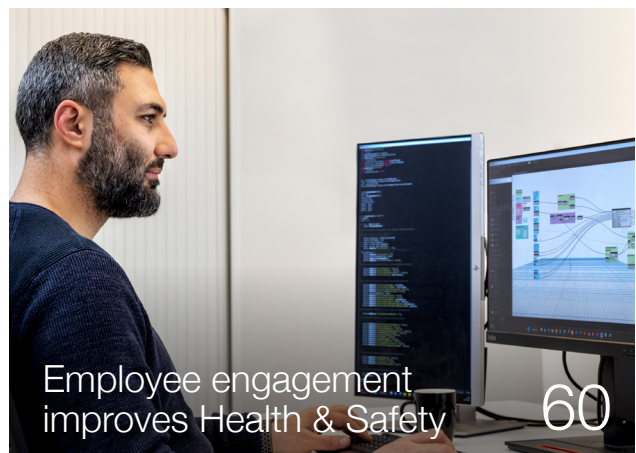


ESG report
2022

Building a
sustainable
future



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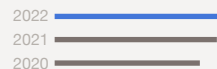
Key impacts 2022



Headcount

436 fte

2021 **429**



GHG emissions

kg CO₂ per m²

271

2021 **285** Target 2030 **146**



CO₂ Performance Ladder

(level)

5

2021 **4** Target 2030 **5**



Absenteeism

6.8%

2021 **4.4%** Target 2030 **<4%**



Employee engagement

7.2

2021 **7.2** Target 2030 **8.5**

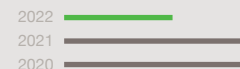


Diversity & inclusion

(% women in management positions)

4.3%

2021 **7.1%** Target 2030 **30%**

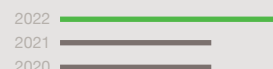


Safety Culture Ladder

(level)

3

2021 **2** Target 2030 **5**

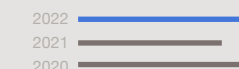


Mono streams

(recycle streams)

48%

2021 **39%** Target 2030 **80%**





Foreword by Harry van Zandwijk, CEO

At Daiwa House Modular Europe, we are committed to meeting the changing demands of society and promoting a sustainable and circular value chain. Above all, we prioritise the safety and well-being of our people, our customers and their residents. In 2022, together with the stagnation of constructing traditional buildings due to measures to reduce nitrogen deposition, the severe shortages in the housing market remains. We provide sustainable, circular, and affordable homes for everybody, thereby contributing to a solution for the housing shortage.

In 2022 our revenue grew by 30% to €260 million, and the number of our employees increased to 436. To prepare for future growth we invested in a new factory in Montfoort, the Netherlands. This factory allows us to double the production capacity from 10,000 to 20,000 modules. We also invested in a new factory in Germany, which will become operational in 2023. With five factories in the Netherlands and Germany, we are well prepared to reach our ambition of being the market leader in modular and circular construction in Europe.

This growth also comes with great responsibilities from an organisational point of view and from an employer perspective. As the largest modular builder in Europe, our ambition is to use our modular constructions to make a positive impact on social challenges, such as the shortages in the housing market, the lack of houses for starters, the urgent refugee situation in Europe and the earthquake-affected area in the northern part of the Netherlands.

Our performance on environmental, social and governance (ESG) aspects remains extremely important. We aim for a solid financial performance, and at the same time, we are committed to safety and the well-being of our people, and to offering flexible and efficient solutions as a partner for changing societal demands. Lastly, we are committed to a sustainable and circular value chain and take responsibility for all materials and energy used within it.

We had several key achievements in 2022. We delivered 2,500 homes, including 323 specifically designed to be earthquake resistant. We improved our position on the CO₂ Performance Ladder from level 4 to level 5 and maintained our Safety Culture Ladder position at level 3. We increased our waste mono stream by 9% and finalised two timber test projects. Daiwa House Modular



“At Daiwa House Modular Europe, we are committed to meeting the changing demands of society and promoting a sustainable and circular value chain. Above all, we prioritise the safety and well-being of our people, our customers and their residents.”

Europe introduced ‘Jong in de Bouw’ (JIB), which is a platform to engage specifically with our young professionals. We also implemented a campaign in which we encourage all our employees to focus on their personal vitality and health.

We also faced challenges, which we will continue to address in 2023 and beyond. For instance, our proportion of women in management positions decreased to 4.3% and our absenteeism increased.

This report explains how we create value, what our ambitions are and how we are performing compared to those ambitions. We thank all our stakeholders, especially our customers, residents, suppliers, partners and, above all, our employees. Only together with our stakeholders and partners can we deliver our work to solve the housing shortage.



About Daiwa House Modular Europe

Our organisation

Daiwa House Modular Europe is an organisation with Dutch and Japanese roots.

Daiwa House Modular Europe combines the expertise of the Japanese Daiwa House Group and the European Jan Snel. With over 60 years of experience in the Benelux and 50 years internationally, we make a difference with modular and circular construction. Daiwa House Group is the largest industrial builder in the world and Jan Snel is one of the largest players in the field of modular and sustainable building solutions. Together we have grown into Europe's largest modular builder. Thanks to a merger between Daiwa House, Jan Snel and Medexs, the construction possibilities have become infinite.

Together, we can meet numerous housing and accommodation needs and requirements with our wide range of solutions. We construct buildings in an industrialised, circular and modular way for our clients and future residents. We provide high-quality accommodation solutions for residential housing, health care, offices, education, government and industry.

As an organisation with Dutch and Japanese roots, the relationship between people and society is central to everything we do. Our building method reflects our care for the environment.

The Europe's largest modular builder



“As an organisation with Dutch and Japanese roots, the relationship between people and society is central to everything we do.”

50

Years of international experience

60

Years of experience in Benelux



Headcount and revenue (breakdown by country and division)

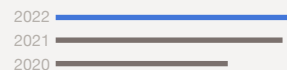
Key figures 2022



Headcount

436^{fte}

2021 **429**



Revenue

260€ mio

2021 **200**



	2019	2020	2021	2022
Divisions				
Daiwa House Modular Europe*			245	241
Jan Snel	292	339	140	146
Medexs	39	45	44	49
Total	331	384	429	436
Country				
Netherlands	317	362	401	397
Other (Belgium, Germany, UK)	14	21	28	39
Total	331	384	429	436

	2019	2020	2021	2022
Divisions				
Daiwa House Modular Europe	43	76	99	141
Jan Snel	65	63	76	89
Medexs	7	30	24	30
Total	115	169	200	260
Country				
Netherlands	100	152	155	242
Other (Belgium, Germany, UK)	15	17	44	18
Total	115	169	200	260

* Daiwa House Modular Europe includes staff employees who serve all entities within the Group

For 2019 and 2020 FTE were not split between housing construction and module rental & sales activities.



Our brands and product groups

We offer future residents and users a perfect living or working solution by developing and building comfortable, affordable, sustainable homes and buildings. Our homes and buildings stand for quality, comfort, safety and above all sustainability. Daiwa House Modular Europe constructs circular buildings that will not have to be demolished in the future and instead can be dismantled and reused.

Daiwa House Modular Europe has three European brands and fields of business. We operate in the Benelux, Germany and the United Kingdom and have ambitions for further growth in Europe. We manage the following brands:



Housing construction

Specialist in permanent and semi-permanent modular buildings for houses, apartments, student accommodations, senior accommodations, houses for people in need of care, houses for labour migrants, hotels.



Module rental & sale

Specialist in permanent and semi-permanent modular buildings for education, industry, offices, government, specials.



Health Care

Specialist in developing and realising sustainable clinical housing for the health care sector, including installations for the medical and pharmaceutical sector such as entire hospitals, operating theatres, IC wards, MRI rooms, clean rooms, untra-clean ventilation systems, maintenance, validation & consultancy.





We serve multiple customer groups with our three brands

Having a home is one of humanity's basic needs. Living in a comfortable, safe and high-quality home is a precondition for realising your dreams; the same goes for future-proof accommodation.



Daiwa House Modular Europe offers sustainable homes for diverse client groups. With our global expertise, we can meet the growing demand for sustainable housing in Europe. We offer the following housing concepts:

- **Houses:** Sustainable houses for families and couples that fit well with the streetscape.
- **Apartments:** An affordable home for starters, couples and singles.
- **Student accommodation:** Housing for students close to their university or school of applied sciences.
- **Senior accommodation:** Barrier-free accommodation that truly feels like a home.
- **Migrant workers:** Practical and comfortable housing for migrant workers.
- **Hotel:** Relaxation in high-quality finished hotel rooms.



Jan Snel offers smarter, swifter and more sustainable modular units for rent or sale to be used in market sectors such as:

- **Education:** We provide units for a school, university or childcare centre that needs temporary or permanent capacity for growth, renovation or emergency reasons.
- **Offices and industry:** Everyone deserves a comfortable workplace. Whether it's for a luxury office building, fire station, beach pavilion or a construction site, Jan Snel has a quality modular solution for any permanent or temporary need.
- **Government:** In today's troubled and uncertain times due to war and climate change, we are seeing that governments have an increasing need for temporary and permanent housing solutions for refugees and asylum seekers.
- **Sports, events and leisure:** From sports halls to VIP lounges and from training facilities for professional football clubs to accommodation for Formula 1 racing, our units meet clients' needs.



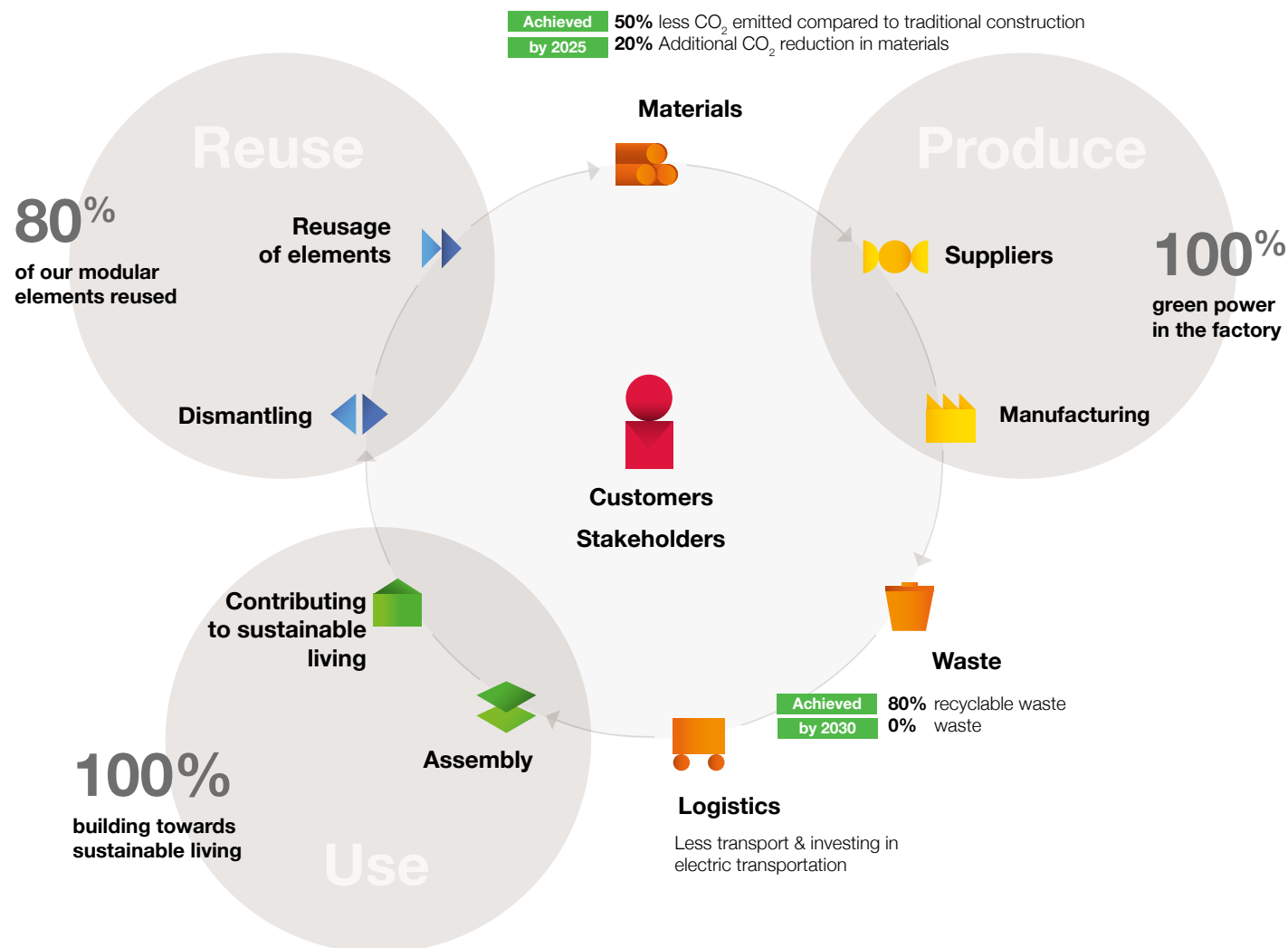
Medexs offers a total solution in the health care sector, in terms of realising, renovating, expanding or dismantling classified buildings or spaces for the medical and pharmaceutical sector. The offer features a wide range of specialist sustainable building and space solutions, from operating theatres to complete hospitals. Products and services include:

- Hospitals
- Operating theatres
- Clinics
- Cleanrooms
- Laboratories
- Components
- Consultancy
- Maintenance and validation



Our circular value chain

How we play our role in the value chain

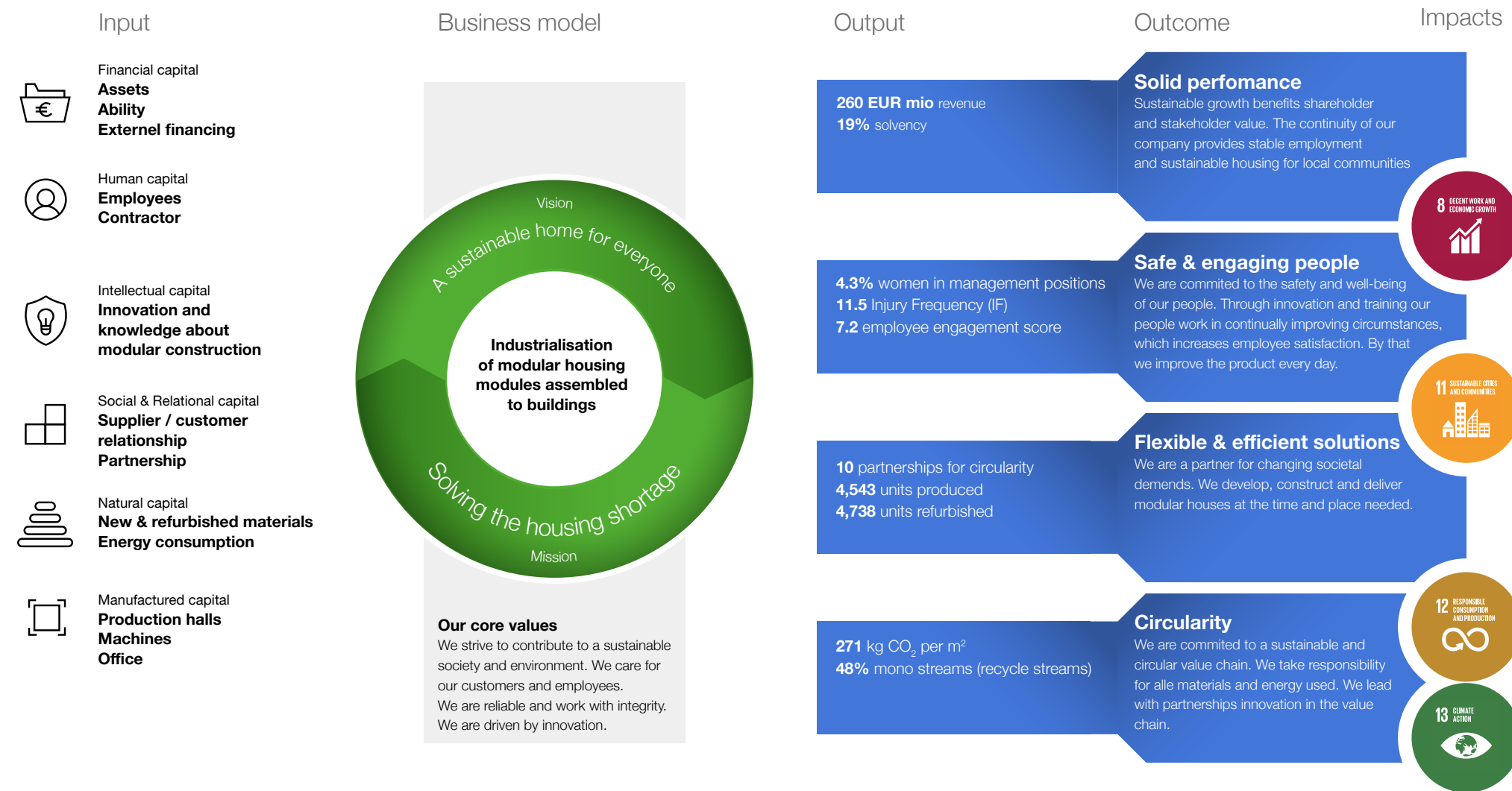


This infographic illustrates Daiwa House Modular Europe's circular construction process. When we receive a customer request, the construction process starts, and we immediately look at the possibilities for the greatest degree of reuse: not only the reuse of our modules but reuse of all materials and elements as well. Our aim is to achieve a construction process without waste. As shown in the infographic, 80% of our modules are reused, and our modular construction method uses 50% less CO₂ compared to traditional construction methods. At Daiwa House Modular Europe, we are driven by our passion for innovative construction methods and our contribution to a circular economy. We are therefore continuously optimising our construction processes.

How we create value

During every stage of the building process and beyond, our ambition is to create value. We do this by using and reusing sustainable resources and materials and by delivering modular solutions which contribute to addressing social developments such as the housing shortage, Covid pandemic, the refugee situation and the earthquake-affected area in the northern part of the Netherlands. This approach allows

us to preserve the value of materials and at the same time create added value for clients, future residents, and the world around us. Based on the International Integrated Reporting Council (IIRC) framework, we use various resources to create value for our stakeholders in the short, medium, and long term. How Daiwa House Modular Europe creates value is shown in the overview below.





Our strategy and business model

Vision and mission

Our vision

A sustainable home
for everyone.

Our mission

Solving the
housing
shortage.

Our strategy

Market leader in modular and circular construction in Western Europe with the highest level of service and customer satisfaction.

The owner and operator of the **most efficient modular production** sites in Western Europe, innovative and sustainable.

A safe, strong, flexible and efficient organisation where the best and most talented people work in a safe and inspiring environment.

An organisation with a **healthy financial position** that creates value for shareholders and stakeholders.

Daiwa House Modular Europe builds houses all over Europe. We use modular building methods in an industrialised and robotised manner. This building method offers myriad demonstrable benefits in terms of its efficiency, speed, quality, safety and especially sustainability. In other words, we build smarter, faster and more sustainably.

Our core values

A sustainable society and environment

Care for customers and employees

Reliability, safety and integrity

Driven by innovation

Our business model

Our residential concepts are based on our many years of experience and expertise in modular construction. This method offers numerous benefits in terms of efficiency, speed, quality, safety and, above all, sustainability. Industrial, modular construction is a building technique in which houses are, for the most part, manufactured in a factory. Complete modules are assembled into a single building at the construction site, and subsequently fitted with plumbing, electricity and all other amenities required.

All our houses are manufactured under controlled conditions at our factories. We have complete control over the entire production process, including all the necessary supply lines. This minimises any margin of error, minimises our dependency on the weather and allows us to always guarantee a high standard of quality. We are therefore able to achieve time savings of 30 to 50% compared to traditional construction companies, resulting in higher returns for our customers.

Modular construction causes less inconvenience to local residents in the way of noise, dust and construction traffic. Also, construction sites can be much smaller and less transport movement is needed, which means CO₂ emissions can be reduced significantly.

This innovative construction method gives us full control over the delivery of raw and other materials, while ensuring our production process is minimally impacted by weather conditions or labour shortages.



Sustainable Development Goals

The Sustainable Development Goals (SDGs) are a collection of 17 interlinked global goals designed to be a “shared blueprint for peace and prosperity for people and the planet”. The SDGs were established in 2015 by the United Nations General Assembly with the aim of achieving them by 2030. For Daiwa House Modular Europe, it is important to contribute to achieving the SDGs, and we have decided to focus on the four Goals that are most closely linked to our core business activities:



8 DECENT WORK AND ECONOMIC GROWTH

Through leadership in the value-chain we constantly innovate and respond to changing and growing markets. We are able to provide direct and indirect employment to more than 400 people and create incomes for their families.



12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Circular design and production methods contribute to responsible production. We create affordable quality for everyone.



11 SUSTAINABLE CITIES AND COMMUNITIES

Through sustainable living, we impact cities and communities. We provide people with sustainable homes and create secure, healthy and socially beneficial environments.









13 CLIMATE ACTION

We minimise our greenhouse gas (GHG) emissions and contribute to the Paris Agreement, which aims to limit global warming to 1.5 degrees Celsius.



Roadmap ESG (Daiwa House Modular Europe)

ESG Roadmap

	Theme	2021	2022	2025	2030	2050		
 Environmental See also page 20	Materials	Explore timber construction	Finished two timber test projects	20% lower carbon emissions	Carbon neutral*	Positive carbon emissions		
	Waste	39% mono streams / recycle streams	48% mono streams / recycle streams	57% mono streams / recycle streams	80% mono streams / recycle streams	100% mono streams/recycle streams		
	Energy	<ul style="list-style-type: none">- 1.3% own energy generation- Projects - BENG compliant	<ul style="list-style-type: none">- 1.3% own energy generation	<ul style="list-style-type: none">- 40% own energy generation	<ul style="list-style-type: none">- 80% own energy generation- Projects- Energy neutral	<ul style="list-style-type: none">- energy neutral- Projects- Energy positive		
	Being a good employer	<ul style="list-style-type: none">- Absenteeism rate: 4.4- Employee engagement 7.2- 7.1% women in management positions	<ul style="list-style-type: none">- Absenteeism rate: 6.3- Employee engagement 7.2- 4.3% women in management positions	<ul style="list-style-type: none">- Absenteeism rate <4- Employee engagement > 8.5- 15% women in management positions	<ul style="list-style-type: none">- Absenteeism rate <4- Employee engagement > 8.5- 30% women in management positions	<ul style="list-style-type: none">- Absenteeism rate <4- Employee engagement > 8.5- 50% women in management positions		
 Social See also page 36	Working safely	<ul style="list-style-type: none">- Safety Culture Ladder level 2	<ul style="list-style-type: none">- Safety Culture Ladder level 3- 0 fatal accidents and accident with lasting injuries- IF (Injury Frequency): 11.5 (target 2023 <4)	<ul style="list-style-type: none">- Safety Culture Ladder level 4- 0 fatal accidents and accidents with lasting injuries- IF (Injury Frequency) <2	<ul style="list-style-type: none">- Safety Culture Ladder level 5- 0 fatal accidents and accidents with lasting injuries- IF (Injury Frequency) <1	<ul style="list-style-type: none">- Safety Culture Ladder level 5- 0 fatal accidents and accidents with lasting injuries- IF (Injury Frequency) <0.5		
	Social development	<ul style="list-style-type: none">- 182 apartments- 115 earthquake-resistant homes, 3 shops and 1 care centre- 1 school / childcare centre- Covid-19 pandemic: 110 projects- 22 projects related to refugees	<ul style="list-style-type: none">- 1691 apartments- 329 earthquake-resistant homes and 1 shop.- 74 projects related to refugees.- 2 senior houses	<ul style="list-style-type: none">- 9110 houses	Continuously contribute to solving the housing shortage			
	 Governance See also page 54	Customer satisfaction	7.6***	7.5	>8.0	>8.5	>8.5	
		Innovation			Continuously innovate our products, processes & services			
Solid financial position		Solvency: 28%	Solvency: 19%**	Solvency = 32%				
Business ethics		100% of our employees are aware of and trained regarding our 'code of conduct'						
<p>* Scope 1 and 2 (scope 3 depending on the developments of carbon storage in biobased materials) ** Growth investments in factories, the Netherlands and Germany, and increase of employees *** In 2019 (in 2021 there was no research)</p>								



Stakeholder engagement

How we engage with our stakeholders

Stakeholder engagement is very important for Daiwa House Modular Europe, as we need to ensure that we understand our stakeholder needs and expectations and deliver our ESG strategy. We have identified our key stakeholders through a stakeholder mapping process. We engage with our stakeholders continuously but also recognise that we can do much more going forward.

“Effective stakeholder engagement is the bridge that connects vision to reality, turning ideas into action through the power of collaboration and shared purpose.”

Key discussion topics	How we engage & the channels we use
Employees <ul style="list-style-type: none"> - Good working conditions - Health & safety - Reward - Employee satisfaction - Fulfilment - Personal development - Involvement of employees - Communication 	<ul style="list-style-type: none"> - Employee satisfaction survey - Training and development programs - Town hall events/newsletters, intranet app, biannual reviews and development meetings - JIB (Jong in de bouw)
Shareholders / Lenders / Regulators <ul style="list-style-type: none"> - Involvement - Quality - ROI / financial results - Transparency - Compliance - Collaboration - Sustainability 	<ul style="list-style-type: none"> - ESG report - Financial report - Website - Specific sessions
Customers <ul style="list-style-type: none"> - Price quality - Flexible housing - Multifunctional - Sustainability - Speed - Unburden 	<ul style="list-style-type: none"> - Customer meetings - Business reviews - Fairs & events - Experience Centre
Suppliers / Subcontractors <ul style="list-style-type: none"> - Partnerships - Continuity - Relationship building 	<ul style="list-style-type: none"> - Based on feedback from our suppliers, we now plan annual supplier events at our Experience Centre - Fairs & events - Business reviews
Competitors <ul style="list-style-type: none"> - Housing challenges - Sustainability - Safety 	<ul style="list-style-type: none"> - Specific/topic related collaboration sessions - Fairs & events
Next generation & society <ul style="list-style-type: none"> - Clean world - Sufficient raw materials & energy 	<ul style="list-style-type: none"> - Local charities - Employee volunteering - Collaboration with NGOs



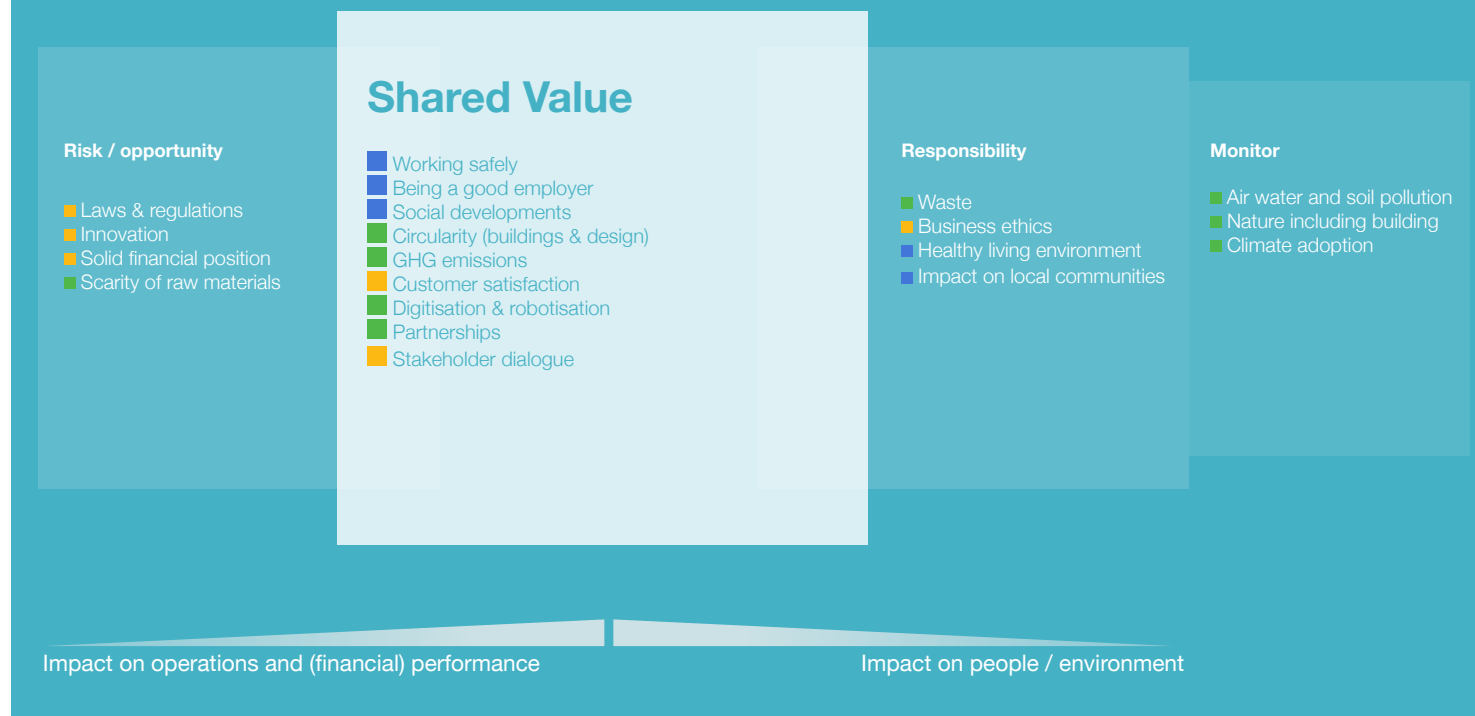
Double materiality assessment

We identify the environmental, social and governance topics that we believe have the greatest impact on our business, on people and on the environment. Assessing these topics enables us to prioritise and focus upon the most material topics and effectively address these in our policies and programmes. At Daiwa House Modular Europe, we identified our material topics in 2022 by applying the principle of double materiality, in which we analyse the impact of each topic based on the following two aspects:

- how the topic impacts people and the environment; and
- how the topic impacts the operations and (financial) performance of Daiwa House Modular Europe.

Our materiality assessment is based on a trend analysis and stakeholder input. In 2021, we solicited input from a diverse group of external and internal stakeholders, including NGOs, customers, suppliers, employees, senior management and a member of the supervisory board. As input, we held several in-depth interviews and sent out a questionnaire asking our stakeholders to rank the topics. We analysed all inputs from diverse sources and rated each topic on its financial materiality and impact materiality. You can find the definitions and details of the ranking in the annex 'About this report'.

Materiality assessment



We cover all the material topics in this report; you can find details on the pages listed in the table.



Environmental

	See pages
GHG emissions	24 – 32
Circularity (buildings & design)	33 – 36
Digitalisation & robotisation	41
Partnerships	39 – 41
Waste	38
Scarcity of raw materials	42



Social

	See pages
Safety at work	60 – 65
Being a good employer	47 – 59
Social development	66 – 67
Healthy living environment	67
Impact on local community	67 – 68



Governance

	See pages
Business ethics	76 – 77
Stakeholder dialogue	14
Solid financial position	75
Laws & regulations	75
Customer satisfaction	79
Innovation	41



Governance

This overview shows which body of organisation covers which topic, who is responsible for it and how often they meet per year.

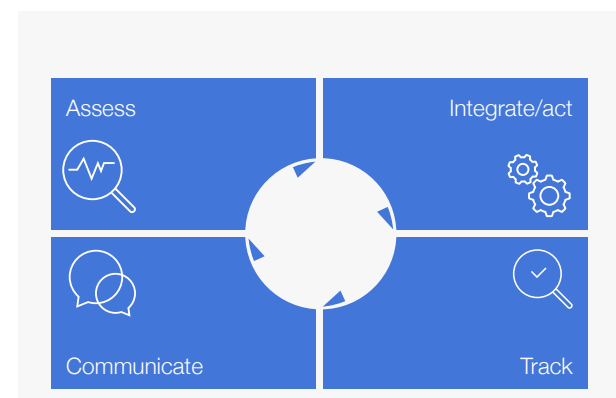


Our approach to due diligence

We take our responsibility for sustainability seriously, and we want to not only do business in a responsible way ourselves, but also ask our stakeholders to demonstrate how they deal with sustainability. Within the organisation, Daiwa House Modular Europe has set up systems to regularly review our activities for potential negative impacts and to ensure that our activities align with expectations from our stakeholders. With our due diligence control systems, Daiwa House Modular Europe guarantees stakeholders that our products and processes meet the most stringent standards in the field of building standards, environment, safety and working conditions. Training and audits help to safeguard implementation and continuous improvement.

Our due diligence process focuses on four key areas:

- **Assess and prioritise** our main risk (materiality assessment)
- **Integrate** the risks and related policies into the workplace
- **Track** and audit the implementation and improvements
- **Communicate** progress and required changes





Assess risks

Based on the materiality assessment, Daiwa House Modular Europe conducts a risk analysis. This includes identifying internal and external risk factors that may affect the organisation in terms of ESG. The related due diligence process is mainly headed in three separate teams: the Environmental Team, the Safety Team and the HR Team. Each team reports directly to the Board of Directors on a regular basis. The risk analysis takes place on a continuous basis, and it involves following market developments and discussing risks with external experts as well as in our meetings with subcontractors, clients and suppliers. The current size of our company allows us to professionalise and streamline this assessment process, which is our ambition for the coming years.

Environmental risks

We are committed to complying with the Paris Agreement. While we fully focus on achieving our goals, we are realistic about the risks we face and the construction sector's contribution to climate change through greenhouse gas emissions. These risks include potential carbon taxes on building materials and increased costs for production. Additionally, the sector faces significant challenges from physical changes caused by climate change, such as extreme weather conditions and water shortages. In addition, we limit the input of raw materials and output of waste through the circular economy and promote the use of recycled materials to limit environmental impact. However, finding consistent and high-quality recycled materials can be challenging, leading to increased costs and difficulties in sourcing. Additional testing and certification processes are required to ensure quality and performance, which can contribute to project costs. Lastly, we also are aware that our construction projects can negatively impact local communities through pollution, noise and possible loss of biodiversity.

Safety risks

Daiwa House Modular Europe's commitment to providing a healthy and safe workplace for all employees and contractors is a top priority so that everybody gets home safe every day. While the company implements various controls and measures to ensure safety, it acknowledges that unforeseen events can occur within the factory, construction site or office environments. These events have the potential to cause illnesses, serious injuries or even fatalities, which may subsequently result in personal distress to the employee or family members, business disruption, financial losses, reputational damage or legal claims.

Social risks

To fulfil our ambition, it is essential to unlock the complete potential of our workforce, attract a diverse pool of talented individuals and nurture their well-being. Failure to effectively attract, develop and retain diverse and skilled employees, as well as capable leaders, and let them work together in harmony, can undermine our ability to execute our strategy and attain the desired outcomes. Failure to keep them healthy emotionally, socially and physically will impact our employee engagement, our corporate culture and productivity and hinder reaching our long-term goals. Special attention is required to the risks related to the General Data Protection Regulation (GDPR).



Integrate and act

It is essential to incorporate risks and their corresponding policies into the workplace. At our organisation, we proactively identify the required policies that effectively address and mitigate risks, while also ensuring adherence to established procedures. As our organisation continues to grow, we recognise the need for an expanding set of policies to accommodate the increasing scale. We understand the importance of adapting and developing new policies that align with our evolving needs and challenges. This is a continuous process that has our serious attention.

Environmental risks

We prioritise environmental stewardship through various initiatives and collaborations. Our sustainability team consistently monitors existing and emerging environmental issues and regulations. This allows us to stay informed about evolving environmental concerns and adapt our practices, procedures and policies to mitigate risks. We also actively engage with non-governmental organisations (NGOs), universities and suppliers to stay updated on the latest environmental developments and best practices. In addition, environmental requirements are part of our supplier assessment. The requests are not all obligatory, but they provide a basis to start a dialogue for awareness and improvement. We regularly share information about our environmental activities and achievements to create awareness of the developments and risks among employees. This sharing of information encourages a culture of environmental responsibility and motivates individuals to contribute to sustainability efforts. Lastly, we provide employees with a notification tool that enables them to report any malfunctioning or risks and identify new opportunities for environmental improvement.

Safety risks

We have strict safety procedures and policies in place to promote a safe working environment and create a good safety culture. This includes procedures for safety awareness, safe work practices, handling equipment, emergency response plans and personal protective equipment requirements. We provide specific training programs to ensure that employees and contractors are equipped with the necessary knowledge and skills to perform their tasks safely, and we train managers to lead by example. We conduct safety risk analysis on a per-project basis. This proactive approach allows us to identify and address potential hazards and risks specific to each project before they escalate into safety issues. It ensures continuous awareness of safety. If an incident does happen, we have incident reporting and investigation procedures in place. We identify the root causes of accidents or potential risks and take corrective actions to be implemented to prevent recurrence. We strive for stakeholder engagement and we collaborate with employees, contractors and other stakeholders to promote a safety culture and encourage their active participation in maintaining a healthy and safe workplace. Employees can use our notification tool to indicate unsafe situations or improvement opportunities.

Social risks

There are several policies and procedures in place in which the guiding principles are established for mitigating negative impacts in the working environment. These are primarily owned by HR, approved by the Board of Directors and count for all. We monitor implementation and use via regular reporting. Managers (and employees) are made aware of these policies and any updates. Managers are tasked with following and implementing these policies in their teams. We are establishing a new HRM system to facilitate our leaders with better data on the key risk factors, thereby allowing balanced decision making. To ensure the good health of our employees, we initiated a vitality program to stimulate a healthy lifestyle. In addition, we have planned an updated risk evaluation of all positions focused on physical, mental and social risks (2023). Part of this is a voluntary medical checkup with personal advice for all participants. Managers are trained, with the help of external providers, on how to provide the best support to employees who are sick to keep them engaged with the workplace for a smooth recovery and return to work.



Track

To ensure the effectiveness and compliance of our internal processes, we have implemented both general internal audits and specific external audits. These audits play a vital role in tracking, assessing and evaluating the implementations and improvements. We have two audits that cover companywide topics. J-Sox is an internal audit conducted in the Netherlands for our Japanese shareholder that covers Finance (four times a year), HR and IT (both annually). In addition, we have an external audit conducted by an external auditor covering Finance, HR, IT and general governance.

Environmental risks

We track our CO₂ performance related to materials, waste and energy on a quarterly basis, analysing monthly data. This allows us to track any negative performance and immediately analyse the cause of the increase, and it helps us to identify any operational risks causing a negative environmental impact. In addition, we committed ourselves to the SKAO CO₂ Performance Ladder – an external audit device to challenge our strategy, performance and actions to face our environmental risks. The external audit is preceded by an internal audit. The findings in the audits, or the identification of improvements, are the basis for our adjusted strategy or actions. Part of the assessment is the supply chain analysis of our two main contributors to CO₂ emissions. These assessments have been conducted for materials and waste, and they allow us to review the potential risks in the supply chain. To manage environmental risks, we have certified our environmental management system according to the ISO 14001 standard. Monitoring the impact of our projects on the local communities is part of our clients' development plan, and we provide the necessary input or help to identify the solutions.

Safety risks

We have an effective monitoring system in place to track policy implementation and compliance with procedures. This includes regular audits, reviews and reporting. We are certified for the Safety Certificate for Contractors (highest level) and Safety Cultural Ladder (level 3). Audits are conducted annually by independent certifying bodies.

We regularly review policies and procedures and adapt them as the organisation changes or new risks arise. In addition we encourages feedback from employees, contractors and visitors to continuously enhance safety measures and address any emerging risks. We have procedures for reporting and handling incidents, including policy violations. This helps to address problems quickly and take corrective action.

Social risks

Data analysis is an important tool for tracking our risks. The main KPIs are related to productivity, such as sick leave and the in-, through- and outflow of employees. We use our regular employee engagement survey to monitor overall engagement and engagement on specific topics, like safety, culture, leadership and compensation and benefits, and to assess how effective our measures are for improving our performance. Lastly, the HR department is part of the Safety Certificate for Contractors Safety Cultural Ladder and ISO 9001 audits. Special attention is paid to whether our employees have the right competences to conduct their tasks and thereby mitigate any potential related risks.



Communicate

Open communication about our commitments to mitigate negative impacts, risks and progress is essential to build trust with our stakeholders and support further progress. We use various tools to communicate with our employees. We have a training module for all new employees to introduce them to our environmental, safety and working environment strategy and policies right from the start. The relevant information can also be found on our internal communication tool – the Daiwa House Modular Europe app – and our management tool – LeanBMS – both of which are accessible to all employees. In addition, our Daiwa House Modular Europe app is used regularly to share updates on our policies, activities and progress.

We still see potential to improve our outreach to stakeholders. We have the ambition to further improve the current channels and investigate how we can establish other channels, which can build trust and engagement, helping us mitigate negative impacts. In addition to reaching our external stakeholders as described in our stakeholder analysis, we place relevant documents related to our environmental, safety and social activities and our progress on our website. This is accessible to everyone and makes our performance fully transparent.

We maintain direct contact with suppliers, NGOs such as Cirkelstad and other organisations like TU Delft University to share our knowledge, but also learn from their knowledge and challenges. As well as attending meetings, we also support development projects such as 'Het Nieuwe Normaal', which aims to identify the best performance indicators for buildings. The debate on negative impacts and the potential risk of the various calculation tools and its implied risk to obtain the environmental goals play an important part as well.

Lastly, in 2021, Daiwa House Modular Europe committed itself to start ESG reporting; this will soon lead to integrated reporting, which means environmental, safety and governance will be fully integrated into the company's financial report. This will combine all relevant information in one place and create further transparency of our objectives and achievements.



Refugees

Housing for refugees

Gouda, The Netherlands



350

Number of residents



30 weeks

Construction time

With the symbolic establishment of one housing unit, a start has been made with the new refugee's centre in Gouda. Refugees will temporarily live in these units, until the Molenwiek building on the Goudse Poort business park is made suitable for the reception of, in the long term, 350 asylum seekers. The first residents can't wait to cook for themselves. "I am proud that Gouda dares to take on this reception", says Milo Schoenmaker, chairman of the COA (Central Agency for the Reception of Asylum Seekers), "not only because I used to be mayor here." His successor Pieter Verhoeve emphasizes how great it is that Gouda will structurally receive refugees again after more than a hundred years.



Environmental

Climate change (GHG emissions)

Circularity





Environmental

Committed to Carbon Neutrality by 2030: Our Innovative Path Aligned with the Paris Agreement

Our ambition for sustainable buildings is a clean world without waste, therefore our ambition is to build energy-efficient, sustainable and circular buildings. We combine decades of experience and expertise in our sustainable housing solutions. Sustainability is important to us, because the ideal living environment should be circular and clean.

With our industrialised modular building method, Daiwa House Modular Europe contributes to that living environment. Analysis shows that our modular building method and the measures we have taken with regard to circularity have already resulted in a 50% reduction of our carbon emissions

over a 75-year lifecycle, compared to traditional building methods. We strive to utilise sustainable measures, applications and installations. Once our buildings have reached the end of their life cycle, we will reuse the materials for other purposes. This is done to keep waste to an absolute minimum.

In this section, we describe how industrialisation enables us to create flexible and efficient housing solutions, and how we are continuing our journey to become circular by addressing greenhouse gas emissions, circularity and partnerships.



“With standardised design and industrialised production methods we develop, construct and deliver innovative modular houses, at the time and place needed (whenever, wherever). We are thus a partner for constantly changing societal needs.” ambition 2021 report

Flexible and efficient solutions



Circular design and production methods contribute to responsible production. We create affordable quality for everyone.



We minimise our GHG emissions and contribute to the Paris Agreement which aims to limit global warming to 1.5 °C.



Focus on material topics

- Industrialisation: digitalisation & robotisation
- Greenhouse gas (GHG) emissions
- Circularity (buildings & design)
- Partnerships



“Addressing climate change stands as a pressing societal imperative, necessitating a collective acceleration of our endeavors to actualize the Paris Agreement objectives. Daiwa House has made a steadfast commitment to achieving carbon neutrality by 2030, recognising that innovation and collaborative partnerships are pivotal in our pursuit of these targets.”

– Simone van Wijk,
Head of Sustainability



“We are committed to a sustainable and circular value chain. We take responsibility for all materials and energy used. Through partnerships we drive innovation in the value chain.” ambition 2021 report **Becoming circular**



Roadmap Environmental

	2021	2022	2025	2030	2050
Materials	Explore timber construction	Finished two timber test projects	20% lower carbon emissions	Carbon neutral*	Positive carbon emissions
Waste	39% mono streams / recycle streams	48% mono streams / recycle streams	57% mono streams / recycle streams	80% mono streams / recycle streams	100% mono streams / recycle streams
Energy	<ul style="list-style-type: none"> - 1.3% own energy generation - Projects: BENG compliant 	<ul style="list-style-type: none"> - 1.3% own energy generation 	<ul style="list-style-type: none"> - 40% own energy generation 	<ul style="list-style-type: none"> - 80% own energy generation - Projects - Energy neutral 	<ul style="list-style-type: none"> - Energy neutral - Projects - Energy positive



* Scope 1 and 2 (Scope 3 depending on the developments of carbon storage in biobased materials)

Environmental policy

Daiwa House Modular Europe is committed to caring for and protecting the environment in which we operate through a responsible and proactive attitude to improving environmental performance across all our business activities. We contribute to sustainable development by balancing our business aims with environmental considerations and encouraging our business partners and members of the wider community to join us in this effort. Daiwa House Modular Europe will comply with, and where possible exceed, the legal and other requirements to which we subscribe in relation to environmental aspects of our business. Specifically, where it is within our control or influence in design, planning, construction and operational management, we undertake to:

- Assess and minimise any negative environmental impacts and maximise any positive impacts of our operations
- Develop management processes and operational procedures to prevent pollution
- Reduce the effect of noise, dust, light, disturbance and inconvenience in our production process
- Make efficient use of energy and water resources, and reduce our carbon footprint
- Strive to optimise the utilisation of natural resources and encourage the use of sustainable materials, particularly timber, by implementing our responsible sourcing policy

- Reduce waste production and divert waste away from landfill by promoting re-use, the use of recycled and recyclable materials, resource efficiency and recycling
- Protect, and where appropriate, enhance biodiversity
- Develop and maintain emergency procedures to deal with any significant environmental hazards or incidents that may arise as a result of our activities
- Implement a continuous improvement process by assessing and monitoring performance against specific environmental objectives and targets relevant to our business activities
- Raise awareness of environmental issues through the training and development of all employees, and encourage initiatives that enhance environmental performance
- Actively engage with clients, subcontractors and suppliers to reduce the environmental impact of projects, increase knowledge and improve their environmental performance
- Undertake regular audits and annual reviews of the effectiveness of our environmental policy and related procedures, measurement methods, objectives and targets and progress towards meeting those objectives and targets
- Provide an effective environmental management system that meets the requirements of ISO 14001 and the CO₂ Performance Ladder



Maintaining quality education in temporary accommodation during renovation

European School Brussels, Evere, Belgium

≡ **11,325m²**  **6 months**
Floor area Construction time

A temporary European school has been built on the site of the former NATO headquarters in Haren, close to Brussels. This school will be used at the time of the construction of a new permanent European school in Brussel and will accommodate ~1,500 pupils. Construction of the complex started in March 2021, and as early as September the ground floor, the first floor and the kitchen were delivered. The second floor and sports hall were delivered in mid-November, as were the solar panels on the roofs. The school includes a kindergarten for 300 pupils and a primary school for 1,200 pupils. Facilities include a library, rooms for teaching staff, separate outdoor play areas for the kindergarten and primary school, an administrative area, an infirmary, a kitchen for preparing 1,500 hot meals and several canteens, and numerous parking spaces. The building will remain on this site for at least a few years, until the permanent complex is completed.

Climate change (GHG emissions)

Transition plan for climate change

At Daiwa House Modular Europe we are fully committed to reducing our GHG emissions. We work with the CO₂ Performance Ladder, an instrument that helps us to reduce our GHG emissions and that is audited by an external party. The requirements for the CO₂ Performance Ladder are based on four aspects, namely:

CO₂ Performance Ladder aspects

Insight

To determine different streams of energy and the carbon footprint of the organisation.

Reduction

To develop ambitious goals for the reduction of CO₂ emissions.

Transparency

To structurally communicate about the organisation's policies for CO₂ reduction.

Participation

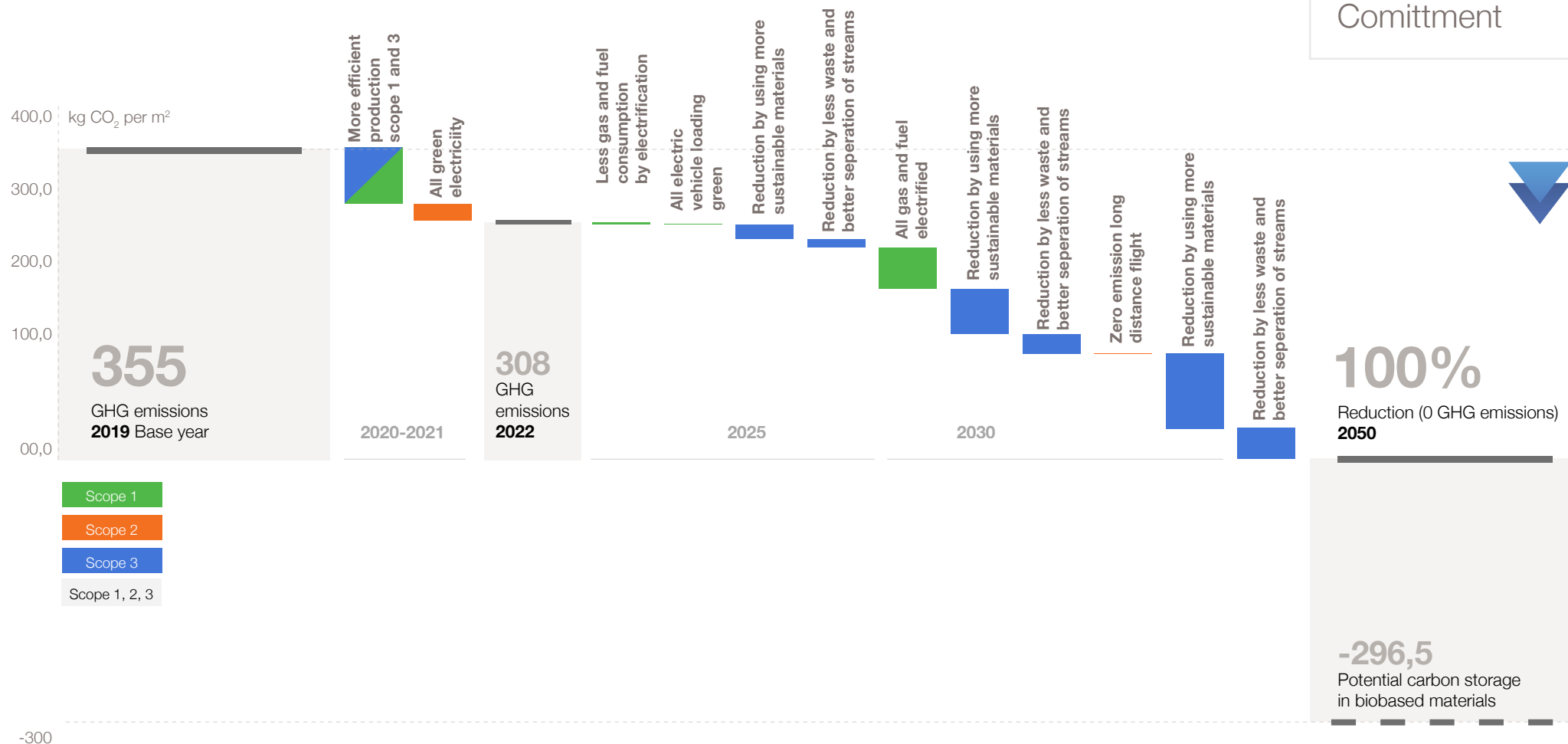
To take part in business sector initiatives aiming to reduce carbon emissions.

We are proud to have achieved the highest level – level 5 – in 2022. This accomplishment signifies our strong commitment to reducing CO₂ emissions and showcases our leadership role within the industry. We actively participate in various initiatives, share our knowledge and collaborate with others to achieve common sustainability objectives.

Climate change

graphical pathway GHG reduction targets

Our ambitious goal is to become carbon neutral by 2030 for scope 1 and scope 2 and to become climate positive by 2050. The figure below shows how we plan to achieve these goals.





How we monitor and manage our GHG emissions

We measure our GHG emissions quarterly. The results are regularly discussed by the Daiwa House Modular Europe management team. We publicly share the information twice a year on diverse channels such as our website, social media channels like LinkedIn, and other internal communication platforms. Once a year, during the management review, all aspects of the management system are assessed. The purpose of this evaluation is to determine whether measures need to be taken considering the achievement or failure of defined objectives. Among other things, policy and objectives, reduction of energy use and emissions, risks and opportunities and communication policy are evaluated during the annual management review and adjusted where necessary.

Organisational boundaries

For CO₂ emissions, Daiwa House Modular Europe's organisational boundaries have been determined according to the operational sphere of influence principle. In the GHG protocol, this is described as an 'operational boundary'. In practice, this means that we take responsibility for the CO₂ production of activities that fall under Daiwa House Modular Europe, where control clearly lies within our own organisation.

Calculation method and conversion factors

We apply the methodology as prescribed in the [SKAO Handbook 3.1](#). This method requires mention of 'business air travel' and 'personal cars for business travel' separately as Business Travel. The conversion factors we use come from the guideline list at www.CO2emissiefactoren.nl. Based on the established operational boundaries, we identified the CO₂ emissions and absorptions due to the organisation's activities. During the emission identification process, in accordance with the GHG Protocol, a distinction is made between three sources of emission (known as scopes) in two categories: direct emissions and indirect emissions.

Scope 1

This includes direct emissions such as the combustion of fuel in fixed machinery, the generation of heat (gas), business transport in vehicles owned by Daiwa House Modular Europe and emissions from refrigeration equipment and climate installations. Germany and the UK are not included due to the small scale of the business in those countries.

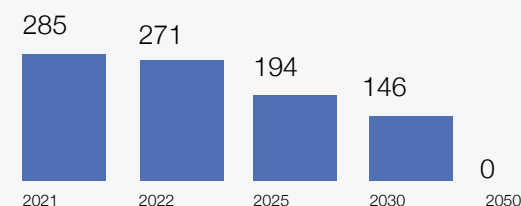
Scope 2 and Business Travel

This includes indirect emissions from the generation of purchased electricity. Germany and the UK are not included due to the small scale of the business in those countries. Business air travel and personal cars for business travel are listed separately as Business Travel.

Scope 3

The indirect emissions caused by the business activities of another organisation are listed as scope 3. This concerns emissions from sources not owned by the organisation, on which it can exert no direct influence. Materials used for our buildings are the biggest contributor in scope 3.

Our long-term targets GHG emissions T-CO₂ per m²





Our action plans to achieve our target

The following actions have been identified to bring down our GHG emissions related to energy use. Emissions related to materials and waste (scope 3) are discussed in the 'Circularity' section.

Scope 1

Area	Action
Electric equipment	<ul style="list-style-type: none"> - We aim to always apply state-of-the-art electrical equipment and ensure replacement of parts unless the equipment is no longer useable or energy efficient (ongoing)
Gas boilers	<ul style="list-style-type: none"> - We replace outdated gas heaters with new generation gas heating (2025) - All electric installations are available (2030)
Construction site	<ul style="list-style-type: none"> - Hybrid aggregates / green energy are available NCG projects (2022); ongoing for other projects - We will have charging hubs for electrical equipment (2022) - Electric aerial platforms in 2025 are all electric (start 2022) - Full fleet of electric cranes (2030)
Airtightness	<ul style="list-style-type: none"> - We will apply testing options for airtightness materials such as films, plate material and sealing tape (2023) - Our airtight building design is in accordance with all passive requirements (2025)
Ventilation	<ul style="list-style-type: none"> - We will apply efficient CO₂ coordinated ventilation installations, if possible, with heat pumps (2024)
Insulation	<ul style="list-style-type: none"> - We will analyse different options to replace our current insulation (walls / facades / ceilings) with more sustainable alternatives - Our aim is to conduct a thorough assessment of thermal bridges within building

Scope 2

Wind energy	<ul style="list-style-type: none"> - We will investigate the possibility of wind turbines (Wind Wokkels) (investigated in 2022)
Energy storage	<ul style="list-style-type: none"> - We will investigate the possibility of energy storage, such as cobalt batteries, lithium and heat water storage (2023)
Solar panels	<ul style="list-style-type: none"> - We always apply solar panels at new construction sites such as offices and factories - We add solar panels to existing buildings when feasible (considering construction limitations)
Fleet	<ul style="list-style-type: none"> - We will implement the bicycle plan for all employees (implemented in 2022) - We will encourage all employees to use electric cars (2022-2026)

Main achievements in 2022

Performance measurements

1. CO₂ Performance Ladder level 5

The CO₂ Performance Ladder is a certification system that helps companies reduce their CO₂ emissions. We have now achieved level 5, which is the highest level possible. This means we have gained insight into various aspects such as gas, diesel and electricity consumption (level 3), materials and waste management (level 4), internal and external communication regarding CO₂ (level 4), internal CO₂ goals (level 4-5) and external CO₂ goals (level 5). In addition to focusing on our own operations, we also assess the impact on suppliers and customers, as well as our societal efforts. Understanding where the CO₂ footprint occurs is crucial for taking steps towards a better world.



2. NCG hybrid generators

We are creating temporary residential areas in the north of the Netherlands for the people in Groningen who have been affected by earthquake damage, which has rendered their current homes uninhabitable. The houses we construct are designed to be earthquake resistant. However, due to network congestion, obtaining a power connection for our living districts has been challenging. To address this issue, we have assisted the National Coordinator Groningen (NCG) by implementing a temporary and sustainable energy supply solution through hybrid generators. These generators significantly reduce diesel consumption compared to previous methods. Additionally, we are actively engaged in discussions with the network operator to speed up the process of obtaining a permanent power connection.



Metrics

Energy consumption and mix

We have achieved significant advancements in energy conservation over the course of this year. The most noteworthy achievement is the substantial reduction in our reliance on non-renewable resources, which currently stands at 58% – a 7% decrease compared to 2021. Additionally, our overall energy consumption has declined slightly. This can be attributed to increased electrification, resulting in a more efficient use of energy, as well as the streamlining of production processes. With a higher total turnover accompanied by reduced energy consumption, our energy intensity per net turnover has decreased substantially, yielding a highly favourable outcome.



Energy consumption and mix

	FY2019	FY2020	FY2021	FY2022	% dev '20	% dev '21	% dev '22
Scope 1 - Natural gas processes (MWh)							
Montfoort (incl Lopik)	1.373	1.411	2.171	2.223	3%	54%	2%
Hulst	95	38	52	50	-60%	38%	-5%
Eemshaven	102	85	90	108	-16%	5%	20%
Medexs (Rhenen) (60%)	-	61	48	43		-21%	-10%
Total	1.570	1.595	2.362	2.425	2%	48%	3%
Scope 1 - Fossil fuel consumption (MWh)							
Montfoort	192	229	292	310	19%	28%	6%
Hulst + Belgie	28	65	67	62	136%	3%	-8%
Eemshaven	7	14	16	12	90%	17%	-22%
Germany	0	2	4	3	804%	97%	-21%
Transport	1.169	1.199	1.350	263	3%	13%	-81%
Medex	0	41	39	41		-4%	6%
Project location	155	89	328	415	-43%	270%	27%
Total	1.551	1.638	2.096	1.107	6%	28%	-47%
Scope 2 - Processes electricity (MWh)							
Montfoort	1.104	1.205	1.582	1.486	9%	31%	-6%
Hal 20				184			
Lopik		23	175	130		661%	-26%
Hulst	340	435	432	452	28%	-1%	5%
Eemshaven	97	121	167	184	25%	38%	10%
Medex	116	62	47	53	-47%	-24%	13%
Onroad loading			12	22			86%
Total	1.656	1.847	2.414	2.512	12%	31%	4%
Total non-renewable energy consumption (MWh)	3.120	3.233	4.458	3.532			
Total energy consumption	4.776	5.081	6.872	6.044			
Share of non-renewable sources in total energy consumption (%)	65%	64%	65%	58%			
Total turnover (x €1.000)	€ 115.115	€ 169.113	€ 199.551	€ 259.618			
Energy intensity per net turnover	0,04	0,03	0,03	0,02			



GHG emissions

Our primary objective is to lower our greenhouse gas (GHG) emissions in absolute value and per square metre of produced modules. This year, we managed to achieve a reduction of approximately 5%. The most significant decrease was observed within our scope, stemming from the sale of a substantial portion of our transportation sector, which resulted in a significant drop in diesel emissions. However, there was a notable increase in diesel usage for products due to projects situated in areas with grid connectivity challenges. To address this, we have implemented hybrid generation methods to minimise the impact as much as possible.

We experienced a slight increase in scope 2 emissions due to our expansion in Europe, which has led to more flights. Although most of our electricity comes from green sources ensuring minimal impact, the uncertainty surrounding the source of electricity used for car electrification and home charging leads us to conservatively account for it as grey electricity, contributing to around 1% of our emissions.

In terms of scope 3, the reduction in emissions related to materials can be attributed to a decrease in module production. Although our waste generation in 2022 is lower compared to the previous year, the overall volume is higher. We are diligently working to minimise waste through precise initiatives and strategies aimed at reduction. Industrial waste data is always extremely difficult to substantiate, and we strive to optimise our data every year to improve data accuracy. For our 2022 results, we used data from the Nederlandse Emissieautoriteit (Netherlands Emissions Authority, NEa), therefore you can find updated data for our scope 3 industrial waste in the overview table.

Housing for starters and status holders, SET Amsterdam

Amsterdam, The Netherlands

≡ **6,000m²**  **13 weeks**

Floor area

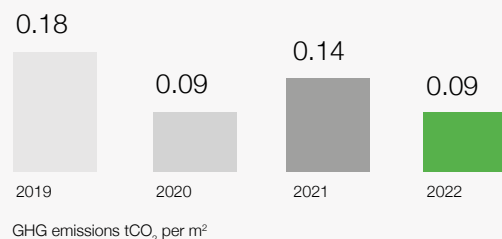
Construction time

SET Amsterdam at IJburg offers 141 Flex living apartments for 180 starters and status holders. The project has won two prizes: Winner of Residential Pioneers 2021 and Ari Keppler Prize 2020 in the category Social Cement. The construction is modular: the 18 m3 modules are assembled within three months and can be dismantled after 10-15 years to be rebuilt in another location. "This project is scalable, reproducible, circular, climate-neutral and affordable," says the jury of the Residential Pioneers 2021. "The project is also distinguished by a mixed target group." According to the jury of the Ari Keppler Prize 2020 this project has immense social significance. This residential building was designed in the spirit of Arie Keppler, a warm advocate of good housing for the lowest income class. With SET, the neighbourhood has gained a vibrant heart. In 10-15 years the building can be taken apart and rebuilt in another location.

GHG emissions

in t-CO ₂	Retrospective						Milestones and target years		
	FY2019	FY2020	FY2021	FY2022	Dev.21-20	Dev.22-21	2025	2030	2050
Scope 1 - direct emissions	5.261	5.485	7.074	4.060	29%	-43%			
Stationary combustion equipment	798	591	1.383	1.872	134%	35%			
Natural gas business premises	303	308	456	518	48%	13%	227		
Diesel project locations	495	283	927	1.354	227%	46%	446		
Use of fleet (lease)	4.463	4.894	5.691	2.188	16%	-62%			
Petrol business driving	65	288	284	402	-1%	42%	227		
Diesel business driving	657	768	1.003	928	31%	-7%	802		
Diesel transport	3.741	3.838	4.404	858	15%	-81%	1.101		
Scope 2 - indirect emissions	1.100	511	17	36	-97%	111%	56	50	
Electricity consumption	1.075	511	6	11	-99%	88%			
Business air travel	25	1	10	25	900%	146%	50	50	
Scope 3	14.168	9.170	19.978	18.555	118%	-7%	15.983	14.595	
Emission of materials	9.929	6.289	13.883	12.865	121%	-7%	11.107	9.719	
Mono	615	931	2.319	2.628	149%	13%	1.855	1.855	
Mixed	3.619	1.937	3.759	3.043	94%	-19%	3.007	3.007	
KCA	6	13	17	19	29%	12%	13	13	
Total industrial waste	4.239	2.881	6.095	5.690	112%	-7%			
Total emissions	20,529	15,166	27,069	22,651	78%	-16%	18.842	14.645	
Total turnover (x €1.000)	€ 115.115	€ 169.113	€ 199.551	€ 259.618					
GHG intensity per net turnover (tCO₂eq/Monetary unit)	0,18	0,09	0,14	0,09					

Retrospective GHG intensity per net turnover
(tCO₂eq / Monetary unit)



“Our corporate social responsibility aims to optimise shared value for our employees, customers, and the boarder society.”



Climate change-related financial effects

Daiwa House Modular Europe faces two significant challenges as a result of climate change risks. Firstly, the construction sector contributes to climate change through greenhouse gas (GHG) emissions. This leads to potential consequences such as carbon taxes imposed on the production of building materials, as well as on power and heat supply during the use phase of buildings. This poses a direct risk for Daiwa House Modular Europe as price increases on building materials, production cost increases and pressure on the business case of investors to develop new buildings.

Secondly, stakeholders in the sector are also exposed to risks arising from the physical changes in the environment caused by climate change. These changes include more extreme weather conditions on construction sites, water shortages, and other deteriorating environmental conditions such as temperature increases and flooding. These physical risks pose additional challenges to the industry.

To anticipate these developments, Daiwa House Modular Europe has committed itself to a roadmap for the reduction of its GHG emissions, in compliance with the Paris Agreement. The first step was mapping our sustainable footprint, indicating our GHG emissions; our main emission is carbon dioxide (CO₂). Based on the initial footprint, we set short-, medium- and long-term actions and goals. This has a financial impact, both from a process perspective and from a materials use perspective.

We must invest in our processes to lower emissions. This includes electrifying our fleet and production facilities, making them more energy-efficient for increased self-reliance and reduced dependency on the electricity grid amidst growing demand. In our buildings, we are enhancing installations and comfort, and utilising low-carbon reusable construction materials.

We also need to invest in Research and Development to optimise our product in terms of material use. Materials that are more environmentally friendly do not always comply with the construction's physical requirements, and at times they are significantly more expensive. We are therefore also dependent on the knowledge and willingness of our clients. Climate change is increasingly on the radar of clients in the construction sector, showing a growing focus on sustainability. However, despite this awareness, incorporating climate-friendly practices remains challenging due to the high costs and the lack of alignment with market norms and conventional business models.

The potential risk of the physical changes in the environment caused by climate change might actually be a financial opportunity for Daiwa House Modular Europe. Our building process mostly takes place within our factories. Where our traditional competitors might face additional costs due to challenges on the construction site, we are largely assured of steady conditions in the factory. In addition, the deteriorating environmental conditions might require buildings to be removed over time. This is our core business, which results in attractive financial opportunities.

Circularity

At Daiwa House Modular Europe, our passion for innovative construction and our commitment to contributing to a circular economy drives us. The inherent nature of our modular construction method makes it highly suitable for achieving circularity. However, this does not mean that we have achieved all our ambitions. Daiwa House Modular Europe believes in a clean world without waste. We are fully committed to the reuse of materials and take account of a building's future right from the very beginning of the construction process. Our ecological footprint is therefore considerably lower in comparison to traditional construction.

Our ambition is to produce and work in a fully circular manner in the coming years, thus extending the product value of the housing. To achieve our circularity goals, we are constantly looking for an optimal combination of building materials. We diligently consider various aspects, including the origin and the promotion of high-quality reuse, when considering existing materials such as concrete, steel and timber. The environmental calculation platform helps us to understand the impact of our entire value chain, from raw material to waste. Daiwa House Modular Europe offers not only an exceptional opportunity for attractive returns, but also the chance to make a high-impact contribution to the much-needed improvement of the sustainability of the European construction industry and real estate sector.



Our long-term targets

	2021	2022	2025	2030	2050
Materials	Explore timber construction	Finished two timber test projects	20% lower carbon emissions	Carbon neutral*	Positive carbon emissions
Waste	39% mono streams / recycle streams	48% mono streams / recycle streams	57% mono streams / recycle streams	80% mono streams / recycle streams	100% mono streams / recycle streams

How we decouple economic activities from environmental impact

Design

Circular design is about designing for disassemble (DfD). DfD is a building design process that allows for the easy recovery of products, parts, and materials when a building is disassembled or renovated. We already take account of the dismantling (end of operational phase) of a building in the engineering phase. The process is intended to maximise economic value and minimise environmental impacts through reuse, repair, remanufacture and recycling. At Daiwa House Modular Europe, we do this with large-scale industrialised production using standardised processes. In this way we ensure the most efficient product with the least possible environmental impact.

Buildings

Production

We produce the buildings in our own factory under conditioned circumstances. This not only results in maximum effectiveness for costs and lead times, but also in a cleaner construction site in comparison with conventional building methods. Both waste at the construction site and the number of vehicle movements are limited. And, if a building is no longer needed, we remove it quickly and easily: we dismantle it instead of demolishing it. Nowadays, about 80% of components are reused, but of course we are aiming for a full 100% so that, in the future Daiwa House Modular Europe will build both modular and circular and thus contribute to the sustainability of the building industry and a clean world without waste. Industrialised production is optimised by continuously investing in digitalisation and robotisation. This ensures that our industrialised process becomes more efficient every day, waste is minimised and a high-quality product is continually guaranteed.

Materials

To be able to build and supply high-quality housing solutions, we need various materials and raw materials. Our ambition is to create a closed circuit with circular construction, so that we can contribute to a sustainable world in the most effective way possible. We consider the origin of materials and raw materials, where the first consideration is to use materials with the lowest possible environmental impact. In addition, we look at the high-quality reuse of existing materials such as concrete, steel and timber, as well as possibly applying other natural materials. We believe it is important that the end user gets the best living or working experience through the use of durable materials in our buildings.



Our action plans to achieve our target

We have identified the following actions for the upcoming years to reduce our materials and waste.

Area	Sub-area	Action
Materials	Use of natural materials	<ul style="list-style-type: none"> - Apply sustainable materials in our standard concepts (ongoing) - Based on our analysis of previous timber test projects "Moodumo" and "SUM", we are exploring the use of wood as a floor structure instead of traditional materials (for more information, see 'Partnerships for circularity') (2023)
	Reused materials	<ul style="list-style-type: none"> - We verified the percentage reuse of our materials in our modules via external parties (2022) - We will calculate the demountability score of our modules according to demountability index of PIANO, also known as the building circularity index (2022) - We will increase demountability based on identified scoring items (2023~)
	Use of recycled materials	<ul style="list-style-type: none"> - We introduced sustainable company work clothing (2022) - We will replace materials and products that cannot be recycled (2023~)
	Use of sustainable installations	<ul style="list-style-type: none"> - Sustainable, demountable installations will be available in our standard concepts once available in the market (depending on suppliers 2023 and beyond)
Waste	Recycling	<ul style="list-style-type: none"> - All our offices have recycling bins and waste separators (2022) - We will only use (raw) materials that at least can be recycled (2023~)
	Cutting waste	<ul style="list-style-type: none"> - We analysed the amount of cutting waste (2022) - Our supply materials will be tailor-made as far as possible to limit cutting waste (ongoing) - We will reduce cutting waste through better purchasing (purchasing materials using BIM** requirements) - We will encourage our suppliers to take back and process cutting waste (2023~)
	Factory production	<ul style="list-style-type: none"> - We will produce as much as possible in the factory halls to reduce waste at the construction site (ongoing) - We will optimise standardisation to reduce cutting waste and maximise factory run-down and efficiency (ongoing)
	Mono streams	<ul style="list-style-type: none"> - We will separate our waste into mono flows and increase the percentage of mono flows based on kilos (target 2% per year)
	Supplier	<ul style="list-style-type: none"> - We will reduce packaging materials and return mono flows as raw materials (ongoing) - We will analyse our suppliers and their packaging materials (2022~) - We will analyse which materials we already return, and which can be returned in the future (2022~) - We will encourage our suppliers to reduce packaging from high to low impact (2023~) - We will introduce a purchasing requirement that used materials can be returned, called 'closed loop' (2025)
	Waste processors	<ul style="list-style-type: none"> - We will gain insight into our waste processing and optimisation possibilities (2022~) - We will check the activities of waste processors through company visits (2022~) - We will gain insight into waste recycling rates through an underlying calculation method (2022~) - We will analyse the CO₂ / ECI impact of all waste types* (2024) - We will work on an end station analysis of the different waste streams (2023~)

* The Environmental Cost Indicator (ECI) is designed to make it easier to compare life cycle analysis (LCA) environmental profiles. All environmental impacts are converted into monetary value. The lower the value, the less harmful the environmental effects.

** Building Information Modelling (BIM) is a process for creating and managing information on a construction project throughout its whole life cycle. As part of this process, a coordinated digital description of every aspect of the built asset is developed, using a set of appropriate technologies.



Main achievements 2022

Performance measurements

1. We increased waste mono streams by 9%

Modular construction and waste management go hand in hand, as we prioritise considering the end-of-life process for everything we buy and create. Our primary waste goal is to create singular (mono) waste streams that enable effective recycling. The refurbishment of modules contributes significantly to waste generation. We are proud to report that we have made considerable progress in this area. Over the last year, we increased mono streams by 9%, rising from 39% in 2021 to 48% in 2022. We anticipate further increases in mono streams in the coming years, driven by our stringent regulations in the factories.



2. 80% of our modules found a new life

Modular construction allows for flexibility in adapting to changing needs and market demands. We collaborate with Sloopcheck, experts in material reuse and waste management, to assess module reuse and identify improvements. The analysis of waste processes and data informs our efforts to enhance material reuse rates and optimise processes. In the review of six projects involving 14 to 190 modules, all modules were refurbished for reuse in new projects. Data analysis revealed that, on average, 8% of building materials (in kg) were wasted during on-site dismantling. However, the refurbishment process enabled the reuse of 87% of the materials from the modules that arrived at the factory, representing 92% of the initial materials. Consequently, 80% of our modules found a new life through successful reuse.

3. We achieved a good demountability score

The Building Circularity Index (BCI) is a measurement method that has been developed to address the concept of circularity in the early design phase of real estate projects, combining considerations of material use and demountability. While material use has long been a focal point, the BCI recognises the recent emerging focus on demountability. Modular construction, which is entirely based on the philosophy of demountability, aligns closely with the objectives of the BCI. Daiwa House Modula Europe collaborates with Alba Concepts to actively apply the BCI in evaluating their building, resulting in an impressive demountability score of 89/100 and a material use score of 42/100, influenced by their use of steel and concrete. With an overall BCI score of 60/100, Daiwa House Modula Europe takes pride in our conscious consideration of disassembly during the design phase and our alignment with the circularity goals of the BCI, while acknowledging room for further improvement.

Main achievements 2022

4. We excelled with TU Delft in the Solar Decathlon

The Solar Decathlon is a global university competition for sustainable architecture and engineering. TU Delft's team, SUM, aimed to create a sustainable living environment by transforming Dutch tenement flats with solar-powered modules and enhancing social cohesion through revamped communal spaces. Daiwa House Modular Europe is proud to partner with TU Delft to support the SUM team in designing, building and operating a solar-powered and energy self-sufficient house. We believe in sharing knowledge with the next generation, and we contributed to the project by assisting in the design and construction of the "Top up" module, manufactured in our own factory. Seventeen universities worldwide participated in the competition, and we are proud to have won third prize, excelling in multiple categories: #1 Green BIM, #1 Building for the future, #1 Affordability & viability, #1 Craftsmanship, #2 Energy performance, #2 Timber construction, #3 Sustainability, #3 Urban mobility and #3 German sustainable housing.



5. We boosted standardisation

For a modular builder, emphasising standardised products is crucial. Our focus is on promoting these standardised offerings due to the more efficient production process compared to tailor-made products. However, convincing clients to opt for standardisation can be challenging, since many of them desire something more unique, which ultimately requires additional effort and increases costs. To address this, we undertook a significant standardisation project aimed at creating products that align perfectly with market demands and industry standards. The standardised modules will be produced in a new factory in Montfoort even more efficiently and rapidly, leading to cost reduction, minimised material usage and improved overall quality.





Metrics

Overall total weight of materials used

	Total kg/m ²	FY2019	FY2020	FY2021	FY2022	% Share 2022	% Virgin material	% Reused or recycled
Material								
Sandwich panel	5	272	226	408	388	1%	80	20
Steel reinforcement	7	416	345	623	593	2%	5	95
Steel frame	54	3,136	2,600	4,699	4,473	16%	3	97
Concrete	174	10,048	8,332	15,058	14,333	52%	83	17
Pine wood	25	1,456	1,207	2,182	2,077	7%	100	0
Fermacell	37	2,153	1,785	3,226	3,071	11%	62	38
OSB	16	906	751	1,358	1,293	5%	100	0
EPDM	1	78	65	117	111	0%	100	0
EPS	2	127	106	191	182	1%	80	20
Plastic window frame	3	175	145	263	250	1%	100	0
Rockwool isolation walls	5	263	218	394	375	1%	60	40
Rockwool isolation roof	3	171	142	257	244	1%	60	40
Rockwool for fire proofing	0	28	24	43	40	0%	60	40
Inside doors	1	53	44	79	75	0%	100	0
Radiator	0	25	21	38	36	0%	100	0
Marmoleum	2	139	115	208	198	1%	89	11
Other (polypropylene, socket)	0	17	14	26	25	0%	100	0
Total	336	19,464	16,140	29,171	27,766	100%		

This overview represents the production of a new module. In our rental business we continuously reuse all modules and materials representing 80% reuse.

Resources entering our organisation

We constantly monitor the percentage of the materials we use that are reused or biobased. Although there are numerous developments in the market, it remains a challenge to find alternatives that are actually useable in the buildings we construct, taking account of building structure and regulations. For instance, biobased insulations still do not meet current fireproof regulations. We thus still face many challenges to achieving our goals regarding reused materials. We do continue to experiment with alternative resources, such as sustainable concrete and additional wood. These are ongoing projects in 2023.

As such, unfortunately there were minimal changes in our materials used between 2021 and 2022. The number of modules constructed was lower compared to 2021, resulting in a slight decline in material usage. However, there were no significant alterations in the module's overall material use.

Resources leaving our organisation: 80% refurbishment

For Daiwa House Modular Europe, modular construction is the same as flexible construction. Our buildings can be reorganised or relocated easily, enabling us to respond to changing requirements, usage possibilities and market demand. If a building is no longer needed, we remove it quickly and easily: we don't demolish it, we dismantle it. The modules will then be refurbished for a new life in a new building.

In May 2022, Daiwa House Modular Europe conducted a study to validate the refurbishment percentage of our used modules. The study was carried out by a company called Sloopcheck. The goal was to identify the percentage of the module's materials that are reused. The analysis followed an old project that was dismantled to the moment the reused units were delivered to a new customer, examining the individual material flows for reuse. The results showed that Daiwa House Modular Europe is able to reuse 80% of our modules; our goal is to reach 100%. You can read more about the reuse of existing materials in the 'Key achievements 2022' section of this chapter.



Waste category

(in tons)	FY2019	FY2020	FY2021	FY2022	% Share 2022	Waste stream
Construction and demolition waste	2,443	2,518	3,758	3,476	94%	
Concrete rubble	0	145	180	0	0%	Mono
B-Wood	387	456	648	506	13%	Mono
Construction and demolition waste (BSA01)	983	1,115	2,068	1,756	46%	Mixed
Construction and demolition waste (BSA02)	46	42	197	0	0%	Mixed
EPS			4	40	1%	Mono
Fermacell		117	142	207	5%	Mono
Gypsum		3	43	15	0%	Mono
Glass	3	8	8	47	1%	Mono
Hard plastic (PVC pipes/profiles)	11	16	19	0	0%	Mono
Insulation		40	300	313	8%	Mono
Mixed rubble	992	528	106	291	8%	Mono
Aerated concrete			6		0%	Mono
Metal	7	1	37	173	5%	Mono
C-wood	9	12		23	1%	Mono
Paper and cardboard	4	36		106	3%	Mono
Cables	1			0	0%	Mono
Industrial waste: non-hazardous	332	202	219	295	5%	
Industrial waste	326	173	173	218	6%	Mixed
Foil (plastic)	6	25	41	6	0%	Mono
Plastic				67	2%	Mono
Kit tubes (empty)	1	4	5	5	0%	Mono
Other waste or unspecified: hazardous	5	10	12	33	1%	
Waste oil	1	1	1	1	0%	Mono
Glue/resin/sealant fixed/pasty (kvp)	3	6	8	0	0%	Mono
Aerosols	1	2	2	2	0%	Mono
Paint fixed/pasty (no kvp)			0	1	0%	Mono
Low calorie liquid (no kvp)				1	0%	Mono
Paint/ink solid/pasty (kvp)			0	8	0%	Mono
Organic waste				14	0%	Mono
PMD				2	0%	Mono
Furnitures				3	0%	Mono
Electronics				1	0%	Mono
Fluorescent tubes		1			0%	Mono
Total	2,781	2,730	3,988	3,804	100%	

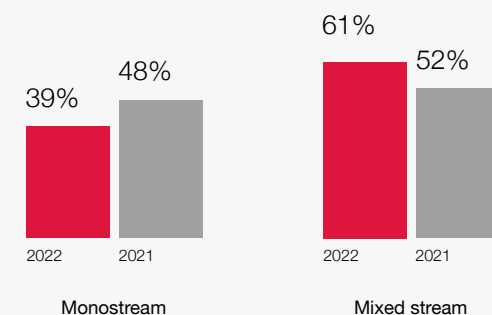
Waste

Waste is not waste until it is wasted. Our main goal is thus to find a purpose for each separate stream. We consider waste that we bring back to our supplier as raw material. In addition, we continuously strive to minimise waste in general. In the engineering phase, it is important to consider suitable dimensions of the building materials. Daiwa House Modular Europe's aim is to order as much material as possible precut to the size needed in our production. The fewer the actions we need to take, the easier and faster the production process will run. Reducing packaging material is a must, so with each supplier we look for the best way to do this.

Since the modules are already installed and finished as far as possible ex-factory, there is minimal waste at the building site. Waste generated at the factory is processed correctly using a certified recycling company. Finally, we instruct our employees in toolbox meetings about proper waste separation. We separate waste at the workplace, and we recycle our old protective company clothing. The aim is to recycle in a cost-neutral manner, and we achieve major gains by curbing waste streams.

In contrast to 2021, the total weight of waste decreased in 2022. This decrease can be attributed to a slight reduction in module production. There are notable differences among waste groups: construction and

Waste stream shares





demolition waste decreased by 3% compared to 2021, while both non-hazardous and hazardous industrial waste increased. This increase can likely be attributed to an ongoing waste separation project aimed at improving waste management practices. An important highlight is the substantial 11% decrease in construction and demolition waste (BSA01), which is a significant achievement. Our mono streams increased from 39% to 48%, while our mixed streams decreased from 61% to 52%. These changes are the result of our diligent efforts in this regard.

Resource use optimisation

At Daiwa House Modular Europe, we don't demolish buildings; we reuse them. The reuse of modules takes place regularly within the Jan Snel business units, which represented 34% of the total business in 2022. Jan Snel's core activity is the rental of flexible housing solutions. Once the building is no longer required, the modules return to our factory and are refurbished. Analysis shows that 80% of the materials are reused. The remaining 20% are disposed of in the best possible way.

The businesses of Daiwa Modular Europe and Medexs have a longer-term character but follow the same philosophy of reuse. The buildings are all demountable and can easily have a new life at a new location. We thereby optimise the use of our resources by demounting rather than demolishing a building.

GHG emissions avoided: modular building vs traditional building methods

Every housing solution we build has a CO₂ footprint. Daiwa House Modular Europe specifically analysed the CO₂ footprint of modular building versus traditional building methods. This analysis was validated by EcoReview, a company specialising in life cycle assessments (LCAs) and environmental product declarations (EPDs).

The analysis was based on a 6000 m² building with four floors and a lifespan of 75 years. An independent constructor structurally calculated the CO₂ footprint of a modular building and a traditional building based on equal requirements. We examined the footprints and included industrial construction and the effect of the reuse of modules compared to the demolition of a building in the analysis. As far as possible, the CO₂ footprint calculation was based on the NMD Determination Method 3.0 in combination with the use of the CO₂ emission factors described at www.co2emissiefactoren.nl.

The study showed that our modular building method leads to 50% lower carbon emissions compared to traditional building methods. This is due to the materials we use, our construction

process and the use of fewer transport movements to and from the construction site. The biggest impact is due to the reusability of the modules and the possibility of refurbishment instead of demolition, which ensures significantly lower CO₂ emissions.

Partnerships for circularity

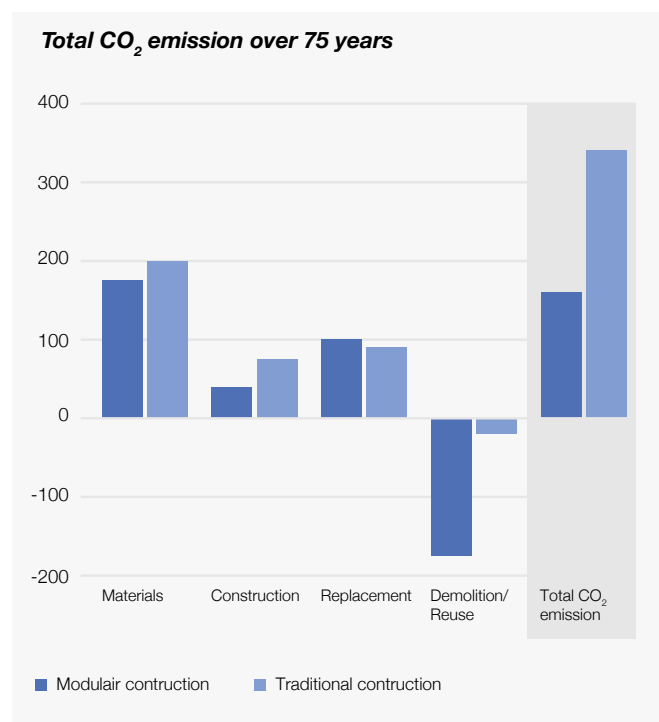
Daiwa House Modular Europe is committed to creating knowledge and partnerships to accelerate the transition from a linear to a circular economy. Some examples of our key partnerships are:

1. Sharing knowledge

Daiwa House Modular Europe is committed to the circular construction economy and actively shares information by writing articles and participating in and conducting webinars. Daiwa House Modular Europe publishes articles on our own website and external websites, so we share the knowledge throughout the industry and beyond. Daiwa House Modular Europe uses articles and webinars from other companies to learn more about developments and the circular construction economy. We also follow and participate in round table sessions, webinars and podcasts.

2. TU Delft - SUM (Symbiotic Urban Movement)

Daiwa House Modular Europe partnered with TU Delft's SUM team in the Solar Decathlon, achieving an impressive third place in multiple categories among seventeen universities worldwide. Our collaboration focused on designing and constructing a solar-powered, energy self-sufficient house, with our assistance in the "Top up" module's design and manufacturing.





3. Green Deal Timber Construction Covenant

Daiwa House Modular Europe signed the covenant, together with more than 80 organisations, in which we collectively agree that 20% of MRA (Amsterdam Metropolitan Area) housing production will be from timber and other biobased materials by 2025. Overall, this will result in a reduction of approximately 220,000 tons of CO₂ emissions and a significant reduction in nitrogen emissions annually. The STIP certification was an important step for Daiwa House Modular Europe to commit ourselves to the timber construction covenant. The certification guarantees us that all timber will be purchased sustainably. We see opportunities to replace parts of our units with timber. In the future, 20% of our materials will be from timber or biobased, and we will investigate the possibility of replacing the current concrete floor with timber alternatives.

4. Cirkelstad



Cirkelstad is an organisation focused on stimulating and accelerating the circular economy in the construction sector. They bring together various stakeholders, such as governments, companies and knowledge institutions, to share knowledge and experience and establish joint circular projects. Cirkelstad assists in developing circular business models, promoting material reuse and creating sustainable construction solutions. Their aim is to transform the construction sector into a circular and sustainable future. The partners include entrepreneurs (builders, consultants), housing associations, the Provinces, Municipality of Utrecht, the Ministry of Internal Affairs and universities. Daiwa House Modular Europe joined Cirkelstad as a member to contribute to the transformation of the construction sector.

5. Accelerating Together

The New Normal: The Dutch government has set itself the ambition for a 'Circular Netherlands in 2050', which requires acceleration in the construction sector. The initiative is introduced by Cirkelstad and the Dutch Ministry of Internal Affairs and aims to accelerate circular construction, by developing an audit model based on existing methods, requirements and tools together with diverse partners such as government, research institutes, NGOs and companies. The model will provide insight into the circularity of a building on various levels. It will be a clear blueprint for circular construction. Daiwa House Modular Europe is participating in the pilot group.

6. Green paper

The Green paper is written by Alba Concepts and Cirkelstad and is about building within the Carbon Budget. Several leading parties are involved, and the goal is to stay within 1.5°C of global warming, which means we can only emit a limited amount of CO₂. If we continue as we do now, we expect our carbon budget in the Netherlands to be exhausted within seven years, which could mean a carbon lockdown. Daiwa House Modular Europe has been chosen as one of the leaders in the field of circular construction and will contribute to the ambition set out in the Green paper.

7. City Deal – Circular and Conceptual Building

City Deal is a Dutch initiative that Daiwa House Modular Europe supports with the collective aim of reducing the environmental impact of the construction sector and accelerating the transition to a circular construction economy. It is a collaboration of various companies, government institutions and knowledge platforms. It builds on existing networks and initiatives.

8. NEPROM

The NEPROM (Association of Dutch Project Development Companies) was founded in 1974 and aims to promote cooperation between government and developers in realising real estate projects.

Companies wishing to be a member of NEPROM have to demonstrate good behaviour based on three core values: due care, integrity and social responsibility. For Daiwa House Modular Europe, the development and exchange of knowledge between the members was an important reason to join.

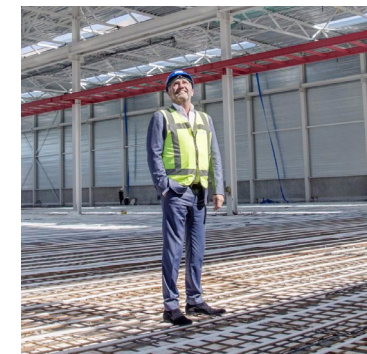
9. Dutch Green Building Council (DGBC)

DGBC is a network organisation for sustainable construction and real estate. Its mission is to improve the sustainability of the built environment. Daiwa House Modular Europe has joined a round table focusing on circular construction. This enables us to share our knowledge, but above all to take a critical look at our own strategy and options in the field of sustainable construction.

10. DGNB (Deutsche Gesellschaft für Nachhaltiges Bauen) or German Sustainable Building Council

DGNB is an independent non-profit organisation that plays a crucial role in promoting sustainable

building practices. With its focus on sustainable construction, DGNB offers valuable resources, including guidelines and certification systems, such as the renowned DGNB certificate.





By aligning our projects with DGNB's standards, we can enhance our project's reputation, increase market value and contribute to a more sustainable built environment. Additionally, DGNB provides access for Daiwa House Modular Europe to a rich professional network, training opportunities and informative events related to sustainable construction. This partnership offers guidance and support to tackle sustainable challenges we may encounter.

Digitalisation and robotisation

Daiwa House Modular Europe's growth strategy, as well as external market trends such as digitalisation and robotisation, require the company to continuously enhance its IT landscape to fully benefit from digital innovations. As such, we have embedded digital innovation within the IT department.

We are enabling our digital ambition through the implementation of an operational digital process platform. From the start of a project to the end, our employees are fully in control when they use the platform. There is a real-time dashboard overview of progress at a project level but also at a higher level, showing all projects running per department, branch or company. This platform supports the project phase of Design, Build and Maintain. In addition to featuring the workflow of tasks, this platform also has our complete production, assembly, and on-site placement planning. This enables accurate planning, and we can immediately see where we stand and what the forecast is regarding our capacity.

We feed this platform with data from our 3D Building Information Model (BIM). BIM contains geometry and information that the platform uses to generate tasks and schedules. The platform allows us to generate unique QR codes of each item of the project at any level. By applying QR codes with their unique ID, we can add information such as quality checks, and we always know where the item is in our

process, its physical location and if it has been produced by our standards. Because this information is also linked to our production and assembly process, our operators in the factories can never install an item where it is not supposed to be. This method literally ties all the information of a project together and creates a digital twin of what we physically build. By the end of a project, at the push of a button, a complete report is generated with all the components legally required to deliver the building. At Daiwa House Modular Europe we call this way of working SMART Connected BIM. Next to digital innovation, we also innovate our production methods through robotisation and production process innovation. Daiwa House Modular Europe invested in multiple robotisation projects, such as a wood frame construction and welding robots. Both allow us to work more precisely and efficiently, and to improve the quality of our product.

In 2022 we also started a process innovation project; the design of a new modular factory of almost 4,000 m² in Montfoort, the Netherlands. The factory will house a fully automatic U-shaped single piece flow method with 16 workstations for residential housing. This will allow us to double the production capacity from 10,000 to 20,000 modules with half the number of FTE. This new production approach in Montfoort is comparable to that of the car industry. Lean and efficiency are important principles in this new approach, allowing us to reach our growth ambitions without compromising quality and safety.

Innovation

Innovation is essential for Daiwa House Modular Europe to increase our chances of responding to changes in the market and to discover new opportunities. It allows us to build better products for our customers in a more efficient way. Several departments within Daiwa House Modular Europe share an innovative character. The IT department continuously develop

its IT landscape to fully benefit from digital innovations. They work closely with the Industrialisation department to develop robotisation and production process innovations. The R&D department focuses more on our product itself: high-end buildings for future residents.

In 2022, we undertook several Research and Development activities. From a technical point of view, we are in the process of standardising our housing designs. Modular buildings are lauded for their standardisation potential, which drastically improves productivity in construction. Standardisation allows us to optimise design, reduce waste and improve efficiency and quality. We developed a product for the temporary housing market as well as the permanent housing market in the Netherlands. A standard is also being developed for the German and UK markets.

In addition to standardising our product, we are investigating how we can make our product more sustainable in terms of materials. A key aspect of our research involves exploring alternatives to structural materials like steel and concrete, while ensuring that we maintain the essential characteristics required for construction. We aim to extend our use of wood and sustainable concrete. We continuously meet with new suppliers to understand the possibilities and to seek new opportunities. Lastly, smart homes play a crucial role in the pursuit of Daiwa House Modular Europe's goal to develop energy-efficient homes. This emphasis on incorporating smart home technology is a significant focal point for the company.

R&D is a collaborative effort for Daiwa House Modular Europe, as we actively engage in improvement projects with our external partners like TU Delft and Cirkelstad. We also share our knowledge and data with third parties for projects they initiate. This allows us to make an even greater contribution to tackling the construction industry's sustainability challenges.



Scarcity of raw materials

It's clear from the trend barometer that the scarcity of raw materials will continue to intensify in the future, as the causes of the supply shortage aren't going away. The linear economy is characterised by a growing trend of increased consumption and accelerated disposal of products. People are consuming more and discarding items at an ever-faster pace. This can be traced primarily to population growth and consumerism. The construction industry, like all other sectors, is both involved in and affected by this ongoing trend.

Because new buildings require large quantities of construction materials, which are more and more expensive and difficult to procure, reuse is crucial. Modular construction embraces the reuse principle. Modular buildings can easily be reorganised or relocated, enabling us to respond to changing requirements, usage possibilities and market demand. If a building is no longer needed, it can be removed quickly and easily. Therefore, buildings are not demolished, but dismantled. Currently, about 80% of the components of Daiwa House Modular Europe are reused immediately when a module is returned. We seek high-end destinations for the remaining 20%. By continuing to reuse raw materials and products, their value is retained and added value is created for each project and the world around us. This enables us to make a substantial contribution to the sustainability of the construction industry.

The speed and the urgency of the scarcity of raw materials trend became very clear in 2022. There was an unprecedented shortage of almost all the raw materials used in construction – aluminium, wood, plaster, concrete, iron, etc. – together with a very significant rise in prices. Although this was also challenging for Daiwa House Modular Europe, we always managed to find solutions.

The developments in 2022 strengthened our mission to build sustainable homes for everyone – circular modular houses that need not be demolished in the future, instead being

disassembled and reused. In doing this, we can help to face the challenge of the increasing scarcity of raw materials.

Financial effects from resource use and circular economy

The DNA of the modular construction industry is based on the reuse of materials. We build our modules to have continuous lives in various new applications. The circular economy principles, such as reusing, refurbishing and finally recycling materials, therefore present various opportunities for increased revenue streams.

The initial reservations about modular construction from an architectural perspective quickly fade away when the possibilities that modular building represents come to light. The potential of building with modules and applying circular economy principles through this construction method is evident. Adopting modular construction and therefore sustainable practices and showcasing a commitment to circular economy principles allows us to differentiate from the traditional construction companies in the market. Until now we reused modules especially in our rental activities, creating new schools and offices, amongst others, with the same modules. Analysis showed that 80% of the materials are reused when they modules are refurbished before they become part of a new building. In addition, analysis showed that the CO₂ impact of a modular construction is 50% lower than traditional construction. This is largely due to the ability to demount and reconstruct rather than demolish and rebuild a building.

Resource scarcity and price volatility poses risks to the construction sector, as well as to Daiwa House Modular Europe. However, modular construction allows for a high level of standardisation, which results in a more optimal material management system. In addition, we focus on materials with high recycle percentages, such as steel containing 95% recycled steel. This allows us to become less dependent on the scarce virgin materials.

The construction in our controlled factory environment facilitates reduced waste generation and improved material recycling. Precise material planning and controlled production processes can minimise material waste, resulting in cost savings and reduced environmental impact. The ability to recycle and reuse materials within the factory environment further supports the circular economy principles.

As such, the resource use and circular economy principles create opportunities for Daiwa House Modular Europe to gain more market share and therefore gain financially. While modular construction can benefit from the circular economy, there are also certain risks and challenges associated with implementing circular economy principles in this sector.

The circular economy promotes the use of recycled or reclaimed materials. Although the example of recycled steel works very well, as this form of raw material recycling still allows us to obtain a very consistent material, finding a consistent supply of high-quality recycled materials that meet the required specifications can be a challenge. This may result in higher costs or difficulties in sourcing circular materials, impacting the financial viability of circular practices. Ensuring consistent quality and performance with recycled materials necessitates additional testing and certification processes. These procedures, involving laboratory testing and rigorous quality control measures, can contribute to overall project costs. Despite these challenges, we remain committed to utilising sustainable materials and minimising our environmental impact. Lastly, we are aware that our competitive advantage in circular construction, along with our extensive 60 years of experience, may not be permanent. As new players emerge and traditional competitors adapt, we must proactively focus on continuous self-improvement to stay at the forefront of the industry.



Social

Being a good employer

Working safely

Social developments



Social

Our corporate social responsibility will maximise shared value among our employees, customers and society

Daiwa House Modular Europe strives to be a great employer for all our employees and agency workers, offering good employment practices, such as general working conditions, embracing diversity and inclusion and providing opportunities for training and development. For agency workers, we intend to do this together with the external provider. We are committed to ensuring that all our employees and agency workers can work safely and make every effort to provide a safe and healthy

working environment. We also want to ensure that all our solutions contribute to solving social developments, such as the housing shortage, public emergency issues such as the refugee situation and those affecting the earthquake area in the northern part of the Netherlands. This section describes specifically how Daiwa House Modular Europe addresses the social material topics as defined in our materiality assessment.



“We are committed to safety and well-being of our people and foster diversity. Through training and education our people can develop their talents and generate more work satisfaction. Collectively we improve the product every day.”

Ambition 2021 **Safe & engaging people**



Through leadership in the value chain we constantly innovate and respond to changing and growing markets. We are able to provide direct and indirect employment to our people and create incomes for their families.



Through sustainable living we have impact on cities and communities. We provide people with sustainable homes and create secure, healthy and social environments.



Focus on material topics

- Good employment practices
- Working safely
- Social developments



“If you do what you did, you get what you got. Changing mindsets and culture is hard and takes time. But in the end, it is also each of us, standing up in the morning, looking in the mirror and telling ourselves today that we are going to start doing things differently.”

– Nico Vester,
Head of HR



“With standardised design and industrialised production methods we develop, construct and deliver innovative modular houses, at the time and place needed (whenever, wherever). We are thus a partner for constantly changing societal needs.”

Ambition 2021 **Flexible and efficient solutions**

We have experienced tremendous growth in recent years, not only in our regular workforce, but also in our flexible shell. In 2022 we had 500 headcounts (436 FTEs), a net growth of 71 headcounts. The implication is that 34% of our workforce was new in 2022, which created challenges in our onboarding, knowledge and skills transfer and cultivating our corporate culture, which is still close to that of a family-owned business. With 80 leavers, representing an average of 16% in 2022, in a difficult labour market, with a mixture of wanted and unwanted attrition, we need to do more in our recruitment and selection process, our onboarding and introduction processes and how we foster and continuously develop good performing employees and increase long-term engagement.

We have expanded our flexible shell by 39 FTEs, taking the total to 294 on average; this is a ratio of 59% permanent employees to 41% agency workers, which is substantially higher than in the past. The main reasons are the challenging labour markets in our home countries and the rapid expansion to facilitate our investments and growth ambitions. The many newcomers with diverse language backgrounds mean we have some language challenges in our production facilities, and this also poses challenges to fostering our company values. In 2022, hiring new talents in our expanding company was especially difficult due to an increasing shortage of talent in our markets and different demands of new generations. There has been a shift in recent years, in which traditional contract forms and employees have been replaced with more flexible semi-permanent forms, like self-employed contractors, outsourcing parts of the activities, part-time contracts and non-locals. To foster our culture and values and build on stability in our workforce, we try to increase the ratio of permanent to agency, working towards 70% in our operations and above 80% in our offices. With our new HRM system, we will further professionalise our recruitment and selection processes, start building our own network of potential candidates and activate new sources for filling our vacancies.

Part of our challenge is the unwanted attrition of regular employees and the often quick replacement with agency workers. This puts more pressure on employees to onboard new colleagues, with time and quality issues as a consequence. We are investigating how to remain an attractive employer, see what we can learn from our leavers and how we can explore new sources and contract forms, which are not yet that common for Daiwa House Modular Europe.

We are actively looking for opportunities in the labour market to reach our future employees through effective campaigns, events, collaboration with schools, utilising our own network and word of mouth. To further support our growth, we will increasingly automate our HR processes, including how we manage our recruitment process with an improved candidate experience. We have chosen an Employee Registration System, which will be implemented in the second half of 2023.

Automation streamlines and simplifies HR processes such as payroll, talent acquisition, performance management, development and training, and time tracking. Automation also helps smooth reporting at international level and within the various divisions.



Roadmap Social

	2021	2022	2025	2030	2050
Being a good employer	- Absenteeism 4.4	- Absenteeism 6.3	- Top 10 construction companies where people want to work		
			- Absenteeism rate <4		
	- Employee engagement 7.2	- Employee engagement 7.2	- Employee engagement > 8.5		
	Diversity & inclusion	Diversity & inclusion:	Diversity & inclusion	Diversity & inclusion	Diversity & inclusion
	- 7.1% women in management positions	- 4.3% women in management positions	- 15% women in management positions	- 30% women in management positions	- 50% women in management positions
Working safely	- Safety Culture Ladder level 2	- Safety Culture Ladder level 3	- Safety Culture Ladder level 4	- Safety Culture Ladder level 5	- Safety Culture Ladder level 5
		- 0 fatal accidents and accidents with lasting injuries	- 0 fatal accidents and accidents with lasting injuries	- 0 fatal accidents and accidents with lasting injuries	- 0 fatal accidents and accidents with lasting injuries
		- IF (Injury Frequency): 11.5 (target 2023 <4)	- IF (Injury Frequency) <2	- IF (injury Frequency) <1	- IF (injury Frequency) <0.5
Social development	- 182 apartments	- 1,691 apartments	9,110 houses	Continuously contribute to solving the housing shortage	
	- 115 earthquake-resistant homes, 3 shops and 1 care centre	- 329 earthquake-resistant homes and 1 shop.			
	- 1 school / childcare centre	- 74 projects related to refugees.			
	- Covid-19 pandemic: 110 projects	- 2 senior houses			
	- 22 projects related to refugees				



Hospital

Medexs Opron Flevo Hospital

Almere, the Netherlands

— ● ● m²
Floor surface

— ● ● months
Building time

The demand for sustainable and quickly realised, permanent housing solutions for hot floors and even complete hospitals is increasing. Through an integrated approach, construction processes can be shortened, especially in 'acute blocks' such as OR centres. "Medexs is the only modular party that has control over the entire realization process from start to finish," says CEO Jos Lans. "In complete cooperation with the hospital." Medexs has been active in the healthcare sector for several decades now. Current projects include the realization of a completely new 'acute block' including Emergency Room, Radiology, Emergency Care and Acute Admission. It is integrally designed with Medexs as a one-stop-shop for design and execution. "The overhead and project management are handled by Medexs, which optimises the factors of time, cost, carbon footprint and quality. For the Flevo Hospital new OR's were built equipped with Opron which is the superior healthcare ventilation system that works towards zero infections.

Being a good employer

Employee engagement

Research shows engaged employees perform better and have a positive effect on vitality, absence and attrition. In an environment of constant, rapid change, it is vital to stay connected and engaged with our employees by continuously checking in with them and using their feedback for improvement. The direct manager plays a vital role in the engagement of his or her direct reports, for which the manager needs to have access to tools, correct data and support from higher management and HR. The new HRM System will eventually provide a dashboard for all managers in which they have easy access to the data of their direct reports. Employee engagement and improving the experience of our people are critical success factors for our strategy. Our annual employee engagement survey provides us with valuable insights and help managers to understand how we can further improve engagement with our employees. As our current setup has not fully helped driving engagement, we will review the process and improve the current setup, with reports for each manager and with a tool for structured action planning, follow up and governance. This allows us to not only communicate via the Daiwa House Modular Europe app, but also via the business email accounts, via the Employee Self Service portal and via the line managers, with cascaded-down messages and Town Hall events or recorded video messages from our Board. We need these parallel communication channels for repeating the important messages in our organisation. All agency workers in the offices, already have access to the news items and safety regulations. As a next step, we are investigating how we can better communicate with the many agency workers in production and the external providers.

As part of our transformation to an international organisation, we realise that together with our Board of Directors, we need to also improve our communication to our employees of follow up actions as a result of the employee engagement survey. In the new setup, we will embed this in our normal processes with supporting tools. We have started a vitality plan with several activities and will change the setup of our HR department which will – together with a new HRM- System – enable HR and managers to spend more time on actioning improved engagement. For more details about the employee score, see the 'performance measurement' section.

Employee engagement scores 2022



Vitality

Social motivation



Working environment



Mental health



Physical health



Healthy food



Employee vitality and health

Healthy and happy people perform better with more sustainable results. The physical and mental health of our employees is therefore one of our key priorities. We try to keep our employees vital and healthy and make them aware of the benefits of a healthy lifestyle related to work, but wherever possible taking a more holistic approach.

In each office we have a unique point of contact for vitality and health initiatives. To promote a healthy lifestyle for our employees, we offer fruit baskets in all our offices. In addition, we share inspiration and tips to live healthier lives via push notifications in our app. We also offer bicycle plans, and our employees have the possibility to exercise and relax at our workspaces. We provide different facilities at each location, including dart boards, table tennis tables, soccer goals and bootcamps. We also organised local soccer tournaments in Montfoort, the Netherlands and participated in local running events. All these activities were kicked off during vitality week in September 2022, which focussed on eating a healthy lunch each day of the week, organised by our employees themselves. A short evaluation of all organised activities showed that our employees valued all the activities, so we will further embed this event in our organisation with more structure and dedicated owners and sponsors.

Diversity & inclusion

Daiwa House Modular Europe is dedicated to encouraging a supportive and inclusive culture throughout our workforce. It is in our best interest to promote diversity and eliminate discrimination in the workplace. Our aim is to ensure that all employees and job applicants are given equal opportunity and that our organisation is representative of society. All employees are respected and valued and able to give their best as a result. We are committed to providing equality and fairness to all our employees independent of age, disability, gender, marriage and civil partnership, pregnancy and maternity, race, ethnic origin, colour, nationality, national origin, religion or belief, or sex and sexual orientation. All employees, no matter whether they are part-time, full-time, or temporary, will be treated fairly and with respect. When we select candidates for employment, promotion, training or any other benefit, it is on the basis of their aptitude and ability. All employees will be given help and encouragement to develop their full potential and utilise their unique talents. Therefore, the skills and resources of our organisation will be fully utilised, and we will maximise the efficiency of our whole workforce.

We want to be an attractive employer for both men and women. In 2022 we employed only 58 female FTEs, which is 13%. Almost 40% of our female employees work part time; for male employees this is only 6%. The estimated pay gap on average is 4%, in favour of male employees. While the number of female joiners is promising and the pay gap is not substantial, it is clear we need to do more in our policies and procedures to be an equal opportunity employer. We are exploring opportunities to be more attractive for female and male employees who want to work part time for a better work life balance, or to work from home in a hybrid setup, to avoid commuting and being able to better balance their role in their private situation.

Our policies

We have multiple policies in place to ensure we meet our objectives for our employees. Our main policies relate to training and development, health and safety, working time, reduced and flexible working hours, maternity and parental leave, access to social security, diversity and inclusion, social return, slavery and human trafficking, privacy and engaging with our employees. As we are continuously improving our policies to ensure they reflect our social ambitions we will review our policies the upcoming year and make them congruent with our ambitions.

Training & development

Given the ambitions of Daiwa House Modular Europe, it is important to ensure that our employees continuously develop. Training and development are part of everybody's job, by means of education, training, coaching and learning on the job. With all the learning and development opportunities we provide, we have the ambition to structure our efforts and create standard curricula per function group and per level in the organisation. The curricula will be mandatory for new joiners and, if necessary, for current staff as a learning opportunity or as a refresher. To facilitate this effort, we have the ambition to implement an online learning platform together with our HRM system. This will accelerate a culture of continuous learning and give opportunities for employees to already prepare for next steps. Daiwa House Modular Europe will offer all employees access to an online learning platform. Within budget, employees have unlimited development opportunities with a large and diverse range of training courses and workshops.



Senior residents

Homes for senior residents, De Wever, Boshuis

Tilburg, the Netherlands



128

Number of care studios

≡ 9,500m²

Floor surface area

The homes for senior residents have been finalized in 2022. The Advantages of living at 'De Wever's Boshuis' location are that senior residents live in nature bringing peace and relaxation. The green surroundings have a positive influence on well-being. There is plenty of space for socialising at the Boshuis location. Not only in the communal living rooms, but also in the brasserie or the recreation garden. Residents can walk outside and inside. There are footpaths around the Boshuis location with plenty of benches where you can rest. Important is also that care from De Wever is nearby. Expert staff and volunteers from De Wever are at the resident's service. The Boshuis location has a total of 128 care studios. All care studios are suitable for one person and have a living area, open kitchen and sleeping room. The care studios have a private bathroom with washbasin, shower and toilet.

Diversity & inclusion

At Daiwa House Modular Europe, we believe it is important that every employee in our organisation feels (emotionally) safe and is treated with respect. It is important to us that there is no discrimination whatsoever within our organisation, whether on grounds of someone's origin, gender, skin colour, sexual orientation, age, religion, disability or chronic illness. In addition to integrity, respect and understanding, we strive for an atmosphere of collegiality and open communication:

- Be considerate of each other;
- Behave honestly and respectfully towards others;
- Comply with the agreements;
- Listen to each other;
- Share knowledge.

Maternity & parental leave

Maternity / paternity leave is 5 days, in addition to the official leave regulations as defined in each country. In the Netherlands, pregnant employees are entitled to 6 weeks' pregnancy leave (before the due date) and at least 10 weeks' maternity leave (after childbirth). Each pregnant employee is entitled to at least 16 weeks of paid leave.

Access to social security

Daiwa House Modular Europe has taken out collective health insurance, which includes a discount for the employee and, if applicable, their family. We also offer collective accident insurance and a pension scheme for all employees. Participation is mandatory. In addition to this, Daiwa House Modular Europe has taken out group WIA gap insurance (social security benefit due to sickness or disability). Participation is mandatory and at the employee's expense. The benefit comes into payment after two years of sick leave. We also make sure our agency staff members are hired under similar conditions. Over 95% of our agency staff is part of a collective labour agreement, taking care of social security issues. In framework agreements with the agencies we agree, we are authorised to check our vendors on a regular basis, if we expect compliance issues.

Inappropriate behaviour

At Daiwa House Modular Europe we aim to ensure a safe working environment under the best possible conditions, where we interact with one another pleasantly and everyone feels free to be themselves. We value a safe and healthy working environment, in which it is important that every employee in our organisation feels safe and is treated with respect. It is important to us that there is no discrimination whatsoever within our organisation, whether on grounds of someone's origin, gender, skin colour, sexual orientation, age, religion, disability or chronic illness. In addition to integrity, respect and understanding, we strive for an atmosphere of collegiality and open communication.

Inappropriate behaviour at work is a persistent problem in our society. This can have profound consequences not only for the employee who is forced to undergo this, but also for any bystanders and the employer. Decisive and carefully considered action is of paramount importance. An approach intended to raise awareness of inappropriate behaviour works best, because this reduces the chance of official complaints being reported.

Daiwa House Modular Europe has developed a policy which aims to help employees who are confronted with inappropriate behaviour, aims to help the perpetrators of such behaviour and bystanders, and help managers identify and acknowledge inappropriate behaviour and give them tools for dealing with it. The policy defines what inappropriate behaviour is, how employees can identify it, what the consequences are, what employees can do about it and how to report any incidents. Several confidential counsellors have been appointed within the organisation that employees can turn to if they need to report inappropriate behaviour.



Refugees

Nationaal Coördinator Groningen (NCG)

Loppersum and Wirdum, the Netherlands



655 + 371

Number of residents (will be >1,500)

NCG commissioned Daiwa House Modular Europe to realise new temporary housing in Loppersum and Wirdum. The assignment to realise the 1,000th 'temporary home' has been put out. Despite the temporary nature of the houses, these houses are built in such a way that it is comfortable for the residents to live in. These temporary homes therefore have the same quality as permanent homes. Depending on the intensity of reinforcing one's own home, the length of stay varies between a few weeks up to two years. To keep the reinforcement task on schedule, sufficient temporary housing is necessary. We now have 655 homes available. In addition, 371 are now under contract. The number of temporary homes will grow to more than 1,500 in the coming period and may be further expanded. Once it is clear where and when the housing is needed, the process to realise the housing is started as early as possible.

Social Return

Social Return is the creation of sustainable employment for people distanced from the labour market. Anyone who is outside the regular employment process for more than 3 months belongs to this group, as well as other people distanced from the labour market. Daiwa House Modular Europe works together with organisations such as UWV, Fermwerk, Promen and the municipalities. Together with these organisations, we are searching for opportunities to employ people from this group. Job carving or job sharing may be considered when employing people distanced from the labour market. People are trained within Daiwa House Modular Europe to guarantee the right guidance and support.

Slavery and human trafficking

We are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business. This stance is in line with our Business Ethics policy. We have zero tolerance for slavery and human trafficking. To ensure all those in our supply chain and contractors comply with our values, we require our suppliers and subcontractors to adhere to our Supplier Code of Conduct.

Privacy at work

Daiwa House Modular Europe aims to meet the requirements of the General Data Protection Regulation (GDPR) and we believe that it is important to provide our employees with information about data privacy at work. Daiwa House Modular Europe has accordingly prepared a privacy statement for all employees that explains the legal grounds on which we are permitted to process personal data, our obligation to provide data, the data that we process and the rights of all employees under the GDPR. The security of personal data is particularly important. Therefore, all data is well protected through the physical, administrative, organisational and technical measures we have put in place. We can assure our employees that we have an appropriate level of protection, which is laid down in our security protocol, along with the process on how to report a breach of privacy.

Our processes for engaging with our own workers

Daiwa House Modular Europe has set up diverse channels that enable employees to raise concerns. Depending on the concern, employees can follow for instance the Whistle-Blower policy, Anti-Bribery & Corruption policy, and other channels such as employee engagement surveys to ensure concerns are raised to the right designated persons. Our employees are made aware of all these channels, with active communication to ensure that they are easy to find. Confidential counsellors have been appointed at all branches and at all levels, and they have been trained.



Our actions to achieve our targets

The following actions have been identified to increase our social impact inside and outside our organisation. Resources and budgets have been allocated for each action, ensuring successful implementation.

Area	2023	2024	2025 and beyond
General	<ul style="list-style-type: none"> - Implement HRM System - Improve data quality - Setup dashboard for HR and managers 	<ul style="list-style-type: none"> - Add Learning & Development platform - Integrate main systems 	<ul style="list-style-type: none"> - Optimise systems and processes
Employee engagement	<ul style="list-style-type: none"> - Reshape our Employee Engagement Survey (EES) process - Measure preferences on compensation and benefits, action planning and communication - Add tools for management for driving recognition and engagement 	<ul style="list-style-type: none"> - Expend tools for engagement - Embed in onboarding managers - Prepare new EES setup - 1st EES new style 	<ul style="list-style-type: none"> - Extend to engagement for our agency workers
Vitality and health	<ul style="list-style-type: none"> - Vitality program 2.0 - New setup Health Care Provider - Training management - Update risk inventory and evaluation 	<ul style="list-style-type: none"> - Periodic medical check-up - Tender health care provider and updated process - Embed in onboarding process for managers - Offer eLearnings and workshops 	<ul style="list-style-type: none"> - Embed in onboarding process for employees - Embed vitality and health activities in our annual cycle - Involve agency (semi-) permanent agency workers
Diversity and inclusion	<ul style="list-style-type: none"> - Interview all current female employees about current hurdles and opportunities and action solutions - Develop a specific approach for women in manager positions - Identify ten vacancies we will reserve for women and start searching for at least six months 	<ul style="list-style-type: none"> - Join networks for women - Offer eLearnings and workshops for awareness of inclusion - Activate our employees to discuss issues and solutions 	<ul style="list-style-type: none"> - Add at least two women to Supervisory Board and / or Board of Directors - Further embed diversity and inclusion in our corporate identity and policies
Training and development	<ul style="list-style-type: none"> - Review our function matrix and add minimum training and competencies requirements - Make these available for all 	<ul style="list-style-type: none"> - Create curricula per function group - Embed in onboarding - eLearning, workshops and other training facilities for all via a Learning & Development platform 	<ul style="list-style-type: none"> - Link to our performance cycle - Embed in our corporate culture a continuous learning culture
Our policies	<ul style="list-style-type: none"> - Review all policies and procedures and embed social paragraphs 	<ul style="list-style-type: none"> - Add focus areas and make them actionable - Communicate 	<ul style="list-style-type: none"> - Translate next steps in our ESG journey into policies and procedures - PDCA governance

Main achievements 2022

Performance measurements

1. Jong in de Bouw (JIB)

There are more and more young colleagues who come to work for Daiwa House Modular Europe after their training. As our organisation is growing, it may be more difficult to get to know and to connect with each other. JIB is a platform within Daiwa House Modular Europe for about 90 young professionals under 30 years old. We invite young professionals to think along about our company's future and organise activities such as JIB on tour (visits of project location and our factory in Hulst), youth drinks, sports activities and collaboration with HR on our vitality program.



2. Vitality and Health campaign

In 2022, vitality and health were important topics at Daiwa House Modular Europe and a dedicated campaign was executed throughout the year in order to reach all employees and to encourage them to actively participate and work on their personal vitality and health. During the campaign we focused on diverse topics each month, such as vaccination, standing meetings, cycling, ergonomic workspace, medical checks and physical exercise. In September a full week was organised around this topic, with dedicated activities each day at all our locations.

3. Central onboarding training for all new joiners

In 2022 we introduced a central onboarding training for all new employees at Daiwa House Modular Europe. All new employees spend one full day together to learn more about our company and to help them to get a smooth start. We invite all new employees at our experience centre in Montfoort, the Netherlands, in which they get an introduction of Daiwa House Modular Europe. A member of our Board of Directors welcomes all new joiners personally. We ensure that all IT, HR, and security basics are addressed and that they get a guided tour at our production facilities to get fully acquainted with our business.

Performance measurements

At Daiwa House Modular Europe, we think it is important to monitor our performance with respect to the well-being of our employees. For this reason, we have identified several indicators that are included in our management dashboards and discussed on a regular basis.

Our employees

In 2022 we employed 436 employees, 13% of whom are women, 85% are permanent employees and 89% are full-time employees. The average age of our employees is 46 years. In addition to our own employees, Daiwa House Modular Europe also employs workers via employment agencies. The average number of workers from employment agencies in 2022 was 295.

Information on employees by gender (FTE)

	FY2019			FY2020			FY2021			FY2022		
	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total
Number of employees	26	305	331	36	348	384	47	382	429	58	378	436
Number of permanent employees	18	258	276	27	285	313	35	317	351	44	324	368
Number of temporary employees	8	46	54	9	62	71	12	66	78	14	54	67
Number of full-time employees	18	290	309	20	293	313	29	363	391	35	355	390
Number of part-time employees	8	14	22	16	55	70	18	20	38	23	23	46
Number of workers via employment agencies			108			133			255			295

Information on employees by entity / country (FTE)

	FY2019			FY2020			FY2021			FY2022		
	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total
Daiwa House Modular Europe Jan Snel BV - NL	13	189	202	20	221	241	28	258	286	32	241	273
Jan Snel Zuid BV - NL	7	70	76	5	72	77	5	66	71	7	68	75
Jan Snel Belgium NV - BE	1	12	14	1	11	12	1	10	11	1	9	10
Daiwa House Modular Europe Ltd - UK	0	0	0	1	4	5	3	6	9	3	6	10
Daiwa House Modular Europe GmbH - DE	0	0	0	3	1	4	4	5	8	6	9	16
Daiwa House CB GmbH - DE										1	3	4
Medexs - NL	6	33	39	6	39	45	6	37	44	8	42	49
Total	26	305	331	36	348	384	47	382	429	58	378	436

Absenteeism

In 2022, the average absenteeism rate increased from 4.42% to 6.4%, which is even higher than during the Covid-19 pandemic and higher than the construction industry average of 5.3% (source CBS). The long-term (>43 days) absence is especially high (3.7%). To turn the tide, we will bring our health care provider closer to our managers for improved communication and quicker action. We will also retrain our managers with the dos and don'ts of managing sickness and health, with an emphasis on prevention and a focus on keeping employees healthy and happy. For mitigating mental, physical and working environmental issues, we conduct a formal risk evaluation and evaluation. Based on these risks we offer voluntary medical check-ups to all, including lifestyle advice.

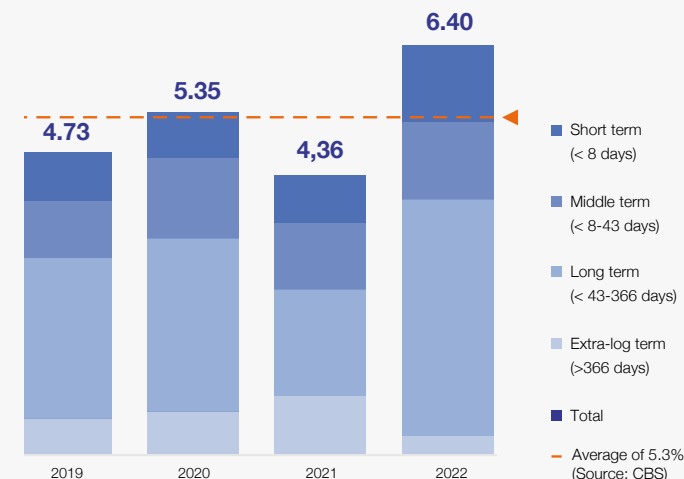
Absenteeism in %	2019	2020	2021	2022
Average absenteeism	5,40%	6,12%	4,42%	6,81%
Daiwa House Modular Europe Jan Snel BV	4,78%	5,06%	4,05%	5,70%
Jan Snel Zuid BV	5,94%	9,85%	6,56%	11,45%
Jan Snel Belgium NV		2,11%	5,03%	1,15%
Daiwa House Modular Europe GmbH		0,75%	1,55%	3,94%
Daiwa House CB GmbH				1,10%
Daiwa House Modular Europe Ltd		0,00%	0,29%	3,71%
Medexs			7,00%	9,21%

Working hours

Daiwa House Modular Europe is a project-driven organisation. Office employees work overtime from time to time if required during certain project stages. Production employees also work overtime in the factory, always in good consultation with their managers, and they are compensated for this at a special overtime rate.

In cases where working overtime becomes too frequent for certain employees, the manager responsible will engage with the employee and discuss the situation to protect the employee from any possible consequences with regard to their vitality.

Long term vs short term absence



Employee engagement survey

Overall, we scored 7.2 out of 10 in our 2022 employee engagement survey, equal to last year and far from our target of 8.5. The highest score was for 'Safety & behaviour', with an average score of 8.2.

Both 'Communication' and 'Board & organisation' scored low (6.4). Some employees with high tenure must get used to the many new colleagues and changing processes; we see this reflected in our scores and some of the open comments in the 2022 survey.

For improved communication and dialogue with our employees, including the newer generations, we have started using an app as an extra parallel channel for top-down communication and dialogue. Eventually, this should help us better explain our strategy and get all employees on board. To drive improved communication and start new initiatives, we will not only implement an HRM System but also slightly change the setup of our HR department, to improve efficiency and free time with the HR Business Partners.

Together with the Board of Directors, the Marketing and Communication Department and the rest of the leadership team, we have the capacity to substantially improve on these scores. Topics for improvement have not changed compared to last year, and we have concluded that we have improved a lot, though not always linked to or based on the results of our EES. We will therefore reshape our survey and look at our annual cycle for more impact, to really start using the EES as catalyst for improved engagement and better performance.

Top 5 strong suits for DHME & JS in 2022

1	innovative / ambitious / growing
2	pleasant atmosphere / great colleagues
3	involved / social employer
4	healthy / big company / strong brand
5	(continued) growth opportunities

Top 5 points of improvement for DHME & JS in 2022

1	communication
2	salary / reward
3	workload / division of work
4	better employment conditions
5	engagement / attention / appreciation

	2019	2020	2021	2022
Work content and development	7,1	7	6,9	7,1
Communication	6,4	6,4	6,4	6,4
Safety & behaviour	7,1	7,9	8,0	8,2
Terms of employment & circumstances	7,1	7,1	7,1	7,1
Managers	7,1	7,2	7,1	7,3
Board & organisation	6,2	6,7	6,2	6,4
Workload	6,6	6,6	6,6	6,6
Collaboration	6,9	7,0	6,9	7,1
Engagement	7,4	7,8	7,8	7,5
Enthusiasm		6,9	6,6	6,9
Total	7,3	7,5	7,2	7,2

Training and skills development indicator

All of our own workers participated in regular performance and career development reviews. In 2022 we had 4,168 officially registered training hours for 565 participants (registered employees in a training), which is on average 1.3 training courses per employee and 7.4 training hours per employee. In addition, we had 11 introduction meetings (5 hours) for 146 new joiners. These

numbers exclude eLearnings (like safety and compliance and data security training sessions) and learning on the job, which are not yet registered. With our new HRM system we also expect to implement a Learning & Development platform, as an enabler for better registration and personal training and growth.

Training hours

	Total	%
Per gender		
Men	3756	90%
Women	412	10%
Per management category		
High	151	4%
Middle	73	2%
Individual	3944	95%
Per department group		
Office Unit Construction	253	6%
Office Housing	290	7%
Production Unit Construction	1370	33%
Production Housing	1714	41%
Staff	223	5%
Transport	320	8%
Grand Total	4168	

Other social activities

We are part of the societies we operate in and try to be an active member. A few activities worth mentioning are:

- Via our Daiwa House Modular Europe Foundation, we supported an organisation helping 42 Ukrainian families in Kiev with a substantial donation.
- We have regular introduction meetings for young people still at school and show them around our experience centre, trying to make them enthusiastic about green building and our products.
- We sponsor TechnoHub, a cooperation of schools in our community and help them with materials, instructions and events.

Other social disclosures

Fair remuneration

All employees at Daiwa House Modular Europe receive a wage above the fair wage.

Social security eligibility coverage

All employees have mandatory cover for social security in line with European law.

Number of work-related discrimination incidents

Daiwa House Modular Europe reported 17 work-related discrimination incidents ranging from bullying to discrimination and conflicts. These issues have been handled via trained trust persons and measures have been taken to avoid repetition. We will continue to promote a safe and secure environment where everyone can be themselves and where employees know complaints are taken seriously and the complainer is protected by management.

Persons with disabilities in own workforce

At Daiwa House Modular Europe we strive to employ persons with disabilities in our workforce. In 2022 we employed around eight employees with some distance to the labour market.

Differences in the provision of benefits to employees with different employment contract types

Employees with different employment contract types have the same provision and benefits.

Grievances and complaints received and resolved relating to workers' other work-related rights

Daiwa House Modular Europe reported no grievances and complaints received and resolved relating to workers' other work-related rights.

Collective bargaining coverage

All our employees are included in a collective employment agreement or comparable own employment conditions regulation.

Work stoppages

Daiwa House Modular Europe experienced no work stoppages due to disputes between labour and management, including strikes and lockouts during the reporting periods.

Social dialogue

At Daiwa House Modular Europe 0% of its own workforce is represented at the establishment level by workers' representatives such as a Works Council. Daiwa House Modular Europe is in the process of setting up a working group that will work on preparations to install a works council.

Severe human rights issues

Daiwa House Modular Europe reports no severe human rights issues and incidents in the reporting period.

The right to privacy at work for its own workforce

The procedures in place to secure and monitor data privacy rules are described in the data privacy policy. There were no breaches reported and resolved during the reporting period.

“Training plays a vital role in expanding our knowledge base and enhancing organisational efficiency.”



Overview of certifications

Certification type	Element	Valid to	Scope	DHME Jan Snel Group BV	DHME Jan Snel BV Montfoort	DHME Jan Snel BV Eemshaven	DHME GmBH	DHME Ltd	Jan Snel Zuid BV	Jan Snel Belgium NV	DHME Medex Holding BV	G&A Interieur BV
ISO9001:2015	Quality management	16-12-2023	Design, sell, rent, manufacture, transport, assemble, dismantle, place and move flexible building systems.	X	X	X			X	X		
		16-12-2023	The sale and rental of flexible building systems				X	X				
		24-4-2024	Offering a total solution in terms of finishing and furnishing operating rooms, cleanrooms, sanitary cells, laboratories, pharmacies, healthcare facilities and other classified (clean) areas.								X	X
EN1090-1:2009 / A1:2011 Exc 2	CE-mark steel construction	Na	"Structural steel components intended for use in flexible building systems, Execution Class 2, within the areas of validity indicated on the Appendix to Certificate"	X	X							
ISO3834-2:2005	FPC welding production	20-7-2026	Steel construction work for flexible building systems.		X							
ISO14001:2015	Environmental management	13-12-2025	"Design, sell, rent, manufacture, transport, assemble, dismantle, place and move flexible building systems."	X	X	X			X	X		
		13-12-2025	The sale and rental of flexible building systems				X	X				
CO ₂ -prestateladder trede 5	Sustainability/environment	06-10-2024	"Design, sell, rent, manufacture, transport, assemble, dismantle, place and move flexible building systems."	X	X	X	X	X	X	X	X	X
STIP Certificering	Sustainability/environment	NA	Procurement of sustainable timber		X							
VCA* 2017/6.0	Safety management	28-1-2024	Carrying out production and installation work for high care areas in the healthcare sector, such as operating theatres, clean rooms, sanitary cells, laboratories, apothecaries, healthcare institutions and classified (clean) areas. Nace code 34.99 and 43.39								X	
		16-12-2023	The manufacture, assembly, disassembly, installation and relocation of flexible building systems. NACE Rev.2: 41.2	X	X	X			X	X		
VCA 2017/6.0 Petrochemie	Safety management	16-12-2023	The manufacture, assembly, disassembly, installation and relocation of flexible building systems in the petrochemical industry. NACE Rev.2: 41.2	X	X	X			X	X		
Safety Culture Ladder Trede 3	Safety management	22-8-2025	"Design, sell, rent, manufacture, transport, assemble, dismantle, place and move flexible building systems."	X	X	X			X	X		

Our products and services meet quality, safety, health and environmental requirements. Jan Snel accordingly holds multiple certificates, including ISO 9001, ISO 14001, ISO 3834-2, SCC, SCL, CO₂ Performance Ladder and STIP.

ISO 9001

ISO 9001 is a standard for quality management systems. It is a systematic approach to improving the quality of products and services, which also increases customer satisfaction.

ISO 14001

ISO 14001 is a standard for environmental management systems. It offers a systematic approach for a good environmental management system. At Daiwa House Modular Europe we strive for a fully sustainable production process. ISO 14001 has many advantages, such as providing a structure for the continuous improvement of environmental performance.

ISO 3834-2

ISO 3834-2 defines comprehensive quality requirements for fusion welding of metallic materials both in workshops and at field installation sites.

SCC (and P)**

The Safety Checklist Contractors, or SCC for short, was developed to improve safety, health and the environment in the workplace. SCC is intended for contractors who perform high-risk work for clients or who work under high-risk conditions. More attention to safety, health and the environment does have an effect: people fall ill less often, and we can prevent industrial accidents.

Safety Culture Ladder

To test the level of safety awareness within our organisational culture, we participated in the Safety Culture Ladder (SCL) for the first time in 2020. This test provides a clear indication and guidelines for further growth. Without any adjustments at all, we achieved certification level 2. We saw this as the ideal baseline measurement, because our score could only increase from this point. With the help of behavioural sessions, appropriate rules and shared responsibility, we achieved certification level 3 in 2022.

CO₂ Performance Ladder

The CO₂ Performance Ladder is the sustainability instrument in the Netherlands that helps companies and governments to reduce CO₂ emissions and costs, in business, in projects and in the value chain. The Ladder is used as a CO₂ management system and as a tendering instrument.

Sustainable Timber In Place (STIP)

STIP was developed by Dutch timber research institute Stichting Hout Research (SHR) and launched in 2017. It guarantees that accredited suppliers sell exclusively timber from sustainable sources that meet the Dutch Procurement Criteria for Timber, such as PEFC or FSC-certified forests.

“Safety culture is seen as how and the extent to which the organisation is engaged and deals with safety.”



Working safely

At Daiwa House Modular Europe, safety is at the forefront of our profession. For us, safety is something we realise together. Safe working is especially essential in our sector, because no matter how beautiful the results of our projects may be, building comes with risks. The key is to be aware of these risks. This is why Daiwa House Modular Europe chooses to put awareness and commitment first. This is also how we build an organisation where safety is woven into the DNA of our people, at our project and production sites and our offices.

The HSE department has an important role to play here, ensuring that safety is and remains top-of-mind for everyone, working with project teams to ensure proper compliance with all regulations and requirements for safety, labour and the environment. We are committed to continuous improvement and are always actively seeking feedback from our employees. This is how we learn from experience and eliminate risk. Safety is always paramount.

Safety culture

Safety culture is seen as how and the extent to which the organisation is engaged and deals with safety. A good safety culture is often described as a situation in which the entire organisation – from employees to managers – is aware of the importance of safety in the organisation and gives it the highest priority. There is an attitude in the organisation that can be described as: “we work safely, or we do not work”. This is represented at the highest level (step five) of the Safety Culture Ladder (SCL).

At Daiwa House Modular Europe we work with the SCL, which is an assessment method for measuring safety awareness and conscious safe action (culture and behaviour) in companies. The emphasis is on the safety culture. The SCL is intended as a measure to encourage companies and their suppliers to consciously work safely. The higher the safety awareness in an organisation, the higher the assigned ladder step. Daiwa House Modular Europe achieved level 3 of the Safety Culture Ladder in 2022.

In 2022 we executed a gap analysis on the ISO 45001 standard. We plan to start certifying ourselves for the ISO 45001 standard in 2023.

Managing safety responsibly



This is how we aim to manage safety responsibly:

Safety awareness - From project manager to foreman, and from production worker to office worker. Everyone is aware of the risks.

Safety in the chain - In addition to our own people, we also ensure that clients, contractors, and subcontractors work safely.

Responsible at work - We stay alert and learn from each other. Everyone points out unsafe situations or risky behaviour to each other and we help each other solve it.

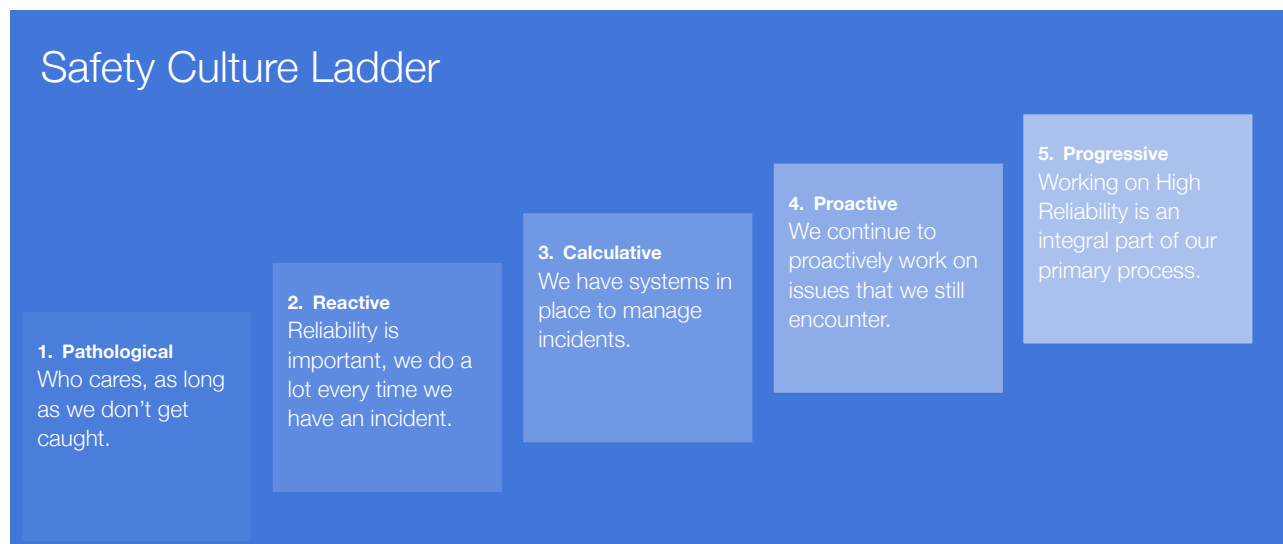
Direct action - Unsafe situations are reported and resolved immediately.

All our production and project locations are SCC and SCL certified. We ensure that there is a clear policy for noticing and reporting near-misses, accidents, unsafe situations, and actions. We focus on this to such extent that not only the number of reports increases, safety improves as well. As a result, we are gaining a better understanding of potential risks. This is how we make our work a little safer every day. We are proud of this.



“Safety first! Creating a safe working environment requires the cooperation of everyone involved. Safety is a shared responsibility that we must all prioritise.”

– Edwin van Duivendijk,
Head of QHSE



We have defined the following 7 Behavioural rules:

We believe in Safety First

1. We believe safety is a joint responsibility
2. We allow ourselves to be called to account and confront others about unsafe behaviour
3. We take immediate action and report all unsafe situations
4. We work, if we are qualified to do so, with the correct and approved tools / material
5. We only start our work after we have understood the (site) safety instructions
6. We keep our surroundings and workplace clean, tidy, and safe
7. We use our mandatory and additional personal protective equipment

Our Health & Safety policy

The directors and staff of Daiwa House Modular Europe regard safety as an extremely important priority for the company. We are committed, through strong leadership and engagement with the workforce, to create an incident-free environment where accidents are eliminated and health is protected. This applies to all employees, contractors and members of the public who may be affected by the activities of the company. Current health and safety legislation and relevant approved codes of practices should be always complied with. To achieve these aims we will:

- Assess the competence of our employees and supply chain to execute the activities they are expected to undertake.
- Provide such information, instruction, training and supervision as is necessary to enable the safe performance of work activities.
- Provide a safe working environment and safe systems of work through design, construction, operation and maintenance of all plant, equipment and facilities.
- Provide adequate facilities and arrangements for engagement with the workforce on our projects and in our workplaces.

- Enable employees and contractors to raise issues relative to health and safety. No punitive action will be taken against any worker who raises a health and safety concern.
- Appoint competent persons to assist in meeting statutory duties where appropriate. This may include the appointment of specialists from outside the organisation.
- Provide appropriate welfare facilities for all employees.
- Identify hazards, assess risks and, where reasonably practicable, eliminate or reduce risk to an acceptable level.
- Provide an effective health and safety management system that meets the requirements of Safety Checklist for Contractors (SCC) and Safety Culture Ladder (SCL).
- Provide an occupational health strategy to support industry best practice.
- Promote and encourage mutual respect for people involved in our work activities and in the communities in which we work.
- Facilitate the sharing of knowledge and lessons learned, both internally and externally.

The company has appointed a director to represent health and safety, who will ensure the provision of an effective organisation and arrangements for the implementation of this policy. Every employee has an obligation to take reasonable care for their own safety and the safety of other people who may be affected by their acts or omissions. They are also obliged to cooperate with their employer in respect of matters concerning health and safety. The involvement and cooperation of employees at all levels is essential for effective implementation of this policy.

The company will, each year, establish objectives and monitor performance against these previously established objectives. We will also publish results, with the intent of achieving year-on-year improvement.



Our actions to achieve our targets

We have identified a number of actions to increase health and safety within our organisation. Resources and budgets have been allocated for each action, ensuring successful implementation. We highlight a few actions in more detail in this section.

Area	Action
Safety	<ul style="list-style-type: none"> - Secure safety awareness in the organisation and further improve on Safety Culture Ladder level 3 and prepare to move to level 4 in the long term - Obtain ISO 45001 certification (2023) - Communicate, embed and enforce the seven behavioural rules - Follow-up safety awareness sessions - Ensure that the safety campaign 'Safety First' is familiar to all employees - Implement safety signs and walkways for all employees and visitors and a 0-accident days counting board at the entrance - All safety documentation and consultations are available at least in Dutch, English, German, Polish and Romanian - All unsafe acts and situations will be reported. Addressing others and being addressed is something we take for granted. Everyone contributes to an open atmosphere and talks to each other about safety

Proactive safety culture

We have internal campaigns to further increase awareness of safety among employees and address behaviour at the same time. We draw the attention of staff to their various responsibilities in an accessible way. Everyone contributes to overall safety on the construction site and in the factory. Therefore, everyone must also actively take responsibility to ensure that we can continue to work safely. For example, small groups periodically meet with safety experts to learn more about the best ways to proceed. All executives have followed a follow-up safety awareness workshop.

Continuous improvement on safety

We continue to encourage safety. There is always room for improvement, so we have a range of improvement measures in place. For example, we hold meetings with our employees to discuss aspects of safety that we encounter daily. The QHSE (Quality, Health & Safety and Environment) department takes care of risk management in projects and carries out checks. Our management and direct supervisors also take responsibility.

Examples of how we ensure continuous improvement on safety include:

- **General safety instructions:** When commencing employment, every new employee, regardless of function, receives safety instructions explaining the safety rules that apply at Daiwa House Modular Europe.
- **Specific job safety instructions:** Upon joining the company, each new employee, depending on their position, receives safety instructions explaining the specific safety rules regarding safe sawing, use of an overhead crane, aerial work platform or forklift truck that apply at Daiwa House Modular Europe.
- **Toolbox meetings:** Toolbox meetings are held on a monthly basis. A toolbox meeting is a short meeting (15-30 minutes) at which a topic in the field of safety, health and environment is discussed. Employees can also suggest topics for these meetings. After a toolbox meeting, employees sign off on the appropriate registration form to register their attendance.
- **Safety Alerts:** The purpose of a Safety Alert is to inform employees, by means of a short announcement, notification, warning or piece of information, about certain safety topics. To ensure that the Safety Alert comes to the attention of every employee, it is also addressed at a toolbox meeting.
- **Workplace inspections:** At least once a month, workplace inspections are conducted on projects and in the factory halls. This is done by operational managers (department, team or project leader) and / or management. By means of a checklist, a particular department or work

area is inspected for safety, health and environmental aspects. The examination covers not only technical safety, but also human (safety) behaviour, such as compliance with regulations and the use of personal protective equipment.

- **Observation of (un)safe behaviour:** The observation programme involves periodic observations by the HSE department (both in production and at project sites) of what is going well and what could be improved in terms of safety behaviour. The observations are discussed directly with the employees concerned. Results are analysed periodically, and this analysis leads to an improvement programme to be implemented.
- **Kick-off meeting / starting work meeting:** The project leader or supervisor discusses the specific risks associated with the project with the employees before the project work begins. The type of project, the method of working, the specific HSE risks and the personal protective equipment to be used are discussed. Every employee present, including subcontractors, must sign off on the kick-off meeting.
- **Last Minute Risk Analysis (LMRA):** LMRA is a brief risk analysis (a final check) performed before starting work. The purpose is that before starting work, the risks present are considered, eliminated or made acceptable. Performing an LMRA takes no more than one minute. A pass is used to carry out an LMRA. This pass will be issued when you enter service, and you should always carry it with you.

At Daiwa House Modular Europe we think it is important to monitor our performance with respect to the health and safety of our employees. For that reason, we identified several indicators that are included in our management dashboards and discussed on a regular basis. If deemed necessary, we act on topics where we feel improvements should be made.

Main achievements 2022

Performance measurements

Technical developments for safer work

Together with Altrex, we designed a mobile and adjustable edge or module protection system. The open aluminium construction is lightweight and can therefore be moved to the site of construction using only manpower. Because the construction is open, the module protection can be placed over the living module. At the same time, work can continue on the sides of the module. The construction is also adjustable in length and width, making the edge protection useable anywhere in the production process. Using an adapted Altrex Mounter ladder, one can easily climb onto the roof of the module. The self-closing gate ensures that the user works safely at height.



PowerBI safety dashboard

To create good trend analyses of reported incidents, we built a safety dashboard in PowerBI. The safety dashboard is live connected to our business management system LeanBMS.

Achieved level 3 on the Safety Culture Ladder

The Safety Culture Ladder (SCL) is a method we use to improve the safety awareness and conscious safe action within Daiwa House Modular Europe. The emphasis is on safety culture and the aim is to encourage Daiwa House Modular Europe and other companies and their suppliers to consciously work safely.

Coverage of the health and safety management system

We record reports in the LeanBMS quality and safety management system. The system immediately notifies the responsible people. This allows Daiwa House Modular Europe to take immediate action on unsafe situations and ensures high employee engagement. For all certifications, see the list of certifications on page 58. At Daiwa House Modular Europe, all our own workers are covered by our health and safety management system.

Accident statistics

We are getting an ever better understanding of accidents and safety issues. This allows us to better determine how to minimise the risk of an accident. To draw the right conclusions, the figures must be reliable and complete. Accordingly, we have done a great deal of work in the past year to improve our safety figures and make them comprehensive. Our online registration in our quality management system LeanBMS improved in 2022, and we see this reflected in the number of reports made in the past year.

	2020				2021				2022			
	Montfoort	Eemshaven	Hulst and Sint Niklaas	Total	Montfoort	Eemshaven	Hulst and Sint Niklaas	Total	Montfoort	Eemshaven	Hulst and Sint Niklaas	Total
Fatal incident (FA)	0	0	0	0	0	0	0	0	0	0	0	0
Lost Time Injurie (LTI) >1 <15 lost time days, employee	0	0	0	0	0	1	0	1	0	0	1	1
Lost Time Injurie (LTI) >1 <15 lost time days, temporary worker	0	0	0	0	2	0	0	2	2	2	0	4
Lost Time Injurie (LTI) >15 lost time days, employee	1	0	1	2	2	0	0	2	2	0	1	3
Lost Time Injurie (LTI) >15 lost time days, temporary worker	0	0	0	0	5	0	1	6	1	0	0	1
Lost Time Injurie (LTI), total	1	0	1	2	9	1	1	11	5	2	2	9
Injury Frequentie (IF), employee	5,39	0,00	10,17	6,52	8,84	34,77	0,00	8,37	9,89	0,00	19,83	11,62
Injury Frequentie (IF), temporary worker	0,00	0,00	0,00	0,00	20,03	0,00	14,64	16,66	8,72	35,88	0,00	11,40
Injury Frequentie (IF)	2,90	0,00	6,52	3,54	15,63	10,95	5,82	13,11	9,15	20,65	14,35	11,50
Restricted Work Case (RWC)	2	0	0	2	3	0	2	5	1	0	0	1
Medical Treatment Case (MTC)	5	2	3	10	16	2	5	23	12	4	3	19
First Aid Case (FAC)	8	3	2	13	13	6	4	23	7	2	10	19
Accident with material damage only	7	2	7	16	6	1	12	19	12	0	14	26
Near miss accidents	4	6	1	11	10	4	5	19	25	0	3	28
Unsafe situations	83	18	53	154	190	57	98	345	695	146	86	927
Unsafe acts	55	12	31	98	134	30	55	219	200	29	31	260
Fire Cases	0	0	1	1	1	0	1	2	5	1	1	7
Lost Time Injury Rate (LTIR)	0,58	0	1,30	0,71	3,13	2,19	1,16	2,62	1,83	4,13	2,87	2,30

We saw a large increase in the number of recorded unsafe situations and acts in 2022. We are very happy that our employees are willing to report – this allows us to prevent similar dangerous situations from happening again and to take appropriate measures to eliminate hazards. We want a proactive safety culture in which the prevention of unsafe situations, (near) accidents and other special occurrences is central.

We express our safety performance in terms of the KPI ‘injury frequency’, also known as the IF rate. This shows the number of accidents with absence from work per 1 million hours worked. Our 2022 target is an IF rate of <4.0. Nine accidents involving absence from work occurred in

2022, giving an IF rate of 11.5. The number of accidents with absence has been too high in the last two years. The reasons for the exceptional increase in accidents compared to 2020 has to do with the fact that the organisation experienced very rapid growth in 2021 and 2022. Many new temporary employees started in production in 2021 and 2022. The number of accidents decreased in 2022 compared to 2021, and we aim to continue this trend in 2023.

At Daiwa House Modular Europe we also work with a risk assessment. For all incidents (including unsafe actions / situations and near-misses) we defined the top 5 risk-based topics. We also define the top 5 risk factors as well as the top 5 most common attitude and behaviour causes. The results of our risk assessment are shown in the table below.

Top 5 risk factors		
Attitude and behaviour causes	Factors	Topics
Nonchalant / laziness	Procedures	Supervision, policy and documentation
Current working method / we always do it like this / learned to do it like this	Attitude and behavior	Unsafe behaviour and improper use
Easiest way / know it has to be done differently	Protective equipment	First aid and emergency response resources
Ignorance	Design	Order and cleanliness, dust-free work
Haste	Equipment and resources	Working at heights / danger of falling

Social developments

As the largest modular builder in Europe, our ambition is to have a positive impact with our modular constructions on social developments such as shortages in the housing market, the refugee situation in Europe and the earthquake-affected area in the northern part of the Netherlands.

The demand for housing continues to be high and pressure on the housing market has only increased in recent years. Due to increasing demand from, for example, first-time buyers and social tenants, traditional construction is no longer sufficient. The size of the housing stock seems to have kept up with demographic developments since 2014, but there are a number of things at play below the surface. The housing market is experiencing a tighter supply-demand ratio due to more people in their thirties entering the market and elderly people delaying their move to nursing homes. This trend is accompanied by a rise in solo living, for which our current housing stock is not adequately prepared. In addition, the growth in the number of housing corporation homes and the number of medium-sized homes lagged. The number of large, expensive homes has increased relatively strongly, as has the number of private rented homes. Challenges such as high construction costs, low investment returns and sustainability requirements have made it difficult to construct affordable single-family homes. These supply-related developments, combined with the introduction of income limits for housing association housing, have made it increasingly challenging for certain social groups to find suitable housing.

Secondly, the population and household growth more often consist of immigrants and refugees who urgently need housing and who cannot postpone the need for their own housing. There is big demand from unregistered seasonal migrants and a lot of informal housing supply, such as rooms with landlords, may have disappeared due to the rise of Airbnb.

There is huge demand for flexible and efficient solutions. In the Netherlands specifically, the earthquake zones in Groningen continue to lead to unsafe housing situations. The increased seismic activity is due to the natural gas extraction operations in Groningen. This has been the case for years and is likely to continue. Finally, it has become extremely clear how dependent the construction sector is regarding the nitrogen issue.

Daiwa House Modular Europe can positively impact these developments with its modular buildings and conducted research in 2022 to understand the impact. The survey was conducted by research firm Markteffect on behalf of Daiwa House Modular Europe between 23-05-2022 and 03-06-2022



Housing for migrant workers and international employees

Zevenbergen, the Netherlands



Addressing the shortage of suitable housing for migrant workers and international employees is an important issue that needs to be addressed. An effective approach requires cooperation between the government and companies that attract labour migrants and knowledge workers. It is important to have a joint plan to identify housing needs and develop strategies to fulfil them. Developing and creating more temporary housing can help address the quantitative shortage. It is essential to ensure decent and safe housing that meets the needs of residents. Good facilities and a liveable environment contribute to the well-being of migrant workers and knowledge workers.

At Zevenbergen Daiwa House Modular Europe has built three modern, sustainable and modular four-storey KaFra Towers to house 300 Ukrainian refugees. Each tower consists of 16 flats for four people each and, in addition, there are 14 double studios, which are ideal for couples. In the four-bed flats, each resident has their own bedroom, giving them plenty of privacy.

among 1,047 Dutch people aged between 18 and 40 who are actively looking for a house now or in the future. The goal was to understand the effect of the housing shortage on the mental health of house hunters. 55% of first-time home buyers envy the opportunities previous generations have had in the housing market in the past, and the current situation in the housing market affects their mental health in almost three in five respondents.

To tackle the persistent housing shortage in the Netherlands, Belgium, Germany and the UK, modular and industrial building methods have emerged as potential solutions. These approaches offer numerous advantages in terms of cost-effectiveness, efficiency, and safety. Leveraging our expertise, Daiwa House Modular Europe is ideally positioned to take a leading role in constructing the much-needed houses. Our goal is to build 9110 houses by 2025.



Impact on social developments

Solving housing shortage in general

Overall, we delivered 1691 apartments in Europe in 2022.

Earthquake-resistant homes

In the Netherlands, we constructed 329 earthquake-resistant homes in the Dutch province of Groningen.

Refugees

Due to the limited housing available for refugees, Daiwa House Modular Europe worked on 74 projects in 2022.

House for senior residents

As the we are facing an ageing population, we also see the demand increasing to deliver specific housing solutions for our senior residents. In 2022 we delivered 2 senior citizen complexes.

Healthy living environment

A healthy living environment is important for individuals' well-being, social connectedness and productivity, and the long-term sustainability of our communities. It contributes to a higher quality of life and supports the physical, mental and emotional health of individuals and communities alike.

Daiwa House Modular Europe puts great importance on creating a healthy living environment that is both safe and inviting. Our goal is to foster a sense of community, promote healthy behaviours and ensure a pleasant living experience for all. This commitment extends not only to our employees' well-being but also to making a positive impact on the health of the occupants and users of the buildings and surrounding areas we build.

Our ambition is encapsulated in the statement "Creating dreams, building hearts". We strive to develop housing solutions that are future-proof and cater to the unique needs of our clients. Our approach is rooted in harmony with people and society, taking into account the evolving needs of the future. We firmly believe that a comfortable, healthy and sustainable living environment has the power to make dreams come true. This shared ambition serves as the foundation for our own developments and guides our collaboration with clients.

Impact on local communities

Daiwa House Modular Europe recognises the importance of the impact it has on local communities through our construction projects. We are aware of possible negative implications such as noise, pollution and biodiversity. By actively involving local communities in the development process, we can ensure a more positive and inclusive outcome. We aim to have a positive impact on local communities in the following ways:

Collaboration and communication: Involving local communities from the early stages of project development ensures open communication and cooperation. This ensures that community concerns, needs and wishes are considered and integrated into the project design. Regular communication channels, public consultations and feedback mechanisms can help foster a sense of involvement and transparency.



Refugees

Housing for refugees from Ukraine in Arnhem

Arnhem, the Netherlands



64

Number of flats



30 weeks

Construction time

Commissioned by the Municipality of Arnhem, Jan Snel completed 3 residential buildings within a few months. The 64 flats realised in these vary in size, suitable for two, three or four persons, tailored to the housing needs. Management of the building is the responsibility of the Salvation Army. The new modular flats are circularly built. This future-proof and sustainable method of construction ensures that the homes can be used temporarily or permanently. With this modular construction technique, homes can be produced 30-50% faster compared to traditional construction. The project in Arnhem was completed within 30 weeks. The buildings are equipped with solar panels and energy-efficient installations such as heat pumps.

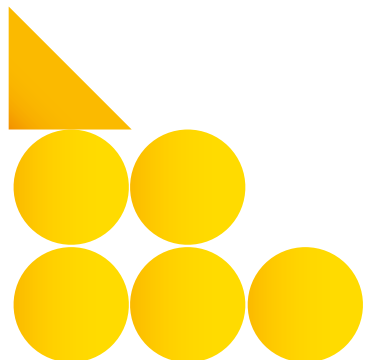
Harry van Zandwijk, CEO of Jan Snel, says: "We worked hard with the municipality of Arnhem and with the subcontractors to complete this large, sustainable project as quickly as possible. Which is an important fact if you want to provide quick accommodation for emergency seekers."

Infrastructure and amenities: Modular construction projects can enhance the infrastructure and amenities in the local area. For example, developing residential units can lead to the creation or improvement of schools, parks, healthcare facilities and other essential community infrastructure. By investing in these amenities, Daiwa House Modular Europe contributes to the overall quality of life for community residents.

Environmental considerations: Modular construction techniques often prioritise sustainability and environmental responsibility. By implementing eco-friendly practices and utilising energy-efficient materials and technologies, Daiwa House Modular Europe minimises the environmental impact of its projects. This contributes to the preservation of local ecosystems, reduces carbon footprint and promotes a healthier environment for the community.

Long-term partnerships: Building long-term relationships with local communities is crucial for sustainable development. By maintaining ongoing communication and involvement even after the completion of projects, Daiwa House Modular Europe continues to support and contribute to the community's well-being. This can include initiatives such as community engagement programs, social responsibility projects, and support for local initiatives and events.

If we do not manage the above issues well, there is a chance that the local community will turn against the project. This may manifest itself in 'not in my backyard' behaviour such as endless objection procedures, pressure through (local) media, blockades or protests.



Governance

Governance, risk management
and internal control

Business conduct culture





Governance

Effective Governance: Our guiding principles for success

At Daiwa House Modular Europe we live up to the highest standards of ethics and governance in our culture and practices. In this section we describe our governance, risk management and internal controls, as well as our business conduct culture. Business ethics ensure that we are seen as a trusted partner contributing to customer satisfaction and a solid financial performance.



Sustainable growth benefits shareholder- and stakeholder value. “Excellent manufacturing is the basis for continuity of our company. We are trusted partner providing stable employment and sustainable housing for local communities.”

Solid performance



Through leadership in the value-chain we constantly innovate and respond to changing and growing markets. We are able to provide direct and indirect employment to >400 people and create incomes for their families.



Focus on material topics

- Customer satisfaction
- Business Ethics
- Solid financial performance



“ESG is an integral part of our strategy, driving us towards a more sustainable future. We are enthusiastic about transparently sharing our evolving sustainable journey, aligned with our business and the changing world. With conviction, we believe there are abundant opportunities ahead, and we eagerly pursue them all.”

– Richard Brinkman,
CFO

Governance, risk management and internal control

Corporate governance at Daiwa House Modular Europe encompasses the full set of principles and rules on organisation, conduct and transparency that are designed to protect the company's long-term interests and to ensure we reach our sustainability targets. Our aim is to strike a careful balance between management and control.

ESG is a fundamental part of our business strategy. Its governance encompasses robust oversight. At Daiwa House Modular Europe, the CEO is accountable and responsible for leading and managing the company-wide ESG strategy and its implementation, with oversight from the Supervisory Board. This leadership helps ensure that we remain committed to reducing our environmental impact and that we are an economically sustainable and socially responsible business. This includes setting long-term ESG targets and supporting the necessary investment in capital, systems and personnel; assessing and responding to operational risks and regulatory developments related to sustainability; conducting regular reviews of our ESG performance; and engaging with stakeholders on sustainability risks and opportunities. Our Supervisory Board

provides the necessary leadership and strategic counsel to propagate the principles of good corporate governance across the entire organisation and oversees that the decisions and actions taken by Daiwa House Modular Europe are based on integrity, responsibility and transparency. Our CEO is supported by a Sustainability team consisting of three people, by the HR team consisting of eight people and the Quality & Safety team consisting of 10 people. These teams work on defining, refining and driving the implementation of strategy across the business. They also track performance and respond accordingly.

Governance structure and composition

Daiwa House Modular Europe has a two-tier board structure consisting of a Board of Directors and a Supervisory Board. The Board of Directors is entrusted with the management of the company and the Supervisory Board supervises the policies, management and general affairs of Daiwa House Modular Europe, and assists the Board of Directors with advice on general policies related to the activities of the company. The Supervisory Board meets six times a year. Meetings are attended by the Board of Directors members and the members of the Supervisory Board. The Board of Directors meets 12 times a year. All board members attend these meetings.

Board of Directors and Supervisory Board, including skills and experience

	Harry van Zandwijk	Richard Brinkman	Michael Koerts	Maurice Verkerk	Atsushi J. Uemura	Peter de Zwart	Nobuya Ichiki	Eichi Shibata	Hideto Arai	Harry van de Kraats
Board	Board of Directors	Board of Directors	Board of Directors	Board of Directors	Board of Directors	Supervisory Board	Supervisory Board	Supervisory Board	Supervisory Board	Supervisory Board
Date of Birth	18-12-1961	03-04-1969	04-06-1971	05-09-1978	17-12-1971	26-3-1954	23-6-1956	02-10-1961	23-7-1963	05-10-1966
Nationality	Dutch	Dutch	Dutch	Dutch	Japanese	Dutch	Japanese	Japanese	Japanese	Dutch
Function	CEO	CFO	CPO	COO	Director					
Year of Appointment	07-11-2016	02-01-2017	04-10-2017	03-01-2022	01-08-2021	07-11-2016	01-08-2021	01-08-2021	01-08-2021	02-05-2021
Skills of experience										
Business Leadership	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
International leadership	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Construction	✓		✓	✓	✓		✓	✓		
Finance/ Governance		✓				✓	✓	✓	✓	
Sustainability	✓	✓		✓	✓	✓	✓	✓		✓
Digital Technology		✓		✓		✓				



Risk management processes

At Daiwa House Modular Europe, risk management is an integral part of doing business and making decisions, not only for safeguarding the business and assets of the company but also for securing long-term performance and value creation. The Risk and Control Framework consists of various formal procedural and organisational measures that are applied throughout the company.

The culture in which ownership plays an important role also contributes significantly to the management of risks. In addition, Jan Snel uses various control mechanisms, including the planning and control cycle, monitoring, reviews and reporting, which are anchored in the organisation.

Risk and control framework Daiwa House Modular Europe

Risk

Key risk	1	2	3
1. Strategic	Economic downturn	Price Risk	New technology
2. Market	Availability of labour	Availability of building locations	Building rules & green economy
3. Operational	Project Risk	Safety, Health & Environment	Order pipeline
4. Financial	Liquidity	Healthy financial performance	Availability of cash for growth plans
5. Legal	Compliance / legal affairs	Healthy financial performance	Partnerships and legal contracts

Risk Management

Key external reviews/ audits	1	2	3
1. Culture	Open & transparent	Direct / short reporting lines to Board	Clear purpose & strategy
2. Processes and systems	Uniform processes & systems	Training of & communication to employees	Segregation of duties

3. Rules & regulations	Pricing & calculation module	Uniform ERP system	SHA, authorisation matrix
4. Plan & control cycles	Weekly report (Liquidity, Sales, Utilisation)	Monthly reporting (full financial & non-financial)	Long term plan / OGSM / strategy
5. Project acceptance	Standard pricing model	> bigger project reviewed by at least one board member	> large project approved by at least two board members
Key external reviews/ audits	Who	What	Frequency
1. Financial audit	EY	Annual report, internal controls	1 P/A
2. Fiscal review	BDO	VAT, corporate income tax	1 P/A
3. Certifications	DNVGL	ISO 90001 & 14001, ISO3834, SCC, SCL, CO ₂ etc.	1 P/A
4. IT system	3 Angles	IT / SAP system	1 P/A

Organisation

The management determines Daiwa House Modular Europe's strategy and associated risk appetite. We have a structure in which the business flows are centrally organised with short lines of communication to the management. The management manages the heads of all operating companies and the staff departments are centrally managed from the head office in Montfoort. Information exchange thus takes place in a fast and efficient manner.

Culture

Daiwa House Modular Europe believes that the culture of the organisation is an important factor in managing risks. Because of the inherent risks, projects have a certain degree of unpredictability that cannot be overcome with guidelines and procedures alone. These require a certain degree of flexibility and an open and actionable culture that shows sufficient ownership to solve common problems. Exemplary behaviour from the Board and management is crucial here, as is calling each other to account for non-compliance with agreements, as well as noting positive developments.

Internal guidelines and procedures

The LeanBMS business process system describes primary and secondary processes of the construction activities, including risk management systems, which help identify and control project-related risks. This promotes uniformity of processes throughout the group. The company-wide, SAP-based ERP platform increasingly contributes to uniformity. Procedures have been set up around the tender process to ensure that no projects with irresponsible risks are accepted.

Added value

Daiwa House Modular Europe distinguishes itself by coming up with solutions together with partners at an early stage in the design process and by realising and maintaining them based on the integration of knowledge and skills. By controlling risks and costs, Daiwa House Modular Europe creates added value for customers and users. We combine knowledge and creativity into innovative products and concepts that are widely applicable. We realise added value through active chain management; we work together with partners and make use of the various capital flows in the chain. We increasingly use 'lean' techniques, with central and unambiguous processes and systems. The business model is in line with customer demand for integrated solutions in which design and engineering, realisation, maintenance and management come together. By using and combining all the necessary expertise, added value is created for customers.



Medexs Isala Zwolle surgery facility

Zwolle, The Netherlands

≡ 525m²
Floor surface

↑ 5 months
Building time

Medexs has added two operating rooms to the existing Isala Zwolle treatment centre location. The operating rooms are class 1/performance level 1 and are fitted with prep rooms. Crossflow cabinets were installed in both prep rooms, and plenums with T1/T2 zoning were realised in both operating theatres. Additional rooms were added, including a sterile storage room and a separate room for ICT, transformer cabinets and emergency power supplies.

The central facilities were supplied from the main building, where Medexs could connect. Unica, the in-house installer, was contracted for the mechanical installations, including air treatment, heating, cooling, water mist and measurement and control installations. The technical installations are located in the engineering space above. This includes the central air handling unit with heat wheel, as well as four recirculation units for the operating rooms and prep rooms. The air treatment system uses Constant Air Volume (CAV) and Variable Air Volume (VAV) valves to create the required pressure hierarchy.



Planning and control cycle

The management consults on a periodic basis. In these consultations, period (4-weekly) and quarterly reports are used to check, among other things, the development of relevant markets, financial affairs in relation to budget, financial and operational progress of projects and safety. There are also separate periodic project reviews with the Finance department for projects in progress that are attended by the relevant project management.

Audits and control

Compliance with all laws and regulations and compliance with the certifications within the company are registered and guaranteed in the areas of financial, ICT, safety, environment and processes through audits, self-assessment, management information, workplace inspections, OOG rounds, project evaluations and financial reviews.

Risk Assessment Matrix (RAM)

At Daiwa House Modular Europe we work with a risk matrix. In this, the probability that a calamity occurs is plotted against the impact of a calamity and its consequences. The impact ranges from 'no consequences' to 'catastrophic' and relates to safety, assets, environment and reputation.

Risk Assessment Matrix (RAM)

Consequences					Increasing probability				
Seriousness	Safety	Environment	Resources	Reputation	A. Very low (0.8)	B. Low (1)	C. Average (2)	D. High (3)	E. Very high (4)
					Unheard of	Virtually impossible (annually or less / no known reports / Control measures adequate)	Unlikely (Monthly or less / report known/Control measures adequate)	Very likely (Weekly or less / has occurred / Control measures limited)	Almost certain (Daily or continually / frequently occurring / no control measures)
0	No injury or effect on health	No damage / no effects	No damage / no financial consequences	No damage / no public interest	Low (0)	Low (0)	Low (0)	Low (0)	Low (0)
1	Bandage incident No treatment necessary	Minor impact / no effect offsite	Minor damage <10k	Low impact / no public interest	Low (0.8)	Low (1)	Average (2)	Average (3)	High (4)
2	Treatable health damage / Sick leave <1 week	Limited impact / Environmental damage with no permanent effects	Limited damage >10k <100k	Limited impact / local interest	Low (1.6)	Average (2)	High (4)	High (6)	High (8)
3	Health damage / Sick leave >1 week	Local impact / Remedial measures needed	Local damage >100k <1000k	Significant impact / national interest	Average (2.4)	Average (3)	High (6)	High (9)	Very high (12)
4	Health damage with lasting injury	High impact / Serious environmental damage	Serious damage >1,000k <10,000k	Serious national reputational damage / European interest	High (3.2)	High (4)	High (8)	Very high (12)	Very high (16)
5	Fatal accident	Extensive environmental damage across wide area	Extensive damage >10,000k	Serious international reputational damage	High (4)	High (5)	Very high (10)	Very high (15)	Very high (20)

Internal control processes

Since Daiwa House Modular Europe became a subsidiary of Daiwa Japan in 2021, the Japanese SOX framework was implemented. This framework allows us to have a robust level of internal controls that ensure that our financial reporting is reliable. Also, Daiwa House Modular Europe and its companies have several certifications that are proof of our continuous focus on quality, safety and sustainability (see the overview of certifications on page 58).

Solid financial position

Corporate governance at Daiwa House Modular Europe encompasses the full set of principles and rules on organisation, conduct and transparency that are designed to protect the company's long-term interests, amongst others, a solid financial position. Our aim is to strike a careful balance between management and control.

The 2022 financials of Daiwa House Modular Europe demonstrate this solid position. Solvency in 2022 was 18.9% (2021: 27.8%). The current ratio in 2022 was 0.80 (in 2021 it was 1.06). Given the composition of the working capital and the semi-permanent nature of a number of components within the working capital, the continuity of the company is guaranteed. The policy is aimed at striving for a solid capital position combined with sufficient headroom to ensure continuity for stakeholders. A solid long-term capital structure is based on operating with sufficient headroom within the covenants.

Laws and regulations

Daiwa House Modular Europe is confronted with more and more laws and regulations. One example is the Environment and Planning Act. The Dutch Parliament has approved the entry into force of the Environment and Planning Act and related regulations as of 1 January 2024. The Environment and Planning Act contains a major system overhaul for Dutch environmental law, including the introduction of an amended approval process for certain types of construction projects (in Dutch: *Wet Kwaliteitsborging voor het bouwen (Wkb)*).

Daiwa House Modular Europe started preparations for the introduction of the Environment and Planning Act and the Wkb in 2022, and in 2023 these preparations intensified, ahead of 1 January 2024.

Since Daiwa House Modular Europe is dependent on environmental permits and planning permissions for the realisation of construction projects, a system overhaul of the relevant regulations causes a risk for our business operations. Daiwa House Modular Europe considers this risk medium, since we are well prepared for the new regulations and because the way of working required under the new legislation aligns well with the quality assurance protocols Daiwa House Modular Europe already has in place internally.



Business conduct culture

Our policies

Business code of conduct

Daiwa House Modular Europe introduced a Code of Conduct in 2022. Organisations are judged on the behaviour of the people who work for them; this also applies to Daiwa House Modular Europe. Our entrepreneurial and responsible approach to projects has led to a strong reputation and trust among clients, suppliers, partners and employees. Maintaining and strengthening their and our good name is of the utmost importance to Daiwa House Modular Europe, but that is certainly not easy or self-evident.

Acting and doing business with integrity and safety are therefore important conditions for all our business activities. Leading by example is essential to gain and maintain a strong reputation with – and the trust of – clients, suppliers, partners and employees. A professional and honest working attitude is central to this: that is in the interest of our employees and us as an organisation, because failure to act safely and with integrity can endanger our business continuity. It is therefore important that the behaviour of every employee is in line with the expectations of society and with the core values of Daiwa House Modular Europe.

Our Code of Conduct is intended to help our employees with this. Working at Daiwa House Modular Europe means that you know, understand, comply with and question the Code of Conduct in case of ambiguities. The Code of Conduct provides guidelines on how we should deal with several issues within our organisation. In addition, it describes how we wish to and should behave, both in relation to each other and in relation to our clients, partners, the environment and the society to which we belong. The Code of Conduct deals with the following three components: 1. Interaction within the organisation, 2. Dealing with partners and competitors and 3. Dealing with questions and suspicions.

Whistle-blowers

Daiwa House Modular Europe is committed to conducting a good integrity policy and, as part of this, has a good whistle-blower policy: our employees must be able to report (suspicions of) misconduct adequately and safely within the organisation. The employee is not expected to be able to prove the misconduct. However, the employee must be able to make a plausible case that facts or circumstances exist that justify a reasonable suspicion of misconduct. The whistle-blower policy gives Daiwa House Modular Europe the opportunity to deal with misconduct and irregularities within the company and create a safe environment for whistle-blowers in which intentional or unintentional misstatements can be reported and corrected. The policy thus offers an important contribution to the development of a culture characterised by openness, accountability and integrity. The policy sets out how Daiwa House Modular Europe defines suspicion of misconducts, the procedure for internal reporting, protection and confidentiality of employees, and how the Board reports on misconduct.

The procedure for internal reporting is as follows:

Step 1 Internal report: Alleged misconduct has to be reported in writing and / or orally to the confidential adviser at Daiwa House Modular Europe, the head of Human Resources. Preference is given to a written report so that no discussion can arise about the content of the report in the first place. The confidential adviser will review and assess the report and inform about the reporter about the next steps.

Step 2 Informing the Board: After receiving the report, the confidential adviser will then inform the Daiwa House Modular Europe Board in a manner agreed upon with the employee.

Step 3 Research: The Daiwa House Modular Europe Board or the Supervisory Board will investigate the reported suspicion of misconduct.

Step 4 Inform employees: If an investigation is initiated, the employee will be informed of the company's position regarding the alleged misconduct no later than eight weeks after the report. Daiwa House Modular Europe will undertake corrective actions.



Students

Student housing Community Campus

Bochum, Germany



737

Number of residents



Highest

Modular building in EU

There is also a shortage of good affordable housing for students in German student cities. In Bochum a new student complex has been built with 737 student apartments: Community Campus Bochum. The special feature of Community Campus is its modular construction. Daiwa House Modular Europe fabricates complete modules in the factory, including bathroom and kitchenette with all supply lines as well as windows and doors, and assembles them on site. Only the foundations, staircases, façades and roof are built conventionally. Behind this is the cradle-to-cradle principle of entire buildings or a cycle-based construction method, whereby all components can be reused and used, for example, for a flexible redesign of the building. This makes modular construction particularly sustainable, resource-saving and time-efficient. With a construction height of over 40 metres, the Community Campus holds the record for the highest modular building in Europe.

Anti-Bribery & Corruption policy

It is our policy to conduct all our business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and implementing and enforcing effective systems to counter bribery. The purpose of our Anti-Bribery & Corruption policy is to:

- Set out our responsibilities, and of those working for us, in observing and upholding our position on bribery and corruption; and
- Provide information and guidance to those working for us on how to recognise and deal with bribery and corruption issues.

Bribery and corruption are punishable for individuals by imprisonment of up to six years and, if Daiwa House Modular Europe is found to have taken part in corruption, we could face an unlimited fine, be excluded from tendering for public contracts and face reputational damage. We therefore take our legal responsibilities very seriously. In our Anti-Bribery & Corruption policy, 'third party' means any individuals or organisations our employees collaborate with during their work for Daiwa House Modular Europe, including actual and potential clients, customers, suppliers, distributors, business contacts, agents, advisers and government and public bodies, including their advisers, representatives and officials, politicians and political parties. Our policy describes who is covered by the policy, the definition of bribery, what is not acceptable, the responsibilities of our employees, how to raise a concern, what to do if an employee is a victim of bribery or corruption and monitoring and review.

How to raise a concern:

All employees are encouraged to raise concerns about any issue or suspicion of malpractice at the earliest possible stage. If an employee is unsure whether a particular act constitutes bribery or corruption, or if an employee has any other queries, these should be raised to the Director.

Anti-competitive behaviour prevention and detection

Daiwa House Modular Europe has specific clauses dealing with anti-competitive behaviour prevention and detection integrated in its standard labour contracts.

Performance management

Corruption or bribery events

Daiwa House Modular Europe has had no legal proceedings related to corruption or bribery during the reporting period.

Beneficial ownership

20% of Daiwa House Modular Europe is owned by the minority shareholder Harry van Zandwijk, CEO of Daiwa House Modular Europe, and 80% is owned by the majority shareholder which is Daiwa House Modular Group.

Payment practices

Daiwa House Modular Europe applies a payment term for debtors of between 14 and 30 days and a payment term for creditors of 45 days. In 2022 all creditors were paid within 43.4 days on average.

Political influence and lobbying activities

Political influence and lobbying activities refer to efforts made by individuals, organisations or interest groups to shape government policies, laws and regulations in their favour. These activities aim to influence decision makers, such as politicians, legislators or government officials, to adopt policies or take actions that align with the interests of the individuals or groups involved in the lobbying process. Although our direct political influence is very limited, we do try, as part of our commercial activities, to establish contacts in the right networks with the relevant administrators, such as aldermen or deputies, as they are stakeholders in the process of land positions and/or decision making related to the development of (temporary) housing. In the Netherlands and Germany we are a member of several associations in order to exert influence in favour of our interests. About once a quarter we join meetings of these associations. We have no further policy or target for the number of times we have contact with (local) politicians or policymakers. The organisations we have joined as members include:

- **Platform 3D-Modulaire Woningbouw:** Platform 3D-Modulaire Woningbouw is an expertise centre for modular housing. Several modular builders are member of the association. It was established in 2012 as the Expertise Centre Flex Living for Labour Migrants. It soon became clear that the demand among this target group is very similar to that of other groups, such as refugees with residence permits, students and people with temporary employment contracts. Instead of

seeing that as competing demand, their plea is to meet that overall need with a flexible shell in the housing market. That leads to more support in society and better business models for investors and operators. Working towards that is therefore the mission of the Platform 3D-Modulaire Woningbouw.

- **Modulair Nederland:** Modulair Nederland is the trade association for modular circular builders. Modular Netherlands represents the interests of the leading suppliers of modular housing in the Netherlands. Daiwa House Modular Europe is a member and CEO Harry van Zandwijk is a board member. Together with its members, Modular Netherlands has a focus on strengthening the adaptive capacity of our living environment. Modular Netherlands does this by uniting the innovative power of modular and circular builders and jointly assisting them in their ambitions to provide sustainable housing solutions for the needs of today and tomorrow, from healthcare and education to offices and homes.
- **Deutsche Gesellschaft für Nachhaltiges Bauen (DGNB):** DGNB is the German Sustainable Building Council. The DGNB is Europe's largest network for sustainable building. DGNB strives to make sustainability and climate protection the new normal. DGNB can be a helping hand for Daiwa House Modular Europe to make sure we are up-to-date with German laws and regulations regarding sustainability. In addition, we can engage with DGNB to see where improvement opportunities exist in terms of sustainability of our own buildings. The DGNB certification system is designed to make the transformation demonstrably feasible. As a planning and optimisation tool for assessing sustainable buildings, interiors and neighbourhoods, it helps to increase real sustainability in construction projects. The DGNB system is based on a holistic understanding of sustainability that takes into account the environment, people and economic efficiency in equal measure.
- **Bundesverband Bausysteme:** Bundesverband Bausysteme is an association for new developments in industrial prefabrication, rational building projects, new building products and information processing under the aspects of economic building, ecology and sustainability. They maintain important contacts with ministries, committees and bodies at federal and state level on behalf of their members and their interests. They place member-relevant topics there and work on standards, legal requirements and guidelines and regulations.

Customer satisfaction

Customer satisfaction is very important to Daiwa House Modular Europe. It illustrates whether our customer base likes what we are doing. Research shows that high satisfaction leads to greater customer retention, higher lifetime value and a stronger brand reputation. At Daiwa House Modular Europe our general satisfaction is 7.5, which is comparable to and has been stable since the 2019 measurement. Improvements have been made in several aspects, such as communication during execution, price, follow-up and service in case of damage.

Besides satisfaction, it is important to understand which aspects are the most important to customers, because those aspects have the biggest influence on general satisfaction. Those aspects are quality, on which Daiwa House Modular Europe scores 7.6, and ESG (environmental, social and governance), with a score of 7.4. Even though Daiwa House Modular Europe scores relatively high on these aspects, it is very important to continue to actively work on improving in these areas, as our customers consider them very important. The customer effort score indicates that it is easy to do business with Daiwa House Modular Europe, and this is an important indicator of the company's performance.

We prioritise improvement areas based on their importance in relation to general satisfaction and brand awareness in order to gain a competitive advantage. Daiwa House Modular Europe will focus on the following two areas in the future: 1. Introducing yourself to the market 2. Promote your quality and framework of ESG (environmental, social and governance). Daiwa House Modular Europe's targets for our customer satisfaction score are >8 by 2025 and >8.5 by 2030 and beyond.



Homes for senior residents in Rozenburg

'Nieuw Welgelegen', Rozenburg near Rotterdam, the Netherlands



44

Number of homes

Senior housing today requires certain quality requirements. The 36 old homes from social housing corporation Ressoort Wonen did not match that quality and were therefore demolished. The tenants were given a return guarantee: after completion of the new construction, they will have the first opportunity to choose a home. The rent of the newly built houses is very affordable. With the new modular construction from Daiwa House Modular Europe, Ressoort Wonen can now provide high-quality homes for the senior residents from Rozenburg. The new apartments are suitable for the elderly as they have lifts. The apartments are barrier-free and easy to reach, even with a walker. There are several stands for mobility scooters. The apartments are comfortable due to good insulation. A total of 44 homes were built using sustainable materials and modern installations. This will ensure that 'Nieuw Welgelegen' will be a nice place to live.



About this report

Scope of consolidation

The financial statements have been prepared on a consolidated basis and include all legal entities. The reported data in the sustainability statement is prepared on a consolidated basis on a selected number of entities. The sustainability statement has been prepared based on the organisation boundaries as described in the GHG Protocol. For CO₂ emissions, Daiwa House Modular Europe's organisational boundaries have been determined according to the operational sphere of influence principle. In practice, this means that where activities fall under the direction of Daiwa House Modular Europe, the company takes responsibility for CO₂ production, as the management clearly lies within the organisation. The organisational boundaries for the sustainability statement include the group companies within Daiwa House Modular Europe Jan Snel Holding B.V. Group companies that do not hold resources and activities are excluded. All entities above Daiwa House Modular Europe B.V. are financial entities and have no CO₂ emissions.

Omissions and changes in preparation due to specific circumstances

The sustainability statement has been made on a consolidated basis based on the above methodology. The emissions in Germany and the UK are expected to increase the upcoming years due to increased activities. Until now, emissions at construction sites in Germany have been excluded from the sustainability statements; they will be included as of 2023. Compared to previous years the statements deviate as Daiwa House Modular Europe disinvested.

Time horizon

The goals of the sustainability statement are aligned with the goals of the Paris Agreement. The short, medium and long term are set on 2025, 2030 and 2050. The goals are reviewed annually, and when progress is insufficient, actions are adjusted accordingly. This review process is part of our audit of the SKAO CO₂ Performance Ladder, a CO₂ sustainability management instrument.

Value chain

When identifying emissions, in accordance with the Greenhouse Gas (GHG) Protocol, a distinction is made between three sources of emissions (known as scopes) in two categories: direct emissions and indirect emissions. In essence, scope 1 emissions refer to direct emissions that a company

owns or controls, while scope 2 and 3 emissions are indirect emissions resulting from the company's activities but originating from sources not owned or controlled by the company. More precisely, scope 3 are emissions that result from activities of Daiwa House Modular Europe B.V. emitted, but which are not directly controlled by the organisation. These emissions can occur throughout the entire value chain, both upstream and downstream.

The sustainability statements include the upstream value chain. Daiwa House Modular Europe needs different materials and raw materials to build and deliver high-quality housing solutions. It is our ambition to realise a closed cycle with a circular construction method, so that we can contribute to a sustainable world in the most effective way possible. We prioritise the origin and selection of materials and raw materials, focusing on those with the least environmental impact that can be effectively utilised in modular construction. Our approach includes a strong emphasis on the high-quality reuse of existing materials, such as concrete, steel and wood, while also exploring the potential use of other sustainable and natural materials. By prioritising reuse and sustainable material choices, we strive to minimise our environmental footprint and promote a circular economy in the construction industry.

We work together with the Mobius platform to provide full insight into and compare the environmental impact of the materials and raw materials used and the production process. To be able to make the calculation, we look at all quantities of our used materials. Together with our suppliers and subcontractors, we are discussing the further options for making the products more sustainable. Everyone is a specialist in their own field. We have an EPD (environmental product declaration) or an LCA (life cycle analysis) for most of the materials used in our buildings. An EPD or LCA is a document that provides information on a material's environmental impact, including energy usage, raw materials and waste / emissions. Where the supplier does not have this, we use the National Environmental Database or Ecoinvent. We conduct a thorough analysis of material quantities at the kilogram or square metre level, using a BIM model or cost calculations, to accurately determine the required amount of materials for each unit or building. Through the integration of this information with the environmental impact per material derived from the LCA or environmental database, we can accurately assess the comprehensive impact, which is subsequently incorporated into our sustainability statements. This inclusive approach encompasses the entire upstream value chain within our sustainability reporting.

The downstream value chain is harder to include in our sustainability statement. The building's carbon footprint is defined as the amount of CO₂ it produces during its operations and activities. As our core activity is to sell buildings to third parties, we have limited insight in the actual carbon footprint of these building. Nevertheless, we try to minimise the output through careful design, whereby we focus on items such as energy efficient installations and smart home or building devices to support the reduction of the carbon footprint.

Source of estimation and outcome uncertainty

We categorise our emissions into three different scenarios based on the GHG Protocol's, which are explained in the 'Climate change' section of this report:

- Scope 1 – Our direct CO₂ impact
- Scope 2 – Our indirect CO₂ impact
- Scope 3 – Materials and waste

Scope 3 includes most estimations and is where our largest impact comes from. Material calculations are based on the Mobius platform, utilising Environmental Product Declarations (EPDs) where available, which is the case for the majority of our materials. If EPDs are not accessible, we use data from the Nationale Milieu Database (NMD) or Ecoinvent. Material inputs are estimated based on cost calculations and the weight of our buildings. As we use modular construction, we often use the same materials across modules. We determine the impact per module and multiply it by the number of modules produced or refurbished. In the coming year, we aim to improve the precision of our calculations by making them more specific for each project by connecting the systems based on detailed BIM data.

Waste is separated into 35+ different streams, with only three being mixed streams and the rest being mono waste streams. Our waste quantities are based on reports from waste suppliers, and mono waste streams are returned to suppliers for use as raw materials in their products. We have a high level of certainty regarding our waste quantities, but the main uncertainty lies in the impact per waste stream. It is challenging to find national or global CO₂ impact data for each waste stream, especially when dealing with 35+ streams. As a result, we assign a high impact value for construction and demolition waste (mixed streams) and other waste streams (mono streams) and small toxic waste. These values are based on waste authority (NEA) calculations from 2022, which primarily focus on waste incineration. Since our waste incineration percentage is low, our waste impact may be overrepresented. However, until better-regulated sources become available, we adhere to these figures.



Hotfloor Rode Kruis Ziekenhuis (RKZ) Beverwijk

Beverwijk, The Netherlands

≡ 5,700m²
commissioned by Rode Kruis Ziekenhuis

A hotfloor is sometimes called the most important part of the hospital, because that's where all the complex care is applied. This means complex techniques and high-quality installations. For the entire new building, Medexs was confidently entrusted with this task by the board of the Rode Kruis Ziekenhuis. This new building not only technically connects to the existing hospital, but also structurally. Energy and infra are supplied from the existing hospital up to the hotfloor technical room. Medexs is the main contractor for this special assignment and is carrying it out together with its partners construction company J.G. Timmer (structural engineering), Van Dorp installaties (mechanical engineering) and Schoonderbeek Installatiegroep (electrical installations). The complete interior finishing and medical inventory will be provided by Medexs. We also additionally commissioned the renovation of the Acute Admissions Department in the existing hospital. The entire project was designed during engineering in BIM360 including clash testing. This is our standard today. This is a (combined) Design and Build assignment.

Double materiality assessment

Below you find the definitions, the value chain boundaries and the assessment criteria which have been used in the double materiality assessment process.

Social

							Financial Materiality		Impact Materiality			
#	Theme	Definition	Value Chain boundary	Actual or potential	Positive / Negative impact	Risk / opportunity	Size of potential financial effect	Likelihood (only potential impacts)	Severity: Scale	Severity: Scope	Severity: irremediability	Likelihood (only potential impacts)
1	Working safely	The impact Daiwa House Modular Europe has on the safety of its employees. Safety is at the forefront of our profession, and safe working is especially essential in the construction sector and a key risk at Daiwa House Modular Europe's project, production sites and offices. Daiwa House Modular Europe needs to ensure that safety is and remains top-of-mind for everyone, working with project teams to ensure proper compliance with all regulations and requirements for safety.	Own organisation: Workers in manufacturing halls Outside organisation: Workers on construction sites;	Actual	Negative	Risk	4-Significant		4-Significant	4-Significant	Low	
2	Being a good employer	The impact Daiwa House Modular Europe has on continuously improving the working conditions of our employees and ensuring a pleasant working environment. We contribute to the healthy lifestyle of all our employees, both physical and mental. This includes human and labour rights, training and development of employees and diversity and inclusion. Being a good employer provides Daiwa House Modular Europe with an opportunity to attract and retain new talent in a market facing worker shortages.	Own organisation: Operations HR (office and drivers on the road)	Actual	Positive	Both	4-Significant		4-Significant	3-Moderate	Low	
3	Social developments	Daiwa House Modular Europe's modular, industrial and circular way of building contributes to various social developments, such as fast and flexible construction in connection with the housing shortage, reception of refugees, temporary housing in earthquake areas such as Groningen, and clean construction as a solution to the nitrogen crisis.	Outside organisation: Housing shortage, refugees, earthquake areas	Actual	Positive	Opportunity	4-Significant		4-Significant	4-Significant	Medium	
4	Healthy living environment	The impact Daiwa House Modular Europe has on a healthy living environment. Space for movement, attention to safety, greenery in the neighborhood and healthy air in the home are the themes that ensure a healthy living environment in and around the modular homes we provide for residents.	Outside organisation: People living in the modular houses and in surroundings	Potential	Positive	Opportunity	3-Moderate	4-Likely	4-Significant	4-Significant	Medium	4-Likely
5	Impact on local communities	The impact Daiwa House Modular Europe has on people by working with local communities. It is important to understand how they can be impacted by realising modular construction projects. Involving local communities in the development of new projects at an early stage can help.	Outside organisation: People living in the modular houses and in surroundings	Actual	Negative	Risk	2-Minimal		3-Moderate	3-Moderate	High	



Environmental

							Financial Materiality		Impact Materiality			
#	Theme	Definition	Value Chain boundary	Actual or potential	Positive / Negative impact	Risk / opportunity	Size of potential financial effect	Likelihood (only potential impacts)	Severity: Scale	Severity: Scope	Severity: irremediability	Likelihood (only potential impacts)
6	Circularity	Daiwa House Modular Europe's impact on the environment through circularity: Circular design is about designs to disassemble (Design For Disassembly, Form Follows Function). This is done by large-scale industrialized production by means of standardised processes. In this way, we ensure the most efficient possible product with the least possible impact on the environment. Circular buildings: Industrialised modular and demountable construction means circular construction (IFD building). Buildings are assembled quickly and efficiently, after which they can be dismantled at the end of their service life and reused at another location.	Own organisation: Design, production, assembly, dismantling, reuse of materials	Actual	Positive	Opportunity	4-Significant		4-Significant	4-Significant	Low	
7	GHG emissions	The impact Daiwa House Modular Europe has on climate change through the reduction of CO ₂ emissions. Scope 1 covers direct emissions such as the combustion of fuels in fixed machines, the generation of heat (gas), commercial transport in vehicles owned by Daiwa House Modular Europe and emissions from refrigeration equipment and climate installations. Scope 2 covers indirect emissions from the generation of purchased electricity. The indirect emissions caused by business activities of another organisation fall into scope 3 (material and waste emissions).	Own organisation: Production, electricity of facilities, electrification, procurement, assembly, dismantling, Outside organisation: Production of materials purchased from suppliers, energy used on construction sites, electricity during use phase	Actual	Negative	Both	4-Significant		4-Significant	4-Significant	High	
8	Waste	The impact Daiwa House Modular Europe has on the environment through waste, which mainly occurs during the production processes. Daiwa House Modular Europe builds using an industrialised and standardised approach. There is less waste than in a traditional building process, because a large production number of certain materials is taken into account during the design. Materials can therefore be produced to measure, so there is less waste. In addition, more and more residual material (waste) is returned to the supplier. We call this 'from waste to raw material'. When all the residual material can be put back into the production process, there is no longer any waste left.	Own organisation: Production, assembly, dismantling Outside organisation: Construction sites	Actual	Negative	Opportunity	3-Moderate		4-Significant	3-Moderate	High	



Environmental

							Financial Materiality		Impact Materiality			
#	Theme	Definition	Value Chain boundary	Actual or potential	Positive / Negative impact	Risk / opportunity	Size of potential financial effect	Likelihood (only potential impacts)	Severity: Scale	Severity: Scope	Severity: irremediability	Likelihood (only potential impacts)
9	Partnerships	The impact Daiwa House Modular Europe has on the environment, and specifically on circularity, by strengthening the relationship with key partners and by striving for strategic partnerships to reduce its impact on the environment.	Outside organisation: Value chain partners working on circularity	Actual	Positive	Opportunity	3-Moderate		4-Significant	3-Moderate	Low	
10	Digitalisation and robotisation	The impact Daiwa House Modular Europe has through digitalisation/robotisation to make business operations more efficient, sustainable or safer.	Own organisation: Production, assembly, dismantling Outside organisation: Construction sites	Actual	Positive	Opportunity	4-Significant		4-Significant	4-Significant	Low	
11	Scarcity of raw materials	The impact of the availability of raw materials needed in the construction of Daiwa House Modular Europe's projects. This poses a risk to the business model of Daiwa House Modular Europe's business. We strive to put as many of the materials we use for our projects as possible back into use.	Own organisation: Production, assembly, dismantling Outside organisation: Construction sites, ecosystems providing raw materials	Potential	Negative	Risk	4-Significant	4-Likely	5-Severe	3-Moderate	High	4-Likely



Governance

							Financial Materiality		Impact Materiality			
#	Theme	Definition	Value Chain boundary	Actual or potential	Positive / Negative impact	Risk / opportunity	Size of potential financial effect	Likelihood (only potential impacts)	Severity: Scale	Severity: Scope	Severity: irremediability	Likelihood (only potential impacts)
12	Customer satisfaction	The impact Daiwa House Modular Europe has on its customers. The extent to which customers positively assess our services or products. The customer's assessment is shaped by the difference between their expectations upfront and the final experience.	Outside organisation: Customers receiving our products	Actual	Positive	Opportunity	4-Significant		3-Moderate	4-Significant	Medium	
13	Business ethics	Daiwa House Modular Europe's impact on all stakeholders by acting with integrity and ensuring ethical and honest behaviour. Think of respect for laws and regulations, anti-corruption and (fair) taxes.	Own and outside of organisation: Reaches all internal and external stakeholders	Actual	Positive	Risk	3-Moderate		4-Significant	4-Significant	Medium	



Governance

							Financial Materiality		Impact Materiality			
#	Theme	Definition	Value Chain boundary	Actual or potential	Positive / Negative impact	Risk / opportunity	Size of potential financial effect	Likelihood (only potential impacts)	Severity: Scale	Severity: Scope	Severity: irremediability	Likelihood (only potential impacts)
14	Stakeholder dialogue	The impact Daiwa House Modular Europe has on people and environment by proactively communicating and collaborating with stakeholders (e.g. local communities, governments, customers, suppliers, academia and NGOs) to integrate stakeholder needs.	Own and outside of organisation: Reaches all internal and external stakeholders in value chain	Actual	Positive	Opportunity	2-Minimal		3-Moderate	3-Moderate	Low	
15	Laws and regulations	More and more laws and regulations are coming our way in Europe. The arrival of new laws and regulations can offer opportunities and risks.	Own organisation: Production, assembly, dismantling, own offices Outside organisation: Construction sites, people living in our modular houses and communities around it	Actual	Both	Both	3-Moderate		4-Significant	4-Significant	High	
16	Innovation	The impact Daiwa House Modular Europe has on people, the environment and its own operations through the continuous innovation of new products and services.	Own organisation: Production, assembly, dismantling, own offices Outside organisation: Construction sites, people living in our modular houses and communities around it	Actual	Positive	Opportunity	3-Moderate		3-Moderate	4-Significant	Low	
17	Solid financial position	The impact Daiwa House Modular Europe has on its own operations, people and the environment through a solid financial position. Daiwa House Modular Europe aims for a solid financial position to be able to do business in the long term and to invest further in the organisation.	Own organisation: Procurement, F&A, sales, marketing, operations, production...	Actual	Positive	Opportunity	3-Moderate		3-Moderate	3-Moderate	Low	

Colophon

Daiwa House Modular Europe

Richard Brinkman, Edwin van Duivendijk, Michiel Gieben,
Tomas de Swaaf, Nico Vester, Simone van Wijk, Harry van Zandwijk

Tosca Tribe

Ulrike de Jong, Nicolette Loonen

CF Report

Felix Janssens, Brigit Stokman

Photography

Cojan van Toor



Daiwa House
Modular Europe