3,000 m
  - ◆ Tokyo 2020 Olympics: 8th place in 1,500 m  
Completed in 5,000 m

### Presenting Nozomi with a bonus at our Tokyo Head Office

In October 2021, to celebrate her achievements, we held a ceremony to present Nozomi with a cash reward at our Tokyo Head Office.

The ceremony was attended by Nozomi, her coach Katsutoshi Tanaka, and three of the members of the Tokyo Athletics Association who first introduced us to Nozomi: Chairwoman Akemi Masuda, Chief Director Kazunori Hiratsuka, and Secretary General Koji Morita.

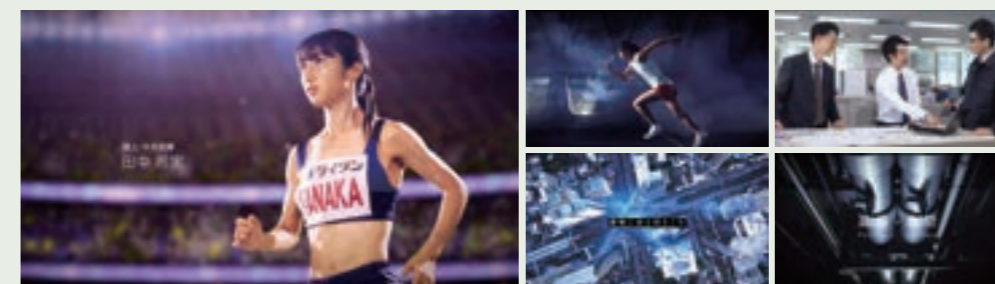
First, President Fujisawa congratulated Nozomi on her achievements and presented her with her award, which was followed by a celebratory speech by Chairwoman Masuda, who gave Nozomi a bunch of flowers.



From left: President Fujisawa, Chairman Kitano, Nozomi Tanaka, Katsutoshi Tanaka, Chairwoman Masuda, Chief Director Hiratsuka

### Check out our new adverts featuring Nozomi!

— No matter how cutting-edge a building, without the right equipment it doesn’t come to life —



Comparing equipment to the human body (Japanese only)



## Valuing Our Employees

Respect for everyone, support for work-life balance.

### Work-Life Balance and the Work Environment

#### Approach to human resource development

Based on the concept that people are our biggest asset, we foster a corporate culture that promotes human resource development. Our aim is to develop the knowledge, techniques, and other capabilities needed to achieve our corporate goals, and the fundamental policy of our human resource development is to instruct and train sincere, talented workers for the construction industry.

Our training is made up of three parts: on-the-job training (OJT), off-the-job training (OFFJT), and self-development (SD).



Step Up Training  
Lecture on development technologies at the Technical Research Laboratory

#### Approach to environmental maintenance

Our goal is a working environment defined by ease-of-use and good health where every employee can demonstrate their full potential. Through reform to work styles, we will achieve a better work-life balance and appropriate labor environment. Our fundamental approach is also to respect the diversity of our employees, employ workers to match their abilities, develop their capabilities, and improve the system to offer them fair opportunities for advancement.

#### Health & Productivity Management recognized by METI in 2022

Now, for the third year in a row, we have once again been recognized as an Outstanding Health & Productivity Management Organization (large enterprise category) in fiscal 2022.

Under the umbrella of the Well-Being Promotion Committee, we formed health promotion committees on the corporate and divisional levels, and worked with the company's group-managed health insurer to encourage healthy, safe workplaces.

This fiscal year, we renamed the committee as the Well-Being Task Force, and will further promote its activities with consideration to its work and results. The company is responsible for its employees' health, and so to further develop the company, we aim to keep in mind our contribution to the society of the future, increase the percentage of employees who get personal health issues checked and provide health education. Going further, we will promote original health and welfare-based business activities within the company, improve how we perform in health scoring reports, and keep implementing activities that allow us to acquire recognition as a Safety and Health Superior Enterprise. Through these and other efforts, we aim to create an environment that ensures that employees not only do not get ill, but that they have the motivation to energetically take on their jobs.



#### Employees are hard at work, demonstrating their personality and abilities

Even as society diversifies, we are developing working environments where employees can show off their individual personalities and capabilities, regardless of their gender, age, nationality, or other characteristics.

##### Promoting female participation

On June 1, 2018, we were awarded the Eruboshi mark with two stars for our exemplary record as a woman-friendly workplace under a certification program based on the Act on Promotion of Women's Participation and Advancement in the Workplace (APWPAW).

More recently, in April 2021, we formulated a new action plan based on the APWPAW. We are implementing a wide range of initiatives aimed at ensuring employees have a healthy work-life balance, as seen through such trends as the rise in both women and men taking childcare leave these days.



##### Action Plan

(April 1, 2021–March 31, 2026)

- Target 1** To raise the average career length for women by 15% or more
- Target 2** To raise the proportion of female managers by 1% or more

##### Efforts to extend retirement age

As part of our efforts to reform work styles, we revised our personnel system and from fiscal 2021 we have extended the age of retirement to 65, and started to offer continuous employment until the age of 70. In order to respond to revisions to the government's Act on Stabilization of Employment of Elderly Persons and Japan's low birthrates and aging society, we plan to tap into the vital asset that elderly workers present, while also securing and fostering younger employees. With the assumption of a career that extends to the age of 65, we are reviewing how we position different levels of qualifications and attendant salaries, and we are also planning to raise the standard of salaries for younger employees.

##### Comment from a female manager

When I first heard from my boss that I would be managing a team in the Technical Management Department, I naturally spent every day worrying whether I could handle a team of more than ten people under me. When I finally took up the role, though, I realized that everyone is a beginner at first, and all I could do was get on with the job. With the help of those around me, I managed to get to where I am now. Even now, I still make mistakes because I'm a new section manager, but that I've been able to work through those is entirely the result of the support of the people I work with: my bosses, higher-ups, colleagues, subordinates, and others besides.

Female managers are still fairly rare in this company, but I've never felt that anyone thinks I can't do something because I'm a woman. The system being put in place offers women more career choices, and I hope that seeing me in my position will push other female employees to think that they too can climb the ladder and take on the challenge of management.



Yuri Osada, Manager  
Management Section, Technical Management Department, Tokyo Head Office

#### Leave system

We offer our employees a variety of leave options so that they can refresh themselves and lead rewarding lives.

This includes a structured holiday system with the five paid holidays a year mandated by the Labor Standards Act such as three additional days-off in August separate of summer break.

Employees are allowed to take seven days off in a row, but must schedule these holidays at the beginning of the fiscal year so that holidays are taken in turn.

Moreover, persons who have been with the company for a long time are rewarded with travel coupons for their years of service, in addition to receiving allotted holidays.

##### Major leave systems (excluding statutory paid annual leave)

Type of holiday	Details
Summer holiday	3 consecutive days in summer (July – Sep)
Refresh leave	7 consecutive days (annual)
Long service leave	10 years: 3 days 20 years: 5 days 30 years: 7 days 40 years: 5 days
Congratulatory or condolence leave	Predetermined number of days for occasions such as weddings

##### "Refresh leave" take-up rate

Fiscal year	Rate
FY2019	95.2%
FY2020	98.6%
<b>FY2021</b>	<b>98.5%</b>

\* In fiscal 2019, the corporate leave system was changed so that contracted workers and part-time employees could take time-off to refresh themselves like regular employees.

## Supporting the balance between work and home

By creating an environment in which all employees can work with ease and employees can balance work with childcare, we are working towards our goal shown on the right by devising an action plan in line with the “Act on Advancement of Measures to Support Raising Next-Generation Children” so that all employees can exercise their abilities to the full.

As a childcare service that allows a flexible response to employees’ diverse work styles, we are also implementing shared use for company-led daycare facilities in the company-led childcare business put forward by the Cabinet Office, which aims to support the raising of children and eliminate the problem of infants waiting for childcare places.

### Action Plan

(April 1, 2020–March 31, 2025)

- Target 1** To improve the workplace environment to ensure that childcare leave is easy to take and the staff easy to return

〈Action〉 While the plan is in effect, Dai-Dan will use corporate bulletin boards and other information tools to inform employees about childcare leave and restrictions on overtime and late night work under the Childcare and Family Care Leave Act, paid childcare leave under the Employment Insurance Act, and maternity leave under the Labor Standards Act.

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- Target 2** To increase the number of men employees taking childcare leave to at least 7%

〈Action〉 Dai-Dan will introduce a program that makes it easier for men to take childcare leave and effectively increases the number that do during the plan period.

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- Target 3** To introduce work options that offer greater flexibility to the way people work

〈Action〉 Dai-Dan will expand its exceptions on irregular working hours and shortened work schedules, introduce teleworking as a regular work option, and take other action during the plan period to ensure employees have time to care of children.

## Initiatives to address mental health issues

At Dai-Dan, we educate our workforce about mental health so that they remain mentally fit and feel comfortable in their workplace environment.

We also conduct annual stress tests as required under the Industrial Safety and Health Act and recommend to anyone with a high stress level to see a physician. Moreover, follow-up interviews are done after the stress tests, as part of providing a good workplace environment. As well as stress tests, we carry out employee satisfaction surveys to quantify and visualize employee motivation.



Mental health seminar

Fiscal year	Employee satisfaction (4 being the highest)
FY2020	2.54
FY2021	2.52

## Health promotion initiatives

Our health insurer, the Dai-Dan Health Insurance Association, introduced a health information sharing service, Pep Up, in April 2021. The online service displays personalized information such as health diagnosis results, medical expenses, and medicine records for each employee and family member, and distributes health articles based on these. In the year since the service launched, the registration rate has exceeded 95%, and it has become a pillar of our health promotion activities.



Sports events, e-learning, and other measures are also held as part of these initiatives. Our Dai-Dan Health Insurance Walking Rallies, for both individuals and team, have now been held four times, and 1,050 people have taken part. Specific health guidance also uses this system, and going forward we will further promote employee health.



Details of a walking rally

## Employee training

Employee training at Dai-Dan begins with our program for new recruits and continues with specialized training as employees develop their careers.

Our training program for new recruits combines introductory and basic engineering for a six-month training course. Introductory engineering training involves learning the necessary basic knowledge about equipment installation (electrical and mechanical work), the company’s main business line, and over the course of a period of one month, employees come to comprehend an overview of equipment installation and get real-life experience through facility tours, etc. During basic engineering training, employees spend five months gaining the basic knowledge of specialisms needed to do their work. During this period of training, as well as classroom learning and learning how to create blueprints, employees have opportunities to see, touch, and do. Through these training activities, we are working to ensure employees have the knowledge and techniques they need, and to improve their ability to create blueprints—which is at the heart of being a technician—to forge them into an asset ready to be put to use.



Beginner-level technical training

After this combined training, new employees spend a further six months training to learn about job site liaison tasks (processes, safety, work contents, creation of installation blueprints, etc.), which brings new employees’ year-long training to an end.

Separate to the level-based training that all employees receive, we also conduct occupation-specific training. After beginner-level technical training specialized for technicians (related to development technologies, improvement of installation blueprint creation capabilities, etc.), we carry out further training for technicians to step up to intermediate and advanced technician positions. Other job roles (in sales or office work) also learn the basics of our technologies, then through training specific to sales roles or office roles and on-the-job training, trainees can gain the flexibility and broadened horizons to do a wide range of tasks.

## Sound relationship between labor and management

The Dai-Dan Labor Union was established in 1973 and in August 2021 entered its 49th year. During that time, the union has been active pushing for better working conditions and working environments.

Dai-Dan holds periodic discussions with the union, which enables active dialogue and builds and maintains relationships between labor and management.

## Updated uniforms

As part of our activities to celebrate 120 years since our founding, we have renewed the uniforms worn by employees who work at job sites across the country.

We updated the uniforms to be both more functional and stylish with a concept based on tradition and innovation in a leading style. The aim was also to allow wearers to flexibly adapt to reformed ways of working. This was the first renewal of the uniforms for 33 years, and uniform ideas were studied—and finally decided—by the Uniform Renewal Committee, made up of younger employees and under the supervision of art director Yoshihide Oka (from D-Style), who is well-acquainted with, and passionate about, uniforms. From January 1, 2022, the new uniform was simultaneously rolled out, but, considering the standpoint of the SDGs, the old uniforms were collected and will be reused to create recycled polyester products.



New uniform fuses tradition and innovation

## Respect for human rights

In accordance with our human rights and labor policies, we are promoting management that respects human rights, even as the nature of society diversifies. In addition to educating new employees, we run educational activities throughout the group focused on protecting human rights.

The Human Rights Due Diligence Task Force is working to identify what sorts of human rights risks are presented by our business activities in the value chain or in society more generally. In this, its first fiscal year of operation, the task force's scope of activity covers (the group's) bases and subcontractors in Japan.

By respecting the individuality of each person, and actively working to build an environment where they can demonstrate their full potential, we will help to resolve social issues through our business activities.

### Start of the SMILE 2024 Project to solve the problem of long working hours!



SMILE 2024 Project meeting



For us, rectifying the problem of overly long working hours is an urgent issue. Previously, we have implemented measures to combat this, but they have varied by site. That is where our SMILE 2024 Project comes in—by starting the project, we will continually build up the expertise needed to work efficiently and have team members help one another, rather than each person trying to manage alone. By doing so we will rid ourselves of this problem. The project will focus on the following three areas.

- Changing awareness company-wide ..... Eradicating the construction industry mindsets of giving up with the mistaken belief that things cannot be changed or seeing long working hours as a given
- Implementing measures to raise productivity ..... Imagining and implementing improvements to work processes from a zero base, or using ICT
- Monitoring ..... Linking of targets and action plans into the sharing of results and improvements

Moving forward with this project, we established the Work Style & Human Rights Task Forces under the Sustainability Committee, and the task forces started activities in April.

In fiscal 2022, we plan to implement a change in awareness, trial measures led by trial teams, and the establishment of the foundations needed for our initiatives. Then, from fiscal 2023 onward, our plan is to roll out specific efforts to reduce workloads and invigorate communications to the entire company.

#### Project activities for the first half of fiscal 2022

Activity	Details
First company-wide questionnaire	Hold an awareness and behavior survey for all employees
Meetings on how to reduce amount of work	Hold meetings with section managers and job site representatives to get proposals to reduce the amount of work, and investigate their implementation
Measures to invigorate communications	Have trial teams devise trial measures



## Foundations for Value Creation

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Interview with an Outside Director

Long-term Strategies

Will Lead Us to a Turning Point

Fumio Matsubara Outside Director



Foundations for Value Creation

Interview with an Outside Director

Foundations for Value Creation

Interview with an Outside Director

What do you consider to be the role stakeholders expect of you as an outside director?

**As an outside set of eyes, I want to be a check on management, but also to bring differing perspectives to help improve management and business.**

At Dai-Dan, I am one of three outside directors, and between us we have a great deal of knowledge and expertise, from many years at different companies or in different industries or even government, as well as specialist qualifications. Based on this knowledge and experience, we take multifaceted, outside perspectives, and give our candid views or advice on Dai-Dan's management strategies and plans.

I recognize, also, that we are called on to help improve the running of the company and its business activities by exchanging ideas with the executive directors, who have extensive backgrounds in building services engineering and installation provision and a high degree of knowledge on the subject. Specifically, we are often the ones to get the ball rolling at meetings of the Board of Directors, and we do our

level best to get to the bottom of problems by coming at them from a different angle. This is especially important when evaluating risk. The size and impact of risks vary by whether they are risks associated with core, existing businesses or whether they are risks connected to opening up new business areas, which necessitates certain new challenges. As such, this is somewhere we can help by providing diverse perspectives based on our own experiences.

In addition to our role as advisors, I am also conscious of our vital role as outsiders to provide a check on management. I believe that stakeholders expect the Board of Directors' management and check functions to be sufficiently separated, and also for us to perform our roles with more of a medium- to long-term, broader perspective.

How do you rate the effectiveness of the Board of Directors?

**Improvements so far have been positive, and in the future, I hope to see greater effectiveness in terms of medium- to long-term, non-financial themes.**

Dai-Dan carries out self-assessment questionnaires to determine the efficacy of its Board of Directors, and the results of the questionnaire are analyzed by the Board of Independent Officers—which comprises myself, my two fellow outside directors, and two outside auditors—and issues are identified. This year, 2022, was the fifth time we have done this.

In previous evaluations, we have identified a variety of topics: the early distribution of materials in advance of meetings of the Board of Directors, the move away from printed materials for the aforementioned, the narrowing down of agenda items by delegating authority for business execution, information sharing at Executive Committee meetings (whose members include executive directors and corporate officers), and how to enhance the response to stakeholders such as ordinary shareholders and investors. That so many of these have been improved year on year and reflected in management is something I am very impressed by.

Furthermore, to maintain the effectiveness of the Board of Directors, it is necessary for outside directors to be able to fully comprehend the business, and I am pleased to say that Dai-Dan is implementing some excellent initiatives to provide opportunities to deepen our understanding, including factory tours, direct reports of audit findings, and the ability to sit on at the General Managers' Meetings—which are attended by general managers from across Japan—as an observer.

That said, I think that discussions by the Board of Directors would benefit from a greater awareness of sustainability and other non-financial factors. By strengthening the monitoring of such medium- to long-term themes, I believe that the Board of Directors could be even more effective.

What is your opinion of Stage 2030, our long-term vision, and Preparation Stage, our Mid-Term Management Plan, which were launched in fiscal 2021?

**Pursuing the essence of the SDGs, and reflecting that in the Mid-Term Management Plan and the long-term vision, will lead to sustainable growth and value creation.**

Dai-Dan is a company that has always had one eye on the future, refining its technical capabilities and creating value. However, with the setting out of mid-term management plans that focus on a distant goal, in 2030, the company's management plans have become clearer, both to employees and stakeholders. I have seen that it is now much easier to see what Dai-Dan is going to do going forward—how each plan's strategies will last three years and will step up over the course of three phases and how this all ties in to the long-term vision.

The age where a company could get by only focusing on creating profit and other economic value is over. Now, there are loud calls for management to pay heed to SDGs issues, such as the environment and society. Even when the long-term vision and Mid-Term Business Plan were being drawn up, there were lively discussions that tried to pin down the essence of the SDGs, and this approach is notably present in the final articles. Their formulation is, I think, a turning point, even in a corporate history stretching back 120 years.

We live in a period of dramatic change, yet by continuing to hold steadfast to long-term viewpoints, Dai-Dan can achieve sustainable growth and value creation.



## Fair and Transparent Business Practices

In order to ensure the sustainable creation of corporate value, we seek to improve and strengthen our corporate governance system in a sustainable manner.

### Can you give a brief summary of your expectations for Dai-Dan and any other thoughts?

Through the sustainable growth it can achieve by continuing to prioritize job sites and strengthening investment in personnel, Dai-Dan can contribute to the development of a sustainable society.

I believe that it is the capabilities and hard work of those on the frontlines at each and every job site that will propel Dai-Dan's future performance. Therefore, I would like to see the current attitude of putting job sites first valued, and more energy put into investing in personnel. I also feel that the company is not an excessively hierarchical organization—it is now the case that even negative news from the job site is quickly passed on to management. I think this has become more and more important in this day and age, now that remote working has taken hold.

Under its management principles—to take on the challenge of creating value for our customers while contributing to the development of a better environment and stronger communities—Dai-Dan is steadily honing its skills and building a track record of accomplishments.

As a company that creates value in spaces, its duty is to continue delivering environments that enable to live safer, more

comfortable lives, even in a society that is ever-more diverse and complex. Since this is an age in which companies are called on to implement sustainability-focused management, Dai-Dan's business of providing society with ZEBs and other equipment technologies that consider the environment is perfectly positioned to help lead the drive toward sustainability. I have great expectations that Dai-Dan can contribute to the sustainable development of society through its own sustainable growth.

Since the outbreak of the pandemic, it has been difficult to actively meet face to face, but I would like to see more opportunities for dialogue between the company and stakeholders—including employees—and by taking part in management from a wide range of viewpoints, I hope to fulfill my role as an outside director.



#### Profile

### Fumio Matsubara

Outside Director

- April 1973 Entered the Ministry of Construction (now the Ministry of Land, Infrastructure, Transport and Tourism (MLIT))
- July 2004 Director, Development Bank of Japan
- July 2006 Director-General of the Land and Water Resources Bureau, MLIT
- April 2008 Director, Mizuho Research Institute Inc.
- July 2011 Lawyer, Dai-Ichi Tokyo Bar Association (current position)
- June 2015 Director, Dai-Dan (current position)

## Corporate Governance

### Our approach to corporate governance

As a building services engineering and installation provider, we are committed to the management principles of always taking on the challenge of creating value for our customers while contributing to the development of a better environment and stronger communities. In justifying the trust placed in us by all stakeholders including shareholders, customers, business partners, employees, and local communities, we remain focused on continuously enhancing our corporate governance in order to maintain effective management practices.

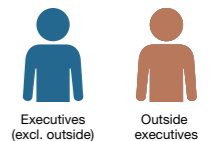
- Our basic policy on corporate governance is as follows.
- Ensure the rights and equality of shareholders
  - To ensure transparency, fairness, speed, and decisive decision making, the Board of Directors will carry out its functions appropriately and efficiently
  - Endeavor to disclose information appropriately and hold constructive dialogues with shareholders
  - Work appropriately with stakeholders other than shareholders

### Dai-Dan Corporate Governance Guidelines

We have established the Dai-Dan Corporate Governance Guidelines, a policy that systematically expresses our views concerning such matters as the protection of shareholders' rights, running the Board of Directors, dialogue with shareholders, and issues relating to social and environmental problems and other sustainability issues. We will continue taking measures to strengthen and improve corporate governance to make it more effective.

### Our corporate governance system

The objective of Dai-Dan's corporate governance system is to ensure appropriate and efficient management by maintaining discrete decision-making, oversight, and administrative functions, thereby enabling swift and appropriate deliberation and implementation of decisions. We adopted a corporate auditor system and effectively utilizes the following managerial structure.



#### Board of Directors



The Board of Directors comprises nine directors, three of whom are outside directors (including one female outside director). It convenes monthly and holds special meetings as necessary. In addition to overseeing business operations, the board deliberates on important matters related to corporate management, including subjects discussed in Executive Committee meetings. Our articles of incorporation provide that the Board of Directors should consist of 12 people or fewer.

### Board of Independent Officers



The Board of Independent Officers consists of three outside directors and two outside auditors. Its role is to exchange information and share knowledge from an independent, objective standpoint, and to evaluate the effectiveness of management, in particular the effectiveness of the Board of Directors.

#### Independence Criteria for Outside Directors

The Independence Criteria for Outside Directors were formulated in December 2015. For more details on the criteria, please see the separate Dai-Dan Corporate Governance Guidelines.

### Board of Auditors



The Board of Auditors comprises four auditors, two of whom are outside auditors. It is headed by one of the standing (outside) auditors who is elected by the other auditors. As a rule, the Board of Auditors meets once a month and otherwise whenever necessary. The Board of Auditors discusses and decides on important matters related to auditing such as auditing policy, audit plans and who actually conducts audits.

### Executive Committee



The Executive Committee meets whenever necessary and consists of the representative directors, and directors and corporate officers elected by the Board of Directors. Members discuss and determine a broad range of important matters concerning Dai-Dan and its group companies like business policy, management strategies and business in general. They also provide advice for making decisions and, whenever necessary, go before the Board of Directors.

### Internal audits

As part of our internal audit system, we established the Internal Audit Office under the direct control of the president, and its role is to evaluate the assets and business operations of Dai-Dan and its group companies from the perspective of suitability and efficiency. It also investigates and appraises the effectiveness of our internal control system for financial reporting.

Moreover, as well as sharing information and opinions with one another, the office works with our auditors and accounting auditors to verify its auditing and to ensure our internal audits are implemented efficiently. As well as reporting the findings of audits to the president, it also reports directly to the Board of Directors and Board of Independent Officers, which is composed of outside directors and outside auditors.

### Nominating and Remuneration Committee



Composed of the representative directors and three outside directors, the underlying principle of the Nominating and Remuneration Committee is that the majority of members will be outside directors. The chair of the committee is selected from the members who are outside directors.

#### Reporting to the Board of Directors

The Nominating and Remuneration Committee discusses and presents on the following to the Board of Directors. These reports will involve at least half of the committee's members.

1. Nominations for the position of representative director (selection)
2. Dismissal of representative directors
3. Proposals for the position of director (appointment, non-reappointment, dismissal)
4. Formulation and revision of regulations pertaining to remuneration for directors and corporate officers

#### Advising the Board of Directors

Nominating and Remuneration Committee members will be involved in the following matters and, where necessary, advise the Board of Directors.

1. Succession planning (representative directors)
2. Skills matrices
3. Validity of remuneration tables for directors and corporate officers
4. Validity of personal evaluations for executive bonuses
5. Candidates for selection as corporate officers

### Compliance Committee



The Compliance Committee was established to ensure compliance with laws and internal regulations, and to strengthen fair and ethical company operations with strong compliance. The committee is chaired by the chairman, and is responsible for raising awareness of compliance among executives and employees and educating them on the subject. It also makes active use of a hotline for reports of compliance or other violations, to discover and rectify issues as quickly as possible.

### Compliance Promotion Office

The Compliance Promotion Office comes under the direct control of the chairman, and is independent of the headquarters and offices; it collaborates with the Compliance Committee in planning, drafting, and implementation to help ensure that our business activities comply with the Antimonopoly Act and other relevant laws and regulations. This office also collaborates with the Internal Audit Office and continues to monitor compliance activities in our offices.

### Risk Management Committee



The Risk Management Committee's usual role is to deliberate suitable measures related to risk management and discuss the status of operations. Should a crisis occur, however, it takes action to manage the danger. The committee also makes periodic reports to the Board of Directors.

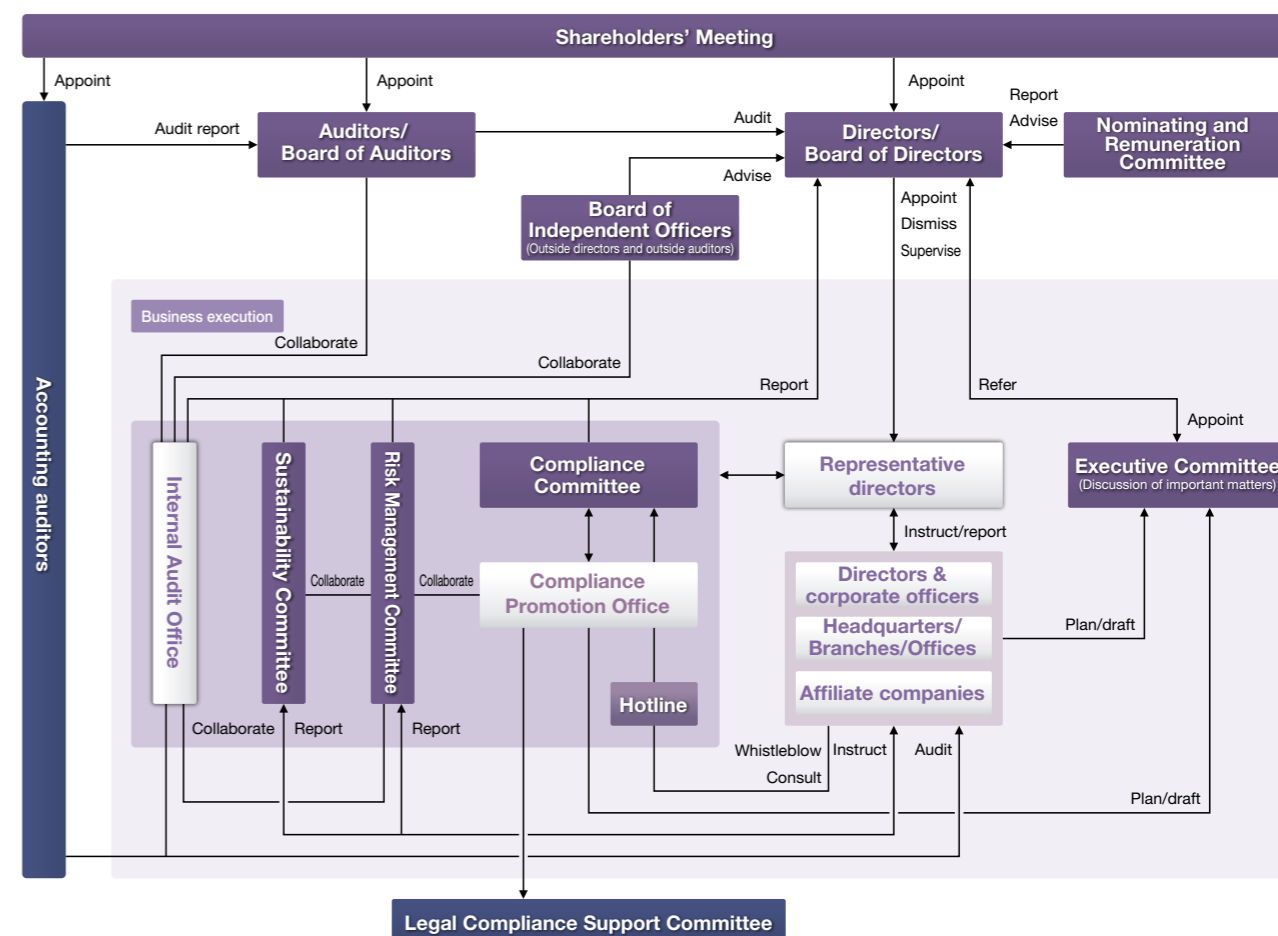
### Sustainability Committee



The Sustainability Committee was established with the aim of studying and promoting sustainability initiatives for Dai-Dan and its group companies. The committee, which is chaired by the president, handles the following matters.

- Identifying responsibilities and business strategies aimed at making society more sustainable
- Planning and promoting CSR, environmental, and social contribution activities
- Promoting measures to improve information disclosure outside the company and external evaluations for ESG activities

Corporate governance system (as of September 2022)



## Policies and procedures to appoint and dismiss directors and the president

To ensure the effectiveness of the Board of Directors, when considering candidates to become directors, we think about the balance of expertise needed to cover all business areas. Candidates are selected by the Board of Directors based on the principle of having diverse individuals each in the right place according to their knowledge and capabilities connected to corporate management and advancing business activities. These candidates are then referred to the Shareholders' Meeting. Should a director, in the course of his or her duties, commit some kind of violation or neglect his or her work, and this be found unbecoming of a director of the company, the Board of Directors will decide to dismiss the director, and will refer the matter to the Shareholders' Meeting. The Nominating and Remuneration Committee deliberates on proposals for the appointment and dismissal of the representative directors and appointment of directors, and then reports on these to the Board of Directors.

## Director and auditor compensation

### ① Policy on determining director and auditor compensation

#### Compensation for directors (excl. outside directors)

Compensation, etc., for directors (excl. outside directors) is part of an incentive plan that aims to help achieve the Dai-Dan Group's goals, and the fundamental policy is as follows.

- The purpose of our remuneration system will be to:
  - Establish a strong link between compensation and the company's business performance, while also being highly transparent and objective
  - Raise awareness of contributions made to medium- to long-term performance improvements and increases in corporate value
- The chief aim is to increase shared awareness of profits with shareholders and ensure management is focused on the shareholders

Based on this fundamental policy, compensation, etc., for directors (excl. outside directors) will comprise three elements: basic compensation, bonuses, and share-based compensation. To ensure that evaluations of directors and decisions on compensation are fair and transparent, compensation will be determined by the Nominating and Remuneration Committee after deliberation.

#### Compensation for outside directors and auditors

Compensation, etc., for outside directors and auditors will consist of basic compensation alone, in order to improve their ability to supervise management. The amount of basic compensation for auditors will take into account individual auditors' duties and will be determined in consultation with auditors.

### ② Compensation breakdown

#### ■ Compensation ratios



### ③ Compensation overview

	Calculation method			
Basic compensation	The basic compensation provided to directors consists of compensation in line with the individual director's position, and compensation adjusted for their executive duties. The levels of these are set by the Board of Directors, after verifying that they are appropriate based on the findings of a third-party survey, and the objective advice of the Nominating and Remuneration Committee.			
Performance-linked compensation	The performance indicators used to determine performance-linked compensation, and the calculation method, use each year's achievement rate toward the targets for operating profit—a KPI—laid out in the Mid-Term Management Plan. Under the remuneration system that we have introduced, the level of individual contribution to performance and the condition of profit are other factors that are taken into account to determine the amount of performance-linked compensation. The levels of compensation and ratios are set by the Board of Directors, after verifying that they are appropriate based on the findings of a third-party survey, and the objective advice of the Nominating and Remuneration Committee.			
	<table border="1"> <tr> <td>Bonuses</td> <td>The basic payout amount for bonuses is set by multiplying a standard amount, based on the individual's position, by a payout rate that is based on the degree of achievement toward the group's overall operating profit target. The payout rate differs for representative directors and other directors: For the former, the resulting amount is multiplied by a rate based on orders received, net sales, and operating profit for the whole group. For the latter, the resulting amount is multiplied by a rate based on both the group's overall performance and on individual performance for each position—the performance of the division, etc., that they are responsible for. (excl. outside directors)</td> </tr> <tr> <td>Share-based compensation</td> <td>After multiplying a share-based compensation standard amount, based on the individual's position, by a payout rate that is based on the degree of achievement toward the consolidated group's operating profit and profit attributable to owners of the parent, the resulting amount is divided by the base share price to calculate a number of points. Shares are then paid to the ratio of one share to one point. (excl. outside directors and individuals not resident in Japan)</td> </tr> </table>	Bonuses	The basic payout amount for bonuses is set by multiplying a standard amount, based on the individual's position, by a payout rate that is based on the degree of achievement toward the group's overall operating profit target. The payout rate differs for representative directors and other directors: For the former, the resulting amount is multiplied by a rate based on orders received, net sales, and operating profit for the whole group. For the latter, the resulting amount is multiplied by a rate based on both the group's overall performance and on individual performance for each position—the performance of the division, etc., that they are responsible for. (excl. outside directors)	Share-based compensation
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### ④ Total compensation for directors and auditors

Unit: Million yen

	Total compensation	Fixed compensation	Variable compensation		No. of individuals in receipt
		Pecuniary compensation		Non-pecuniary compensation	
		Basic compensation	Bonuses	Share-based compensation	
Directors (excl. outside directors)	375	259	115	13	6
Outside directors	45	45	—	—	5
Auditors (excl. outside auditors)	29	29	—	—	2
Outside auditors	31	31	—	—	3

## Training policy for directors

When directors or corporate officers are first appointed, they take part in training sessions given by specialists. The aim of these sessions is to give the new directors and corporate officers an understanding of their roles, duties, and responsibilities, and furnish them with a knowledge of corporate legal matters.

After their appointment, we provide directors and corporate officers with a range of seminars. These might include seminars given by outside specialists on topics such as the Antimonopoly Act, the Companies Act, or corporate governance, or seminars by outside experts to provide useful information on management or on the social and economic situation.

Taking into account demands from society, such as revisions to laws, or the desires of directors or corporate officers, we offer support by providing or introducing training opportunities that the individual requires, and support for those expenses. For independent outside directors and independent outside auditors, when they first take up their positions, we provide explanations of our management principles and management policies; an overview of our business, finances, and organization; and matters relating to corporate governance. Where necessary, we also take the new appointees on tours of our major sites, including our R&D facilities.

## Evaluating the effectiveness of the Board of Directors

Each year, the chair of the Board of Directors, as the person responsible, carries out an evaluation of the Board of Directors to assess its overall effectiveness.

Directors do individual self-assessments for both themselves and for the board as a whole, and the results of these are analyzed and rated by the board while referring to exchanges of opinions with the Board of Independent Officers.

The results of the evaluation conducted in February 2022 show that the Board of Directors' composition and debates are appropriate, and recognize that it is functioning effectively overall, that it has established an environment for discussions using remote meetings, enhanced its advance sharing of necessary information through clever ideas, and is running things efficiently. A future issue will be to promote studies and improvements to training for the Board of Directors to meet the latest management challenges.

## Internal control system

We have developed an internal control system that focuses on the improvement of internal rules. This is intended to ensure compliance across our entire company and subsidiaries and includes the execution of tasks by directors in compliance with laws and the articles of incorporation as well as appropriate performance of all tasks. In addition, we confirm the operational status of the company's internal control system each fiscal year and report our findings to our Board of Directors while continuing to revise and improve this system in order to improve efficiency and legal compliance.

## Internal control system for financial reporting

In April 2008, we implemented an internal control system for financial reporting under the Financial Instruments and Exchange Act. The Internal Audit Office under the president examines and assesses the effectiveness of the system.

The fiscal 2021 assessment concluded that, as of the end of fiscal 2021, our internal control system for financial reporting is effective. An independent auditor also provided a similar opinion.



# Directors and Auditors

• FY2021 attendance: (Board of Directors: **BD** /Nominating and Remuneration Committee: **NRC** /Board of Independent Officers: **BIO** )

## Directors



**Shohei Kitano**  
Representative Director



April 1979 Entered Dai-Dan  
April 2018 Representative Director, Chairman, and Corporate Officer, Dai-Dan (current position)

- Time as a director: 13 years
- **BD** ... 16/16 (100%)
- **NRC** ... 2/2 (100%)

**Ichiro Fujisawa**  
Representative Director



April 1979 Entered Dai-Dan  
April 2018 Representative Director, President, and Corporate Officer, Dai-Dan (current position)

- Time as a director: 13 years
- **BD** ... 16/16 (100%)
- **NRC** ... 2/2 (100%)

**Takayuki Ikeda**  
Director



April 1985 Entered Dai-Dan  
April 2020 Director, Senior Managing Corporate Officer, General Manager of the West Japan Division, and Representative of the Osaka Head Office, Dai-Dan (current position)

- Time as a director: 7 years
- **BD** ... 16/16 (100%)

**Yasuhiro Yamanaka**  
Director



April 1983 Entered Dai-Dan  
April 2021 Director, Senior Managing Corporate Officer, General Manager of the East Japan Division, and Representative of the Tokyo Head Office, Dai-Dan (current position)

- Time as a director: 2 years
- **BD** ... 16/15 (94%)

**Hisao Sasaki**  
Director



April 1988 Entered Dai-Dan  
April 2022 Director, Managing Corporate Officer, General Manager of the Technical Division, and Person in charge of the Engineering Division, Dai-Dan (current position)

- Time as a director: 2 years
- **BD** ... 16/16 (100%)


**Yasuo Kamei**  
Director



April 1986 Entered Dai-Dan  
April 2019 Director, Corporate Officer, and General Manager of the General Administration Division, Dai-Dan (current position)

- Time as a director: 4 years
- **BD** ... 16/16 (100%)


**Fumio Matsubara**  
Director



April 1973 Entered the Ministry of Construction (now the Ministry of Land, Infrastructure, Transport and Tourism)  
June 2015 Director, Dai-Dan (current position)

- Time as a director: 7 years
- **BD** ... 16/16 (100%)
- **NRC** ... 2/ 2 (100%)
- **BIO** ... 14/14 (100%)


**Ikumi Sato**  
Director



April 1990 Registered as a lawyer  
June 2021 Director, Dai-Dan (current position)

- Time as a director: 1 year
- **BD** ... 16/16 (100%)
- **NRC** ... 2/ 2 (100%)
- **BIO** ... 14/14 (100%)

**Kenkichi Kosakai**  
Director



April 1976 Entered Mitsubishi Chemical Industries Limited (now Mitsubishi Chemical Corporation)  
June 2021 Director, Dai-Dan (current position)

- Time as a director: 1 year
- **BD** ... 13/13 (100%)
- **NRC** ... 2/ 2 (100%)
- **BIO** ... 12/12 (100%)

## Auditors



**Masaharu Takitani**  
Standing Auditor



April 1976 Entered The Sanwa Bank, Ltd. (now MUFG Bank, Ltd.)  
June 2016 (Standing) Auditor, Dai-Dan (current position)

- Time as an auditor: 6 years
- **BD** ... 16/16 (100%)
- **BIO** ... 14/14 (100%)

**Hideshi Osaki**  
Standing Auditor



April 1981 Entered Dai-Dan  
June 2016 (Standing) Auditor, Dai-Dan (current position)

- Time as an auditor: 6 years
- **BD** ... 16/16 (100%)


**Tomoya Tsubota**  
Auditor



April 1974 Entered Dai-Dan  
June 2020 Auditor, Dai-Dan (current position)

- Time as an auditor: 2 years
- **BD** ... 16/16 (100%)

**Hirofumi Kyutoku**  
Auditor



April 1978 Entered Osaka Gas Co., Ltd.  
June 2021 Auditor, Dai-Dan (current position)

- Time as an auditor: 1 year
- **BD** ... 13/13 (100%)
- **BIO** ... 12/12 (100%)

## Skills matrix

Name	Position	Board of Directors	Board of Auditors	Nominating and Remuneration Committee	Board of Independent Officers	Executive Committee	Risk Management Committee	Compliance Committee	Sustainability Committee	Particular areas of specialty or experience									
										Corporate management/strategy	Accounting/finance	Engineering	Risk management/governance	Marketing	Legal affairs	Auditing	Overseas business	Others industries	
Shohei Kitano	Representative director, chairman, corporate officer	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Ichiro Fujisawa	Representative director, president, corporate officer	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Takayuki Ikeda	Director, senior managing corporate officer	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Yasuhiro Yamanaka	Director, senior managing corporate officer	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Hisao Sasaki	Director, managing corporate officer	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Yasuo Kamei	Director, corporate officer	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Fumio Matsubara	Director (outside)	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Ikumi Sato	Director (outside)	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Kenkichi Kosakai	Director (outside)	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Masaharu Takitani	Standing auditor (outside)	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Hideshi Osaki	Standing auditor	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Tomoya Tsubota	Auditor	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Hirofumi Kyutoku	Auditor (outside)	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●

# Compliance (Legal Compliance and Corporate Ethics)

## Dai-Dan Group Action Standards

In order to ensure that everyone in the group, from management down, complies with all laws and regulations and uses good social sense in the way they behave, we have formulated the five-point Action Principles and the fourteen-point Action Standards. The Action Principles summarize the areas that are to be borne in mind during daily tasks.

We have set each April as a Compliance Month with the objective of promoting adherence to the Action Principles and Action Standards, and as well as encouraging thorough compliance with laws and regulations through messages from management, we are calling on all executives and other employees to submit a written pledge.

**Excerpt from our Dai-Dan Group Action Standards** Our Action Standards serve as practical guidelines to the Action Principles on which they are based.

### Action Principles

1. Observe laws and social norms and conduct business activities in a sensible manner.
2. Participate in the building of a society that can sustain its development.
3. Respect the fundamental human rights of all.
4. Maintain a fair and transparent relationship with stakeholders.
5. Recognize our place in society and strive to contribute to the emergence of a better society.

### Action Standards

1. Maintain positive relationships with customers and users
2. Ensure safety and quality
3. Ensure fair and open competition
4. Engage in ethical business transactions
5. Fairly disclose corporate information
6. Ethically manage critical information
7. Protect and respect intellectual property rights
8. Improve working conditions and work environments
9. Respect human rights and individuality
10. Address environmental issues
11. Practice proper accounting and tax payment
12. Maintain sound relationships with politicians and the government
13. Eliminate any dealings with antisocial forces
14. Avoid engaging in self-serving actions

### Compliance system

\* For more details on the corporate governance system, please see page 76.

- ① Compliance Committee  
The Compliance Committee was established, with Dai-Dan's chairman as its chair, to ensure compliance with laws and internal regulations, and to strengthen fair and ethical company operations with strong compliance.
- ② Legal Compliance Support Committee  
The committee is composed of external experts and provides support to the Compliance Promotion Office.
- ③ Compliance Promotion Office  
The office works to plan, propose, and implement measures to ensure company operations with strong compliance.

### Compliance education activities

- ① Compliance cards are distributed to new employees when they enter the company, and must carry them with them on a daily basis. During their training, too, we use lectures to promote compliance with the Dai-Dan Group Action Standards.
- ② All employees receive training in stages, and each stage of this training incorporates compliance-related training tailored to that stage, including on topics such as preventing corruption—including bribery, collusion, or embezzlement—with subcontractors or others.
- ③ We also use e-learning several times a year to teach about compliance topics such as the Antimonopoly Act and harassment.
- ④ The Legal Compliance Support Committee provides all employees with seminars that take as their theme compliance, covering topics such as the Antimonopoly Act, and preventing corruption—including bribery, collusion, or embezzlement—with subcontractors or others.
- ⑤ As part of our compliance monitoring, the Internal Audit Office and Compliance Promotion Office collaborate to twice a year monitor the compliance activities at each office, and check that work is in line with compliance.

## The whistleblowing and consultation system

We have set internal whistleblowing regulation and in accordance with those, we operate an internal whistleblowing system.

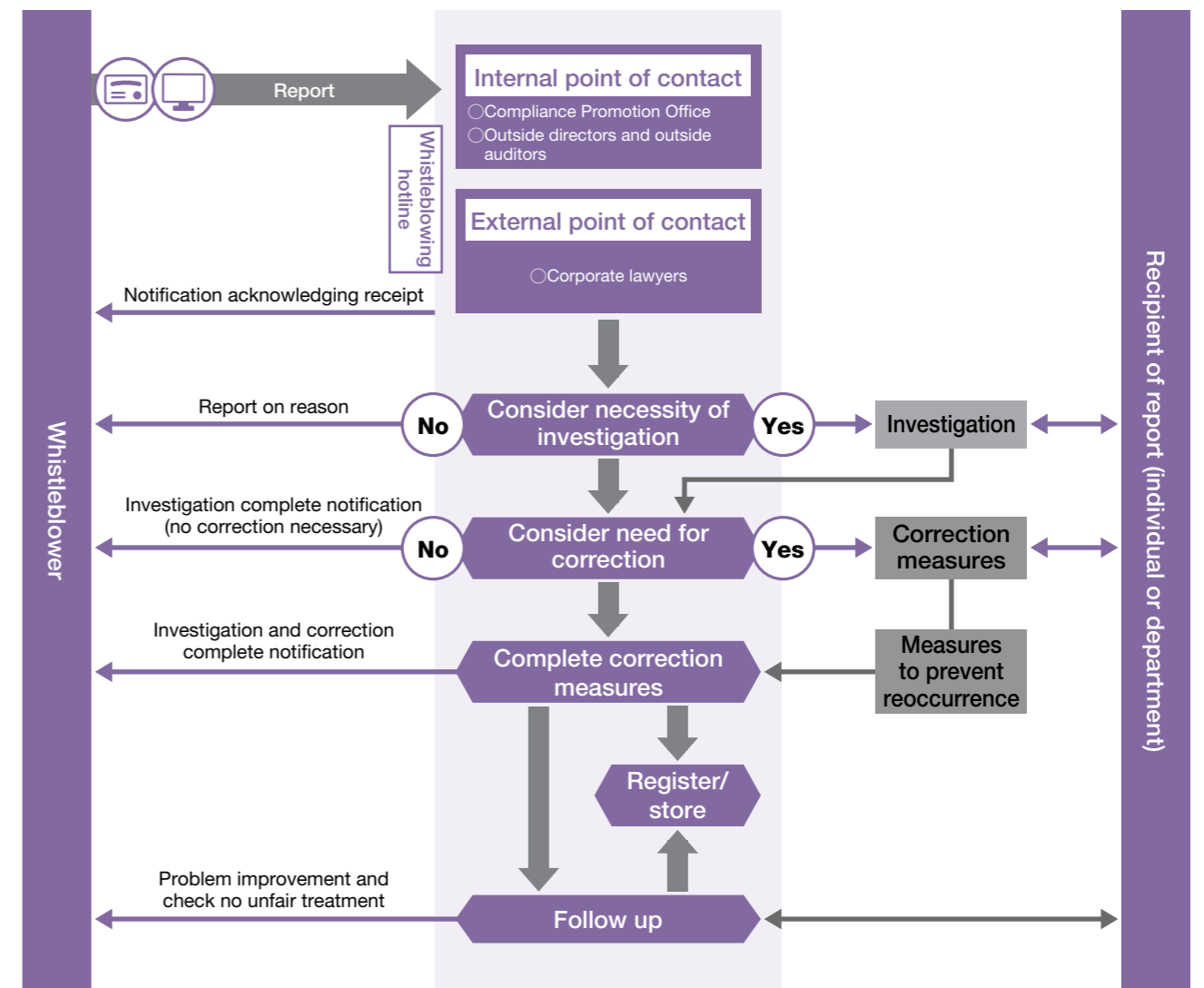
In line with the revisions made to the Whistleblower Protection Act, in April 2022 we expanded the ways in which employees can whistleblow, so that it covers Dai-Dan Group executives and employees, but also temporary workers.

With the whistleblowing and consultation system, by putting in place a reporting route independent from the operational chain of command, our aim is to quickly identify job site problems (violations of laws or internal regulations or unethical actions) that would normally be difficult to uncover.

The internal whistleblowing hotline allows reports to be made to the Compliance Promotion Office, outside directors, and outside auditors, while the external hotline connects whistleblowers to corporate lawyers. We guarantee in our Corporate Code of Ethics that those whistleblowing or consulting for a legitimate reason will not be subjected to unfair treatment. Reports can also be submitted anonymously to ensure the privacy of the whistleblower.

Cases are investigated by the Compliance Promotion Office, and if an irregularity is discovered, it brings in measures to rectify the problem or prevent reoccurrence. For cases that cause serious damage to the group, or those determined to potentially do so, the Compliance Committee, chaired by the chairman, convenes and deliberates on necessary measures.

### Internal whistleblowing response procedure



# Risk Management

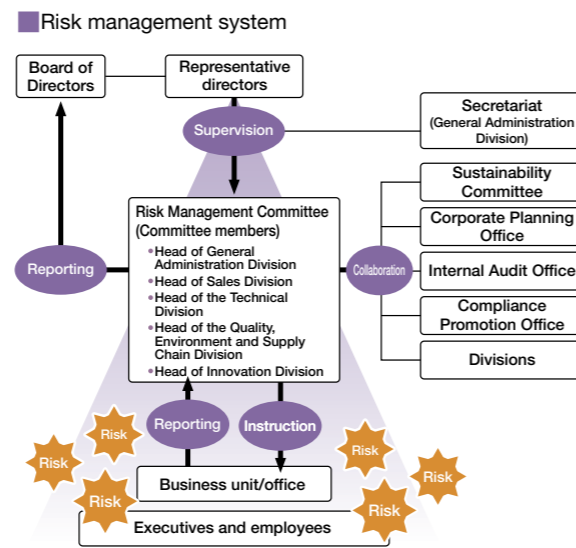
## Risk management system

In order to continue providing value for years to come, we have built a risk management system to prevent risks from unexpectedly emerging and to minimize the likelihood of risks that do emerge coming about. We have established a Risk Management Policy to guide us in the best direction for managing all of the risks we face.

We have also added a Risk Management Committee as per our Risk Management Rules. On a regular basis, this committee discusses matters related to risk management and reports those matters to the Board of Directors.

Where a crisis does occur, we form a task force as outlined in the aforementioned rules as part of our crisis control framework to minimize damage or loss. As well as receiving reports, the Board of Directors' role is to maintain and oversee this risk management system and monitor its effectiveness.

Additionally, in order to heighten risk perception and make our organization healthier, we periodically train all employees in risk sensitivity.



## Risk Management Policy

At present, the environment in which we and our stakeholders operate is undergoing dramatic change on a daily basis. Ever-greater diversification and complexity of business activities are unavoidable. Against this backdrop, we must continue to deliver value to all our stakeholders permanently, and to that end we are carrying out the following.

- Prioritizing human life and safety above all else in our risk management efforts.
- Accurately ascertaining business risks and working to prevent their occurrence.
- For those risks that do come about, responding quickly and appropriately in order to minimize their impact.

We will continuously implement a system that follows this policy, with the goal of the overall optimization of our risk management.

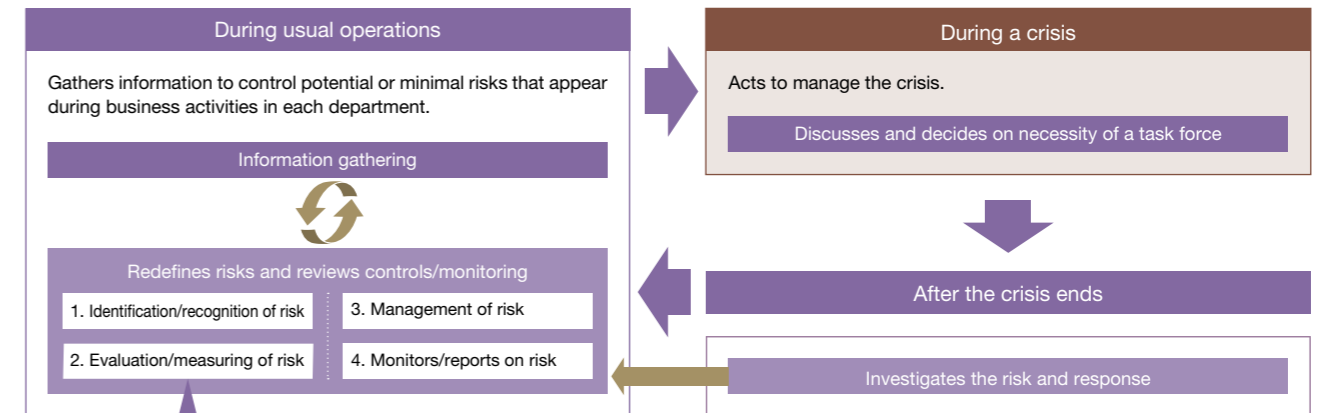
## Risk Management Action Guidelines

1. We shall acknowledge that risk management is a vital part of management, and implement company-wide risk management initiatives.
2. We shall recognize potential negative impacts on corporate value improvements as risks before they can occur, and make company-wide efforts to prevent them emerging or minimize the damage if they do.
3. We shall consider the importance and impact of risks that do come about, and disclose information as appropriate.
4. Each division shall accurately recognize risks, carry out suitable reviews, and engage in risk management that reflects reality and changes in the business environment.
5. Each business unit and branch office shall form appropriate measures to ensure risk management initiatives are executed within their organizations.
6. All employees, from management down, shall act with an individual awareness and sense of responsibility toward risk management.

## Primary risks and countermeasures

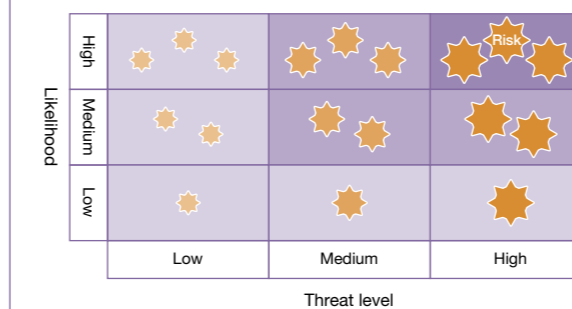
Risk	Description	Countermeasures
Information leak	Unauthorized use or external leak of information, shutdown or malfunction of information systems, etc.	Publish a "Security Handbook," etc. Impart training in information security.
Human resource related	Unattained hiring plans, loss of human resources, drop in morale, etc.	Promote work style reforms. Conduct stress tests.
Legal	Lack of compliance with laws/regulations, corruption, contract violations, insufficient response to changes in regulatory systems	Impart compliance training. Use the whistleblowing system.
Natural disasters	Typhoons, river flooding, earthquakes and other natural disasters	Craft a BCM. Introduce a safety check system.
Workmanship	Safety, degraded quality of installed systems, etc.	Craft a safety and health management plan. Conduct job site patrols.
Trust	Credit recipient in financial difficulty, non-performance on contract obligations, etc.	Take action to manage credit as appropriate. Seek an objective assessment from an outside institution.
Climate change	Delayed response to climate-related government policies, regulations, or technologies, insufficient information disclosure, etc.	Designate and evaluate climate-related risks and opportunities. Enhance information disclosure in accordance with the TCFD's recommendations.

## Roles of the Risk Management Committee



## Impact of risk

Impact is defined according to the likelihood of a risk becoming reality, and the threat level it poses. The Board of Directors is made aware of the impact of each risk.



## Initiatives to strengthen information security

As we introduce increasing numbers of cloud services to our internal systems, we are putting in place cloud security services and strengthening our information security. There are also Information System User's Guidelines, available to officers and employees on the corporate intranet, which provide cautions regarding the use of electronic equipment in everyday work.

Information security training is conducted via e-learning, and drills are conducted on how to handle targeted e-mail attacks to increase information security awareness and prevent the occurrence of accidents such as information leaks.

Moreover, for the purpose of strengthening information security at job sites, we have revised Network Building Guidelines for Job Sites and Information Security Guidelines for Job Sites, and make sure that countermeasures are implemented in line therewith. We are also enhancing training in information security to job site personnel.

Implementation	Date
e-learning	January 2022
Drill on how to handle targeted e-mail attacks	August 2022

## Business continuity management

Because of the recent slew of large-scale natural disasters and accidents around the world, we rebuilt our business continuity plan (BCP) to function more effectively should the call arise, by reviewing the plan through education and drills, and introducing PDCA mechanisms that repeatedly pursue improvements, thus allowing us to wield the plan more like a business continuity management (BCM) tool.

In September 2021, we verified the effectiveness of our manuals and, with the view of spreading awareness, ran drills for a hypothetical disaster and damage. These drills highlighted



points that needed improvement and we amended the manuals accordingly.

## COVID-19 measures

As part of our response to the COVID-19 pandemic, in 2020 we established the COVID-19 Task Force, which set countermeasures and provided guidance to the whole group in line with changes to the situation.

Our basic policy is for executives and other employees to firmly push forward business activities that seek to minimize infection risk, based on the recommendations of the government's expert panel—New Lifestyle. Specifically, we implement the following.

- Having employees work from home or at a satellite office to reduce office attendance
- Staggering office shifts to avoid contacts in public transportation
- Ensuring employees avoid the Three Cs (Closed spaces, Crowded places, and Close-contact settings)

For employees at construction job sites, measures have been introduced in accordance with the Ministry of Land, Infrastructure, Transport and Tourism's Guidelines for Preventing COVID-19 Infection in the Real Estate Industry.

For employees who work from home, we have formulated a set of regulations as well as providing a computer and networking gear needed to stay connected, and have taken all due security precautions.



## Meeting Customer Expectations

We continue to work towards ever-higher levels of quality in order to further improve customer satisfaction.



## Initiatives with Subcontractors

Through our activities with subcontractors, we are working to continually enhance our technical capabilities and to resolve problems.

### Quality Improvement Initiatives

#### Our vision of quality

At Dai-Dan, reasoning and a strong sense of duty tell us that providing sound quality will increase customer satisfaction and trust. Therefore, in order to provide customer-pleasing quality, we maintain ISO 9001 certification current for all of our business sites in Japan and attentively manage the quality of our services and work, starting with in-depth preliminary studies before breaking ground and covering our steps along the way with every imaginable kind of testing. Moreover, education and training are tools we use to ensure good quality by honing the skills and acumen of our work force and subcontractors.

#### Works Preview Meetings

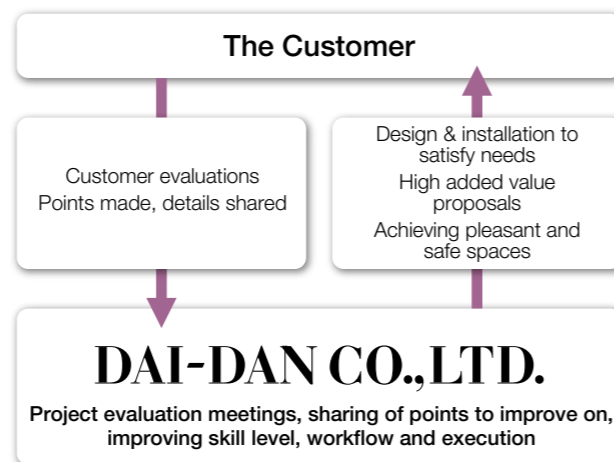
Throughout our long history we have provided building systems and services to customers in various industries with diverse building applications. In order to capitalize on our long track record of installations and our knowledge of customer systems, we hold Works Preview Meetings for each project with the attendance of the sales, engineering and other specialized departments concerned. We strive to provide high-quality systems that best serve our customers from the perspectives of functionality, quality, cost and energy efficiency.

#### Building Chart System

We have been using a Building Chart System, an internal information system, in order to make the most of our installation experiences. The Building Chart System is used to record the details of the installation and recommendations, as well as customer requirements for each building. We enhance customer satisfaction by recommending detailed renovation options that contribute to comfortable use of a building.

#### Customer evaluations

Knowing what our customers think of us and our work is an important first step towards doing a better job, so we probe customer satisfaction after completing and signing off on every project. More specifically, we get them to rank our technical abilities and project management performance on a scale of 4 (4 being the highest) and to explain anything that did not meet with their satisfaction and any requests they have of us. In fiscal 2021, we collected 568 replies to our customer satisfaction surveys and earned an average overall rating of 3.61. The survey is an excellent tool for learning what customers like and do not like, and improving how we go about business, so we will continue to use it proactively alongside every opportunity of direct dialog to communicate with customers on a deeper level.



#### Customer satisfaction survey results

4-point scale

(4: Satisfied 3: Generally satisfied 2: Somewhat dissatisfied 1: Dissatisfied)

Item	FY2019	FY2020	FY2021
Installer capacity	3.52	3.58	<b>3.56</b>
Installation management	3.48	3.56	<b>3.57</b>
Creativity and solution proposals	3.51	3.56	<b>3.55</b>
Backup capacity	3.45	3.51	<b>3.49</b>
Overall evaluation	3.56	3.65	<b>3.61</b>

Number of surveys completed: FY2019; 662/FY2020; 555/FY2021; 568

### Sectional Committees

#### Sectional committee activities

To safely deliver high-quality building systems to customers by a date they desire, cooperation that produces a successful marriage between project engineering and job site skill is critical. This means that we, as the project planner and manager, and the numerous subcontractors that do the actual installation work must think and act as one.

This cohesion is available at every office via a network of trusted subcontractors with whom we have worked for a long time, and sectional committees are established to cover themes such as installation efficiency or work safety.

To meet the demands and expectations of customers, we will continue to improve our engineering performance in terms of safety, quality, and costs, and organically integrate that into finished products in conjunction with our subcontractors.

#### Tokyo Head Office Dai-Gen Kai sectional committees

The overarching theme: How to use DX to promote job site management, achieve greater installation efficiency, and enhance technical capabilities

- **Installation Efficiency Promotion Sectional Committee (Electricity & Safety)**
  - Effective use and promotion of tablet apps in quality management
  - Enhancement of technical capabilities through the use of ICT support tools for job site tasks
  - Creation and proposal of new technologies and methods with DX
- **Installation Efficiency Promotion Sectional Committee (Plumbing)**
  - Implementation of tools at the job site to improve the efficiency of plumbing installations and gathering of feedback, to make improvement and overcome labor shortages
- **Installation Efficiency Promotion Sectional Committee (Ducts & Equipment)**
  - Use of the cloud-linked camera (Safie Pocket2), to raise safety and quality levels and improve the efficiency of installation management
- **Installation Efficiency Promotion Sectional Committee (Insulation, Coatings & Equipment)**
  - Resolution of problems such as labor shortages and passing down of expertise through the investigation and trial of new models for job site installations and management that introduce tools and methods that make use of IT

#### Nagoya Branch Health, Safety & Technologies Association sectional committees

- **Electricity Sectional Committee**
  - Study seminars for those taking the first-class electrician exam
- **Plumbing Sectional Committee**
  - Practical workshops to acquire first-class technician qualification
- **Refrigerant Sectional Committee**
  - Practical workshops to acquire first-class technician qualification
- **Disaster Preparedness Plumbing Sectional Committee**
  - Introduction of SpiderPlus for internal surveys
- **Ducts Sectional Committee**
  - No meetings held due to COVID-19
- **Insulation & Coatings Sectional Committee**
  - No meetings held due to COVID-19
- **Delivery Sectional Committee**
  - No meetings held due to COVID-19

#### Osaka Head Office Health & Safety Association sectional committees

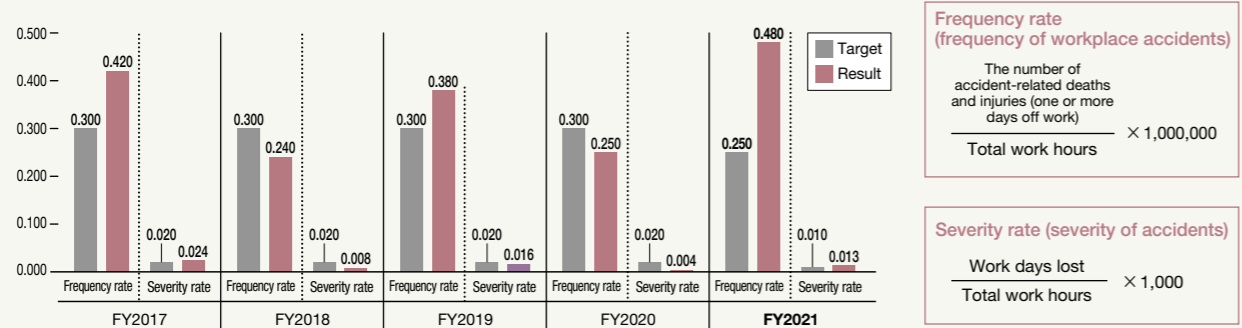
- **Electricity Sectional Committee**
  - Introduction of products that help with labor-saving
- **Cross-sector Study Group (Safety)**
  - Safety patrols to prevent falls before they happen
  - Varieties and features of tall work platforms
- **Cross-sector Study Group (Environment)**
  - Further probe into job site waste
  - Consideration of work environment improvements through work clothes
  - Pursuit of employee motivation
- **Cross-sector Study Group (Materials & Tools)**
  - Identification and investigation of materials and tools that aid labor-saving
- **Cross-sector Study Group (Quality & Labor-saving)**
  - Reduction of repeated quality incidents
- **Equipment Sectional Committee**
  - Information on equipment that leads to labor-savings and renovations

**Our Policies for Health and Safety**

“Ensuring Health and Safety” is our obligation to all the employees of our companies, their families and the society. Dai-Dan considers the health and safety of everyone working for the company as a top priority, regardless of age, gender, country of origin or level of ability. All employees from top management down are expected to cooperate in improving productivity, building a motivating workplace environment, and earning and maintaining the trust of society.

1. We shall utilize “Health and Safety Management Systems” to eradicate all industrial accidents. We shall endeavor to eliminate risk and hazards in all work activities, and continuously improve and enhance the health and safety of our workplace.
2. In compliance with workplace safety and health-related laws including our company’s internal health and safety management systems regulations, we shall enhance the health and safety standard of our employees and executives, proactively promote their well-being, and create comfortable and rewarding workplaces.
3. Through diverse work styles and opportunities to play an active role, we shall aim to improve employees’ work-life balances and support healthier, richer lives.
4. We shall regularly communicate with subcontractors and encourage them to launch and promote self-directed health and safety activities with clear role assignments.
5. We shall educate all people working for Dai-Dan in our policies for health and safety and also disclose them to the public.

**Safety performance**



**Fiscal 2021 evaluation**

**Objectives**

- Ensure three or fewer accidents resulting in a total of one or more lost work days
- Reduce number of employees not taking sufficient time off between shifts
- Reduce health risks

**Key points**

- Ensuring preventive safety management
- Encouraging measures to prevent overworking
- Implementing measures to maintain and improve employee health and to combat the spread of COVID-19

During work-related accidents in fiscal 2021, 42 employees were injured (8 of whom required time off work). This was an increase of 6 employees from fiscal 2020 (with 4 more requiring time off). The frequency and severity rate for fiscal 2021 were also much higher than the previous fiscal year due to the increase in employees requiring time off. Looking at work-related accidents for the last two or three years, the most notable increases were for incidents caused by human error, such as a lack of foresight by employees, or among experienced employees due to older average ages. The total number of injured employees is rising again.

Even if then look at the correlation between reports on close calls and the occurrence of work-related accidents, we see that those offices that proactively gather close call reports are those with lower rates of

work-related accidents. The reason for this is likely that by reporting close calls (occasions that were almost incidents), reporters gain a better sense for risk, and this minimizes the likelihood of a repeat of human errors.



In fiscal 2022, we aimed to raise the risk awareness of employees and other workers, and reduce the number of incidents, through our close call activities.

In order to reduce long working hours, we are promoting a range of measures—ensuring workers take a break of at least ten hours between shifts, introducing a planned annual holiday system, and encourage extended time off during the Golden Week, summer, and New Year periods. We also plan to support greater productivity and efficiency by incorporating i-Construction, and make proactive use of wearable cameras and similar technologies for remote patrols.

The whole group will be working together in fiscal 2022 to improve the following points.

- ① Ensuring preventive safety management
- ② Ensuring thorough working hour management and encouraging measures to prevent overworking
- ③ Implementing measures to maintain and improve employee health

**Maintaining quality assurance through strong partnerships with our subcontractors**

**Risk assessments**

We conduct risk assessments prior to starting work at all of our job sites. We specify aspects of our work that have the potential to cause harm or damage and decide on measures to minimize those risks, as well as carrying out reviews each month in line with installation progress.

**Dai-Dan Meister Program**

Since 2011, we have been fairly evaluating and rewarding foremen so as to improve job safety, efficiency, and quality, and secure skilled foremen from our subcontractors.

Within the program, financial aid is given to those who have acquired high-level certifications to offset the associated costs and financial incentives are paid to Meisters and Excellent Foremen for the work they do at job sites of ours, with the aim of developing more Excellent Foremen and High-Level Foremen, in addition to Meisters.

In July 2022, financial aid was given to 55 individuals, from 32 companies, who acquired certification, and cash rewards were given to 147 Meisters and Excellent Foremen.

**Recognizing Meisters**

In December 2021, of the foremen working on Dai-Dan job sites, 814 were selected as High-Level Foremen and 13 as Excellent Foremen. Those who were evaluated highest, a total of 3 individuals, were recognized as Meisters.

The Meister Awards Ceremony was broadcast online with offices around the country and certification was conferred.

We currently have a total of 40 certified Meisters: 12 electrical workers, 16 plumbers, 6 duct installers, 4 refrigerant pipers, and 2 insulation workers.



FY2021 Meister Awards Ceremony

**Health and safety management framework**

We are developing a health and safety framework that includes the Central Health & Safety Committee and similar committees for each of our offices. In the office health and safety committees, members are representatives of labor and management. The Central Health & Safety Committee, which oversees the entire company, takes guidance from the president and is chaired by the General Manager of the Technical Division.

**Comment from a Meister**

Last December, I was recognized with the prestigious Dai-Dan Meister certification, a great honor I am very grateful for.

One factor that I have been focusing on every day for the last couple of years, considering the rapid spread of the pandemic, is checking the health of individual workers. Watching your health is the first step toward work safety.

The next step is to greet every single person working on site to build the type of communication needed to get everyone working as a team and provide the customer with a better service. I want to place more importance on creating an environment where it is easy to consult one another without needing to think about everything alone, where you can check each other’s progress, or each other’s concerns when problems crop up.

More recently, various companies are focusing their efforts on the SDGs, but there is much we can do at job sites. Going forward, I want to concentrate on installation work that considers the social environment, such as by minimizing wasteful energy or product losses.

As a Dai-Dan Meister, I will be more aware and communicate with various workers from this and other occupations, and bounce around ideas about the work and work procedures with liaisons—and sometimes the client. I also aim to achieve a job site where every worker can work safely, enjoyably, and efficiently, and go home at the end of the day safe and sound.

I would also like to teach the young people of the next generation, giving it my all from start to finish, about my own experiences and about a range of knowledge and technologies, to make sure that there are no accidents at construction sites, which are changing every day.



Hironori Kozawa  
Daiden Construction Co., Ltd.

## Launch of the Subcontractor Portal

One of our areas of materiality is “Building better partnerships with subcontractors and suppliers.” One way we have strengthened this is by launching the Subcontractor Portal on our official website.

The aim of the portal is to allow us to share information with subcontractors quickly and further bolster our cooperation. As well as information on health and safety, the quality environment, technologies, and other topics, we post our notifications there too when necessary.

As we also provide information on registrations to the Meister system and on our various policies (Procurement policy, Dai-Dan Group Sustainability Policy, human rights and labor policies, etc.), we believe this will also make a big contribution to two of our materiality KPIs: improving the retention rate for Meisters and Excellent Foremen, and increasing the no. of CSR procurement agreement forms collected from subcontractors and suppliers.

We will develop the site as a platform for exchanging information with subcontractors, and by deepening our relationships of trust, continue to offer building services that are high quality, safe, and have minimal impact on the environment.



Subcontractor Portal top page



Subcontractor Portal member's page



Data

## Data

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## ESG Data

## Environment\*1

## Greenhouse gases

Item	Unit	Scope	FY2017	FY2018	FY2019	FY2020	FY2021
Greenhouse gas (GHG) emissions (Scopes 1 & 2)	tCO <sub>2</sub>	Non-consolidated	4,385	4,508	3,926	3,996	3,747
Scope 1*2	tCO <sub>2</sub>	Non-consolidated	1,999	2,045	1,929	1,783	1,761
Scope 2*3	tCO <sub>2</sub>	Non-consolidated	2,386	2,463	1,997	2,213	1,986
Scope 3 Category 11*4 emissions reduction (Reduction in CO <sub>2</sub> produced during building operations using our design proposals)	tCO <sub>2</sub>	Non-consolidated	10,634	22,755	14,968	20,494	16,275
GHG emissions (intensity) (Emissions per million yen in net sales)	kg-CO <sub>2</sub> /million yen	Non-consolidated	31.9	30.6	24.3	26.6	24.7
GHG emissions from offices	tCO <sub>2</sub>	Non-consolidated	1,663	1,645	1,529	1,637	1,330
Proportion of environmentally friendly vehicles	%	Non-consolidated	75.5	82.3	87.1	94.1	97.5
Power consumption	kWh	Non-consolidated	4,659,609	4,858,045	3,971,195	4,422,585	5,203,341
of which, from renewables	kWh	Non-consolidated	47,414	48,176	70,462	100,397	644,252

## Waste

Item	Unit	Scope	FY2017	FY2018	FY2019	FY2020	FY2021
Total industrial waste	Tonnes	Non-consolidated	10,916	6,871	8,251	6,493	10,037
Final disposal	Tonnes	Non-consolidated	1,182	797	1,124	885	901
Recycled	Tonnes	Non-consolidated	9,734	6,074	7,127	5,608	9,136
Recycling rate	%	Non-consolidated	89.2	88.4	86.4	86.4	91.0
No. of industrial waste sorting categories	/job site	Non-consolidated	3.7	4.0	4.2	4.2	4.8
Hazardous waste	Tonnes	Non-consolidated	28.8	23.5	12.8	16.0	37.3
General waste from offices	Tonnes	Non-consolidated	109	113	89	103	96

## Water resources

Item	Unit	Scope	FY2017	FY2018	FY2019	FY2020	FY2021
Water consumption	m <sup>3</sup>	Non-consolidated	70,312	59,122	55,761	58,690	63,432
Water consumption at job sites	m <sup>3</sup>	Non-consolidated	56,372	45,268	41,313	46,403	50,691
Water consumption at offices	m <sup>3</sup>	Non-consolidated	13,940	13,854	14,448	12,287	12,741
Wastewater at offices	m <sup>3</sup>	Non-consolidated	13,940	13,854	14,448	12,287	12,741
Water consumption (intensity) (Consumption per million yen in net sales)	m <sup>3</sup> /million yen	Non-consolidated	0.511	0.401	0.345	0.390	0.419
No. of violations of water quality/consumption standards/regulations	Cases	Non-consolidated	0	0	0	0	0

## Other

Item	Unit	Scope	FY2017	FY2018	FY2019	FY2020	FY2021
Green purchasing rate for equipment used at job sites	%	Non-consolidated	44.8	46.0	46.7	48.9	46.5
Consumption of copy paper at offices*5	Tonnes	Non-consolidated	59.3	58.0	57.4	51.7	48.4
Proportion of offices with ISO 14001 certification	%	Non-consolidated	100	100	100	100	100
Money used to pay environmental fines, etc.	Yen	Non-consolidated	0	0	0	0	0

## Society

## Human rights, diversity, and providing workplaces

Item	Unit	Scope	FY2017	FY2018	FY2019	FY2020	FY2021
No. of disabled employees	Employees	Non-consolidated	21	22	25	26	26
		Consolidated	21	23	26	27	27
Proportion of disabled employees	%	Non-consolidated	1.7	1.7	2.0	2.0	1.9
		Consolidated	1.7	1.8	2.1	2.1	2.0
Proportion of female employees	%	Non-consolidated	12.1	12.6	13.1	14.2	15.3
		Consolidated	11.9	12.3	12.7	13.8	14.9
Job turnover rate	%	Non-consolidated	1.8	1.8	2.2	2.2	3.0
		Consolidated	2.4	2.2	2.4	2.6	2.8
Human rights complaints	Cases	Non-consolidated	4	4	4	4	10

Item	Unit	Scope	FY2017	FY2018	FY2019	FY2020	FY2021
Proportion of mid-career hires	%	Non-consolidated	—	16	12	18	10
Proportion of female managers	%	Non-consolidated	0.9	0.9	0.9	0.9	0.9

## Employee training

Item	Unit	Scope	FY2017	FY2018	FY2019	FY2020	FY2021
Total training expenses	Million yen	Non-consolidated	58	58	61	76	131
Total training hours	Hours	Non-consolidated	64,500	71,946	63,509	73,516	102,176
Training hours per person	Hours	Non-consolidated	44.61	48.35	42.14	48.02	64.75

## Occupational health and safety

Item	Unit	Scope	FY2017	FY2018	FY2019	FY2020	FY2021
Frequency rate	Result	Non-consolidated	0.420	0.240	0.380	0.250	0.480
	Target	Non-consolidated	(0.300)	(0.300)	(0.300)	(0.300)	(0.250)
	Industry standard*6	Non-consolidated	(0.84)	(0.68)	(0.59)	(0.49)	(0.36)
Severity rate	Result	Non-consolidated	0.024	0.008	0.016	0.004	0.013
	Target	Non-consolidated	(0.020)	(0.020)	(0.020)	(0.020)	(0.010)
	Industry standard*6	Non-consolidated	(0.25)	(0.01)	(0.52)	(0.01)	(0.04)
Deaths (direct employees)	Employees	Non-consolidated	0	0	0	0	0
Deaths (contract employees)	Employees	Non-consolidated	0	0	0	0	0

## Contribution to social development

Item	Unit	Scope	FY2017	FY2018	FY2019	FY2020	FY2021
Donations to NGOs/NPOs and investment in communities	Million yen	Non-consolidated	33	66	38	33	9
No. of violations of labor standards	Cases	Non-consolidated	0	3	0	0	0
		Consolidated	0	3	0	0	0

## Governance

## Compliance &amp; risk management

Item	Unit	Scope	FY2017	FY2018	FY2019	FY2020	FY2021
Total political contributions	Million yen	Non-consolidated	3	2	2	0.4	0.6
No. of employees disciplined or fired for corruption, bribery, etc.	Employees	Non-consolidated	0	0	0	0	0
		Consolidated	0	0	0	0	0
Cost of fines/settlements related to corruption, bribery, etc.	Million yen	Non-consolidated	0	0	0	0	0
		Consolidated	0	0	0	0	0
Compliance reports	Cases	Non-consolidated	5	6	4	4	11
Compliance seminars	Frequency	Non-consolidated	1	1	1	1	1
Compliance training e-learning	Frequency	Non-consolidated	1	1	1	2	1
Risk sense training	Frequency	Non-consolidated	—	—	—	2	1

## Governance

Item	Unit	Scope	FY2017	FY2018	FY2019	FY2020	FY2021
Board of Directors	No. of meetings	Non-consolidated	17	18	16	16	16
	Participation rate (%)	Non-consolidated	98	99	99	97	99
Board of Auditors	No. of meetings	Non-consolidated	19	16	17	17	17
	Participation rate (%)	Non-consolidated	99	100	100	100	100
Board of Independent Officers	No. of meetings	Non-consolidated	3	7	9	8	14
	Participation rate (%)	Non-consolidated	100	100	100	97	100
Nominating and Remuneration Committee	No. of meetings	Non-consolidated	—	—	—	—	2
	Participation rate (%)	Non-consolidated	—	—	—	—	100

\*1 Excluding Singapore Branch

\*2 CO<sub>2</sub> emissions from gas, kerosene or gasoline consumption\*3 CO<sub>2</sub> emissions from secondary energy (electric power) consumption\*4 CO<sub>2</sub> emissions from operating installed equipment

\*5 FY2022 target: 47 tonnes or less

\*6 Industry standard frequency and severity rates taken from the MHLW's Survey on Industrial Accidents (equipment installation work (1,000+ employees))

# Financial and Non-financial Data (Eleven-year Summary)

Financial Information (Consolidated)	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	
<b>Results (Million yen)</b>												
Net sales of construction contract orders received	119,233	119,980	127,394	131,633	143,503	144,007	147,335	158,533	170,121	176,526	183,668	
Net sales of completed construction contracts	122,109	121,919	124,445	121,780	138,346	125,253	143,448	155,565	169,229	157,712	162,929	
Gross profit on completed construction contracts	12,377	12,742	14,137	14,563	16,713	17,788	18,786	19,111	21,056	21,521	20,723	
Selling, general and administrative expenses	9,684	9,992	9,966	10,016	10,176	11,038	11,400	11,450	11,993	12,767	13,138	
Operating profit	2,692	2,749	4,171	4,547	6,537	6,750	7,385	7,661	9,063	8,754	7,584	
Ordinary profit	2,736	3,278	4,471	4,857	6,770	6,939	7,674	8,057	9,282	9,262	8,095	
Profit attributable to owners of parent	1,175	1,599	1,670	2,921	4,248	4,638	5,109	5,464	6,399	6,318	5,778	
Capital expenditures	190	968	90	428	981	1,037	381	850	325	584	1,203	
R&D expenses	315	417	430	461	524	663	649	647	778	754	1,076	
Depreciation	431	396	419	339	279	426	469	451	458	484	449	
Cash flows from operating activities	876	1,261	3,117	2,427	611	5,395	3,320	(13,541)	12,742	14,241	(11,718)	
Cash flows from investing activities	(397)	(740)	(172)	(401)	(493)	(1,442)	(315)	(232)	(636)	(718)	(873)	
Cash flows from financing activities	(1,619)	(955)	(892)	(2,344)	(894)	(925)	(1,711)	(1,317)	(3,240)	(3,487)	(3,214)	
Cash and cash equivalents at end of period	22,635	22,420	24,598	24,358	23,536	26,549	27,858	12,776	21,616	31,747	16,037	

<b>Assets (Million yen)</b>												
Total assets	103,345	106,155	111,347	113,440	122,312	118,454	130,006	120,728	123,049	132,210	139,099	
Net assets	42,197	44,988	46,609	53,462	54,583	58,004	64,417	66,390	67,409	74,837	77,242	

<b>Per share data</b>												
Profit (yen)	52.64	71.67	74.91	130.99	190.53	208.04	229.19	245.16	291.29	291.96	270.16	
Net assets (yen)	1,887.14	2,010.77	2,081.35	2,387.22	2,438.82	2,593.28	2,882.07	2,970.59	3,101.72	3,491.84	3,603.11	
Dividend (yen)	32.00	38.00	32.00	36.00	40.00	46.00	56.00	76.00	90.00	90.00	90.00	
Dividend payout ratio (%)	61.6	53.7	43.3	27.8	21.3	22.1	24.4	31.0	30.9	30.8	33.3	

\* On October 1, 2017, we carried out a 2-to-1 reverse stock split of ordinary shares. Figures for fiscal 2016 and before are hypothetical and calculated as though the reverse stock split was carried out at the beginning of fiscal 2011.

<b>Management indices (%)</b>												
Operating profit margin	2.2	2.3	3.4	3.7	4.7	5.4	5.1	4.9	5.4	5.6	4.7	
Equity capital ratio	40.8	42.3	41.7	46.9	44.5	48.8	49.4	54.8	54.6	56.4	55.4	
Return on equity	2.8	3.7	3.7	5.9	7.9	8.3	8.4	8.4	9.6	8.9	7.6	
Price-earnings ratio	19.5	14.0	14.6	12.5	7.8	10.2	10.2	10.5	10.0	10.1	7.8	

Non-financial Information	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	
<b>Number of employees</b>												
Consolidated employees	1,435	1,445	1,472	1,498	1,493	1,505	1,540	1,600	1,617	1,644	1,727	
of which, non-consolidated	1,351	1,364	1,389	1,409	1,411	1,416	1,446	1,488	1,507	1,531	1,578	



# Consolidated Financial Statements

## Consolidated Balance Sheets

(Millions of yen)

	FY ended March 31, 2021	FY ended March 31, 2022
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	31,775	16,065
Notes receivable, accounts receivable from completed construction contracts and other	53,163	68,903
Electronically recorded monetary claims—operating	10,050	15,002
Costs on construction contracts in progress	374	464
Other	1,560	4,416
Allowance for doubtful accounts	(7)	(6)
<b>Total current assets</b>	<b>96,916</b>	<b>104,846</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	7,130	8,020
Accumulated depreciation	(3,690)	(3,739)
Buildings and structures, net	3,439	4,281
Machinery, equipment and vehicles	176	158
Accumulated depreciation	(139)	(128)
Machinery, equipment and vehicles, net	37	29
Tools, furniture and fixtures	864	893
Accumulated depreciation	(656)	(694)
Tools, furniture and fixtures, net	208	198
Land	1,268	1,280
Construction in progress	236	104
<b>Total property, plant and equipment</b>	<b>5,190</b>	<b>5,893</b>
<b>Intangible assets</b>	<b>342</b>	<b>409</b>
<b>Investments and other assets</b>		
Investment securities	17,998	15,837
Retirement benefit asset	10,385	10,628
Other	1,522	1,622
Allowance for doubtful accounts	(145)	(138)
<b>Total investments and other assets</b>	<b>29,762</b>	<b>27,949</b>
<b>Total non-current assets</b>	<b>35,294</b>	<b>34,253</b>
<b>Total assets</b>	<b>132,210</b>	<b>139,099</b>

(Millions of yen)

	FY ended March 31, 2021	FY ended March 31, 2022
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable, accounts payable for construction contracts	19,778	24,025
Electronically recorded obligations—operating	10,695	12,047
Short-term borrowings	4,449	3,229
Income taxes payable	1,677	701
Advances received on construction contracts in progress	1,367	2,058
Provision for share awards	30	26
Provision for warranties for completed construction	78	70
Provision for loss on construction contracts	1,604	615
Other	13,202	14,707
<b>Total current liabilities</b>	<b>52,883</b>	<b>57,483</b>
<b>Non-current liabilities</b>		
Long-term loans payable	734	675
Deferred tax liabilities	2,492	2,419
Retirement benefit liability	1,240	1,251
Long-term accounts payable - other	5	5
Other	15	22
<b>Total non-current liabilities</b>	<b>4,489</b>	<b>4,374</b>
<b>Total liabilities</b>	<b>57,372</b>	<b>61,857</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	4,479	4,479
Capital surplus	4,837	4,837
Retained earnings	60,103	63,946
Treasury shares	(3,206)	(3,166)
<b>Total shareholders' equity</b>	<b>66,214</b>	<b>70,097</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	7,446	6,079
Foreign currency translation adjustment	28	34
Remeasurements of defined benefit plans	942	870
<b>Total accumulated other comprehensive income</b>	<b>8,417</b>	<b>6,984</b>
<b>Non-controlling interests</b>	<b>205</b>	<b>160</b>
<b>Total net assets</b>	<b>74,837</b>	<b>77,242</b>
<b>Total liabilities and net assets</b>	<b>132,210</b>	<b>139,099</b>

## Consolidated Statements of Income

(Millions of yen)

	FY ended March 31, 2021	FY ended March 31, 2022
Net sales of completed construction contracts	157,712	162,929
Cost of sales of completed construction contracts	136,190	142,206
Gross profit on completed construction contracts	21,521	20,723
Selling, general and administrative expenses	12,767	13,138
Operating profit	8,754	7,584
Non-operating income		
Interest income	6	12
Dividend income	343	360
Rental income from real estate	34	34
Insurance fee income	134	122
Foreign exchange gains	114	135
Other	14	15
Total non-operating income	647	680
Non-operating expenses		
Interest expenses	119	98
Guarantee commission	2	6
Other	18	65
Total non-operating expenses	139	170
Ordinary profit	9,262	8,095
Extraordinary income		
Gain on sale of investment securities	51	364
Total extraordinary income	51	364
Extraordinary losses		
Loss on retirement of non-current assets	38	142
Loss on sale of investment securities	20	—
Loss on valuation of investment securities	20	4
Total extraordinary losses	79	146
Profit before income taxes	9,233	8,312
Income taxes - current	2,966	2,009
Income taxes - deferred	(52)	563
Total income taxes	2,914	2,572
Profit	6,319	5,739
Profit (loss) attributable to non-controlling interests	0	(38)
Profit attributable to owners of parent	6,318	5,778

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY ended March 31, 2021	FY ended March 31, 2022
Profit	6,319	5,739
Other comprehensive income		
Valuation difference on available-for-sale securities	2,312	(1,367)
Foreign currency translation adjustment	(10)	0
Remeasurements of defined benefit plans	1,747	(72)
Total other comprehensive income	4,050	(1,439)
Comprehensive income	10,369	4,299
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,374	4,344
Comprehensive income attributable to non-controlling interests	(4)	(44)

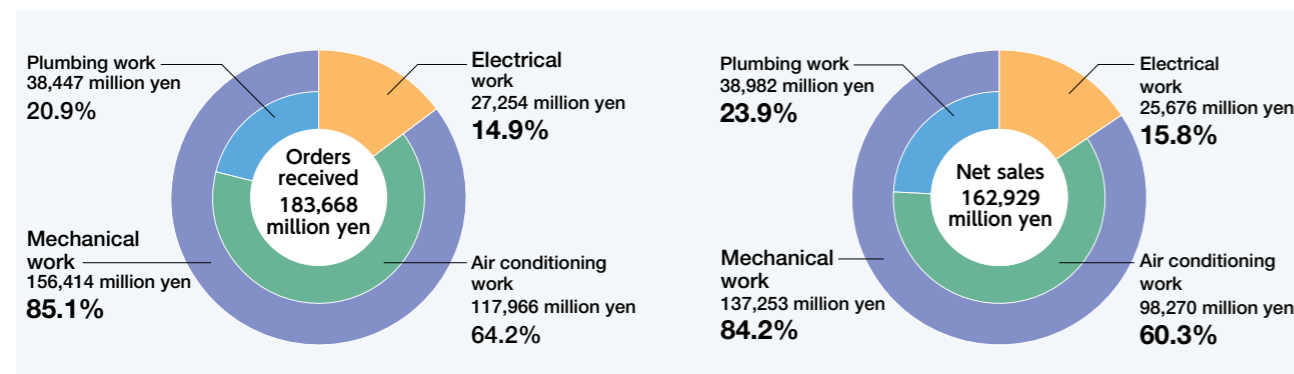
## Consolidated Statements of Cash Flows

(Millions of yen)

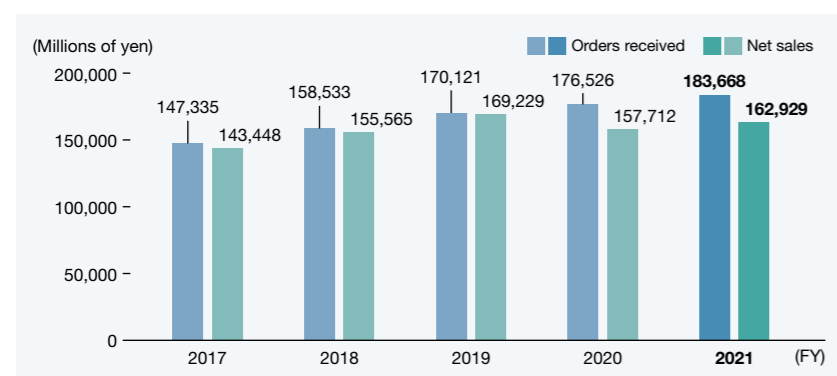
	FY ended March 31, 2021	FY ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	9,233	8,312
Depreciation	482	449
Increase (decrease) in allowance for doubtful accounts	(25)	(7)
Increase (decrease) in retirement benefit liability	(43)	26
Interest and dividend income	(349)	(373)
Interest expenses	119	98
Increase (decrease) in allowance for foreign investment loss	(7)	—
Loss (gain) on valuation of investment securities	20	4
Loss (gain) on sale of investment securities	(30)	(364)
Loss on retirement of non-current assets	38	142
Decrease (increase) in notes and accounts receivable—trade	6,675	(20,693)
Decrease (increase) in costs on construction contracts in progress	80	(89)
Decrease (increase) in other current assets	513	(2,992)
Decrease (increase) in other non-current assets	23	(10)
Decrease (increase) in retirement benefit asset	(240)	(363)
Increase (decrease) in notes and accounts payable—trade	(915)	5,599
Increase (decrease) in advances received on construction contracts in progress	340	690
Increase (decrease) in other current liabilities	1,463	558
Increase (decrease) in other non-current liabilities	10	6
Subtotal	17,388	(9,007)
Interest and dividends received	349	373
Interest paid	(118)	(95)
Income taxes refund (paid)	(3,377)	(2,989)
Net cash provided by (used in) operating activities	14,241	(11,718)
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	27	27
Payments into time deposits	(27)	(27)
Purchase of property, plant and equipment	(366)	(1,154)
Payments for retirement of property, plant and equipment	(6)	(67)
Purchase of investment securities	(104)	(203)
Proceeds from sale and redemption of investment securities	217	774
Payments of loans receivable	(42)	(91)
Proceeds from collection of loans receivable	1	40
Payment for establishment of subsidiary	(195)	(21)
Purchase of shares of subsidiaries and associates	(128)	—
Other payments	(226)	(194)
Other proceeds	132	43
Net cash provided by (used in) investing activities	(718)	(873)
Cash flows from financing activities		
Proceeds from short-term borrowings	38,060	33,570
Repayments of short-term borrowings	(36,960)	(34,370)
Proceeds from long-term borrowings	300	1,100
Repayments of long-term borrowings	(1,899)	(1,578)
Purchase of treasury shares	(915)	(1)
Dividends paid	(2,072)	(1,935)
Net cash provided by (used in) financing activities	(3,487)	(3,214)
Effect of exchange rate change on cash and cash equivalents	95	97
Net increase (decrease) in cash and cash equivalents	10,131	(15,710)
Cash and cash equivalents at beginning of period	21,616	31,747
Cash and cash equivalents at end of period	31,747	16,037

# Major Financial Information

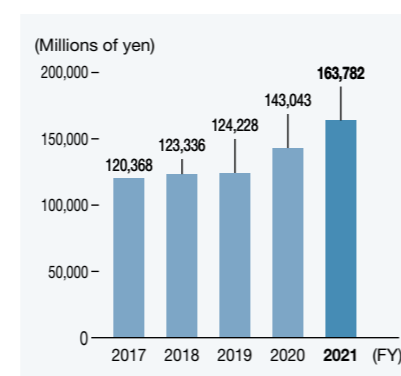
Fiscal 2021 orders received and net sales ratios by segment



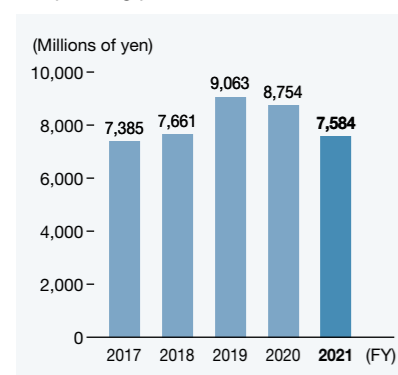
Orders received/Net sales



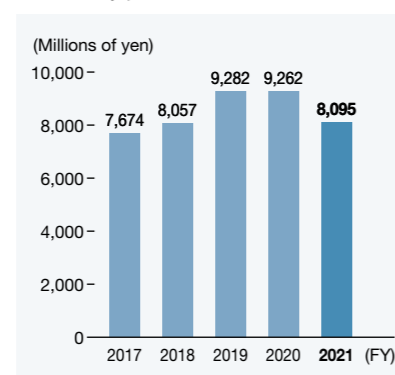
Orders received carried forward



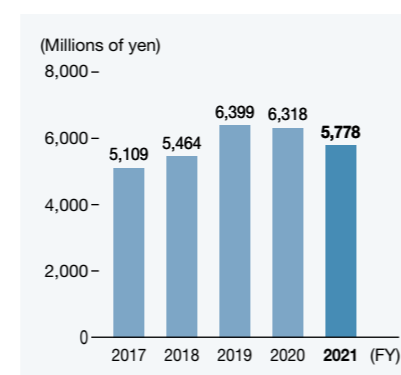
Operating profit



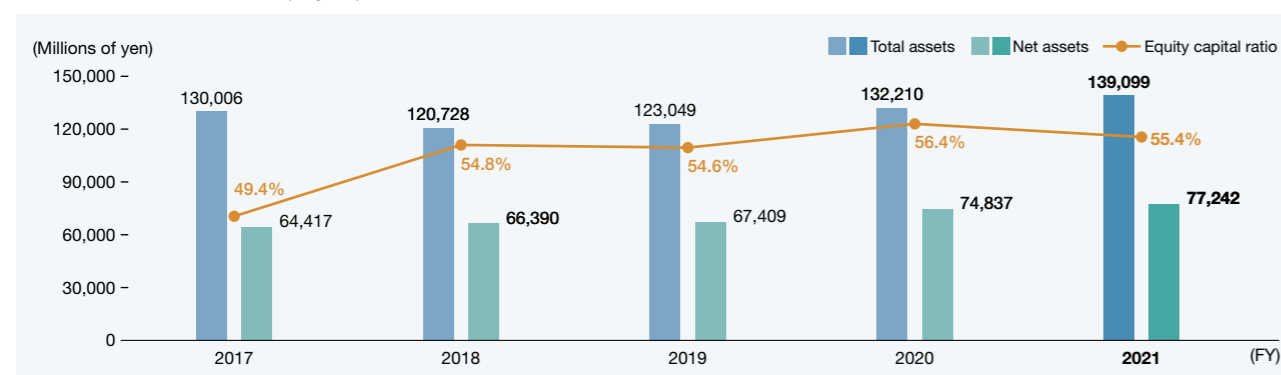
Ordinary profit



Profit



Total assets/Net assets/Equity capital ratio

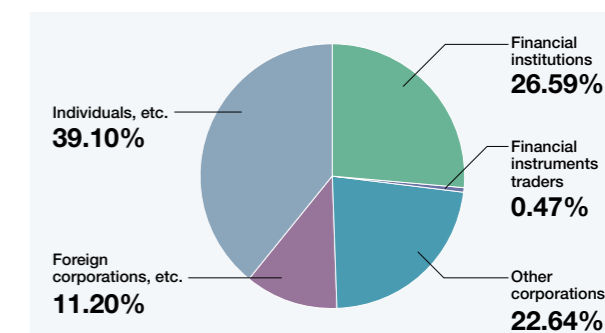


# Share Information

(As of March 31, 2022)

① Business year	April 1 to the following March 31
② Annual general meeting of shareholders	Late June
③ Total no. of authorized shares	40,000,000
④ Total no. of issued shares	22,981,901
⑤ Share unit	100 shares
⑥ No. of shareholders	3,867
⑦ Listed stock exchange	Tokyo Stock Exchange's Prime Market (Securities code: 1980)
⑧ Shareholder registry administrator	Mitsubishi UFJ Trust and Banking Corporation

Breakdown of share ownership



Major shareholders (ten biggest)	Shares held (thousand shares)	Shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,749	8.13
Tokyo Daigen Business Stock Ownership Association	1,105	5.14
MUFG Bank, Ltd.	973	4.52
Osaka Daigen Business Stock Ownership Association	818	3.80
Dai-Dan Employee Stock Ownership Association	738	3.43
Yurakubashi Building K.K.	738	3.43
Nagoya Daigen Business Stock Ownership Association	571	2.66
Sanshin Co., Ltd.	559	2.60
Custody Bank of Japan, Ltd.	484	2.25
Mizuho Bank, Ltd.	479	2.23

Note: We possess 1,481,537 treasury shares, which are omitted from this list of major shareholders and not included when calculating the percentage of shares held.

## Cross-shareholdings policy

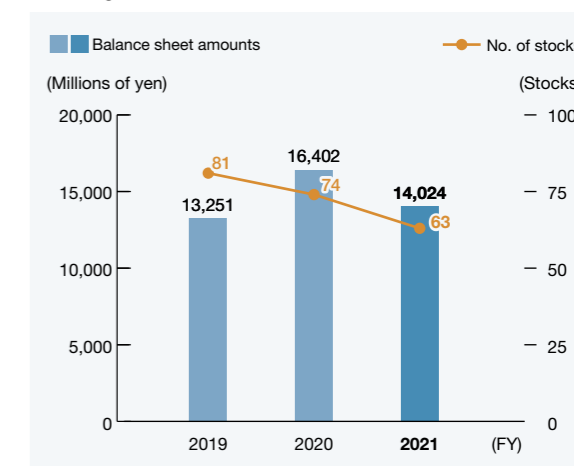
### Basic policy on cross-shareholdings

Since long-term, stable cooperative relationships with a variety of companies are vital for our sustainable growth, we will possess shares in companies with which relationships are considered necessary for our sustainable growth, from the point of view of policy objectives—such as maintaining and strengthening positive business dealings. Each year, the Board of Directors will consider the medium- to long-term financial viability of individual cross-shareholdings, among other factors, and in cases where holding the shares is deemed to be largely unprofitable, we will reduce our holdings. The Board of Independent Officers, made up of outside directors and outside auditors, will confirm these investigations and ensure the perspective of sharing profit with shareholders is represented.

### Standards on the exercising of cross-shareholding voting rights

In principle, we exercise voting rights associated with all cross-shareholdings we possess. When doing so, provided it is to our profit, we approve or oppose agenda items after close scrutiny on a case-by-case basis into whether it will lead to medium- and long-term improvements to corporate value and sustainable growth for the company in which we have invested, whether it could potentially damage our own corporate value, and whether it could negatively affect the value of the shares we hold.

Changes in value of listed shares



## Third-Party Opinion

These are the opinions of myself and three other lawyers—Motohiro Shibuya, Satoko Ochi, Kazuhiro Arioka—from the Kinki Branch of the Japan CSR Promotion Association, which was founded to set up, propagate, and develop corporate social responsibility (CSR). In this third-party opinion, from an independent and fair standpoint and in line with the Corporate Social Responsibility Guidelines published by the Japan Federation of Bar Associations, we present our finding on this, the Dai-Dan Integrated Report 2022–2023. In doing so, we have considered Dai-Dan's management and the future development of its SDG and ESG initiatives, the balance between business and human rights, and recent trends in corporate governance.

During our evaluation, after investigating the information contained in this integrated report, we distributed questionnaires and asked for other documents, and conducted interviews with related individuals. The answers and related documents we received were shared among our legal team, and we exchanged opinions and studied the company's actions.

While the full details of our opinions are given below, there are two sections I will comment on here: The sections under the key phrase of "value creation"—the history of Dai-Dan's initiatives, its value creation processes and implementation, its medium- and long-term visions, actual results, and other areas have easy-to-read explanations and are well laid out with diagrams, tables, and photographs. Equally, the parts on corporate governance and compliance fields introduce concrete initiatives and incorporate an interview with an outside director.

That is why we have been able to evaluate this report, its layout and contents, so highly.



**Masatoshi Ohara**  
Attorney, Licensed to practice in New York State (USA)  
Former Deputy Chairman, Japan Federation of Bar Associations  
Former Chairman, Osaka Bar Association  
General Director, Japan CSR Promotion Association; Director, Kinki Branch

### Initiatives related to environmental preservation

In terms of Dai-Dan's response to the environment, it has always worked actively to tackle the environmental issues that are intrinsic to society by making efforts like contributing to a carbon-free society its highest priority, and space in the message from the president has been given over to explaining the company's specific efforts. Now, Dai-Dan's management is putting forward its message of space value creation that raises awareness of its contributions to the environment and society in its main business line, M&E works. By doing so, it is providing concrete form to environmental efforts, which can often become quite abstract, both inside and outside the company. Dai-Dan's clarification of the goals of its vision is something else that is very laudable.

In particular, by uniting the two strands of raising corporate value and working on environmental issues—which can be mutually exclusive—we hope the company will raise its value while also enhancing its *raison d'être*, and this should lead to the overcoming of environmental challenges and further, sustainable environmental efforts.

Dai-Dan is steadily working toward issues it identified by setting areas of materiality, such as through points like collecting CSR procurement agreement forms from subcontractors and suppliers. The attitude behind this kind of sustained effort is also highly commendable. When we in the third-party team checked the content of these agreement forms, we saw that they included Dai-Dan's procurement policy, action guidelines for business partners, sustainability policy, human rights and labor policies, health and safety policies, quality and environmental protection policies, and requests to ensure information security. We think this is

extremely comprehensive. Moreover, the return rate from subcontractors and suppliers this fiscal year was 100%. We believe that this is proof that the company has engaged in even fuller dialogue with subcontractors and suppliers and worked on CSR procurement more than ever before, and we think we can expect even more of future initiatives.

This was also another year in which Dai-Dan made great strides in reducing its production of greenhouse gases and in promoting the use of renewable energy (see details on its environmental management system for more information). In particular, from an ESG point of view, the detailed analysis and explanation of its understanding of the different emissions scopes and its reductions is excellent. While some targets were missed, during our interviews we were able to determine that the company had sufficiently analyzed the causes and investigated countermeasures. We expect we will see improvements in fiscal 2022.

Part of Dai-Dan's social contribution efforts is its continuing activities to clean up around its offices and its tree-planting efforts. The Dai-Dan Forest project it launched in the previous year also started to take form this year and the company signed agreements between its head and branch offices and local authorities concerning the sites where the forests would be cultivated, and efforts are already underway in Hokkaido and Saitama. These foresting activities are not something that will provide an immediate result, but it will help—even if only a little—to recycle and regenerate an environment already damaged, which will lead to overall environmental regeneration and recovery. As one of Dai-Dan's new initiatives toward the environment, based on its long-term vision, it is very positive.

### Initiatives related to work-life balance and improving the work environment

Under its Sustainability Committee, Dai-Dan has established a number of task forces. The Work Style & Human Rights Task Forces—one type of task force—have launched the SMILE 2024 Project to rectify the problem of long working hours. Dai-Dan has appropriately recognized that long working hours are an important issue when it comes to employees' work-life balances and working environments, and we were very impressed that the company is taking active steps to correct this issue. During the interviews we had with Sustainability Committee members, we heard that they had conducted interviews and questionnaires with employees as one of the specific efforts included in the project. Going forward, by further promoting this project, and incorporating the findings of analysis of these interviews and questionnaires, we expect these efforts to lead to concrete results in combating long working hours.

Alongside the efforts detailed above, the promotion of a digital transformation (DX) is an important initiative that will have consequences such as greater female participation and more support for the balance between work and home lives. We are glad to see that Dai-Dan is continuing to promote DX, which it has been doing since before the pandemic. By continuing to do so, we think the company should be able to create even better workplaces.

In terms of occupational health and safety, unfortunately, the situation worsened compared to the previous year with rises in the number of victims of industrial accidents, the frequency rate, and the severity rate. However, the company did identify that the reason for this was human error (such as a lack of foresight by workers) or incidents among more experienced workers due to older average ages among the workforce. Dai-Dan's efforts in promoting the reporting of close calls, considering the correlation between close call reports and the likelihood of industrial accidents occurring, is also praiseworthy because it is analyzing the causes—as it should—and making efforts to reduce the number of incidents. We expect this to be reflected in better statistic next year and beyond.

### Initiatives related to corporate governance and legal compliance

As part of its corporate governance, Dai-Dan has put in place a new Nominating and Remuneration Committee (a majority of the members of which are outside directors). This committee reports and offers advice about the appointment or dismissal of directors and their compensation to the Board of Directors, and has been established with some real power of influence. This system is designed such that we can expect even greater

fairness from decisions made by the Board of Directors.

The Board of Independent Officers, which comprises only outside directors and auditors, analyzes and rates the answers directors give in their self-assessment questionnaires. It also identifies issues from these, and we can see that the committee plays a central role in evaluating the Board of Directors' effectiveness.

In such ways, the outside directors have a vital function, and as the outside director says in his interview, being able to actually feel the importance and effect of that role backs up the soundness of the company's corporate governance, another area in which Dai-Dan has done well.

We also have great expectations for the continuous strengthening of corporate governance through the way in which the newly established Sustainability Committee and Sustainability Promotion Department are working to implement the Dai-Dan Group Sustainability Policy through activities that cross divisional and departmental boundaries.

For compliance, considering the importance of its internal whistleblowing system in particular, the company has taken on board revisions to the Whistleblower Protection Act, and expanded the scope of potential whistleblowers, to invigorate the system. We hope that Dai-Dan will make further improvements in the future, such as by coming up with specific ways to secure greater neutrality for the external hotline, which is currently manned by corporate lawyers, so that the system can function effectively as a means of ensuring compliance.

In the area of risk management, the Risk Management Committee is sharing information and collaborating with the new Sustainability Committee, which is reflected in appropriate response processes for risks attached to new issues, such as climate-related risk. The COVID-19 Task Force has also been established and is working to come up with risk reduction measures that are able to flexibly adapt to the specific situation, such as fluctuations in the nature of the pandemic or changes in government policy.

### Reflecting on the third-party opinions

I am extremely grateful to Mr. Ohara, Mr. Shibuya, Ms. Ochi, and Mr. Arioka for their opinions, which we value. Their evaluations of our individual efforts to address environmental issues, work-life-balance, and corporate governance as priority issues are encouraging, and we will take on board their proposals as matters of great urgency. In the future, too, we will work flat-out to provide our stakeholders with value and make society more sustainable.



**Yoji Sasaki**  
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Corporate Planning  
Office Manager