

	Social issues and external environment	Risks	Opportunities	Response
Market environment	<ul style="list-style-type: none"> Changes in the direction of economic policy (Stricter laws and regulations, changes in legal interpretation and management policy) 	<ul style="list-style-type: none"> Decreased number of commercialization projects due to subsidy system revisions Lost business opportunities due to changes in FIT Stricter regulations for energy conservation Strengthening of regulations on building standards 	<ul style="list-style-type: none"> Increase in commercialization projects due to utilization of subsidy system Ongoing low-interest housing loans, eased tax reduction requirements Introduction of new systems to replace FIT 	<ul style="list-style-type: none"> Pursue new businesses such as PPA Strengthening of information-gathering activities
	<ul style="list-style-type: none"> Changes in lifestyles (Growth in DINKs, dual-income households, seniors relocating to condominiums, development of telework) Diversification of housing needs Political instability, economic recession Rising interest rates 	<ul style="list-style-type: none"> Obsolescence of products and/or services 	<ul style="list-style-type: none"> Capture demand generation/growth opportunities via new products and services Expansion in demand for compact condominiums Expansion of business areas 	<ul style="list-style-type: none"> Reflection of purchaser needs Diverse product offerings Supply compact condominiums
	<ul style="list-style-type: none"> Low birthrate coupled with an aging and declining population 	<ul style="list-style-type: none"> Deteriorating supplier operating conditions Decline in buyer sentiment due to increasing housing loan interest rates Increased funding costs due to changes in financial institution lending attitudes and financing market conditions Intensified competition including new entrants, and rapid environmental changes 	<ul style="list-style-type: none"> Increase in opportunities to acquire land and properties Increase in M&A opportunities 	<ul style="list-style-type: none"> Redouble efforts to diversify financing methods Implement ongoing performance monitoring, countermeasures Strengthening of financial management Strengthening of overseas business
	<ul style="list-style-type: none"> Requests by power companies to control output 	<ul style="list-style-type: none"> Decreasing demand for housing 	<ul style="list-style-type: none"> Increased demand for condominiums among seniors Increase in opportunities for proposing solutions to vacant house issues and aging buildings Development of compact cities 	<ul style="list-style-type: none"> Supply condominiums in the center of regional cities Supply compact condominiums Strengthening of overseas business
	<ul style="list-style-type: none"> Surge in land prices as well as raw material and construction (labor) costs 	<ul style="list-style-type: none"> Decline in electricity sales revenue 	<ul style="list-style-type: none"> Expansion of Corporate PPA 	<ul style="list-style-type: none"> Implementation of area strategies in energy business
Business activities	<ul style="list-style-type: none"> Surge in land prices as well as raw material and construction (labor) costs 	<ul style="list-style-type: none"> Soaring procurement prices Decrease in profit Slower sales due to higher selling prices 		<ul style="list-style-type: none"> Stabilize procurement prices mainly by diversifying suppliers, decentralizing on a regional basis, and using long-term contracts
	<ul style="list-style-type: none"> Difficulty in recruiting human resources, shortage of labor, and decline in employee quality 	<ul style="list-style-type: none"> Lower product and service quality Incurring of compensation costs, brand image deterioration Occurrence of occupational accidents 		<ul style="list-style-type: none"> Implementation of activities designed to improve employee loyalty Personnel system reform, enhancement and upgrading of various training systems Implementation of branding penetration measures Housing performance evaluation report acquisition Holding Safety Conferences, building safe implementation management systems
Climate change, natural disasters, etc.	<ul style="list-style-type: none"> Increasingly serious global environmental issues 	<ul style="list-style-type: none"> Stricter regulations for greenhouse gas usage/emissions and energy conservation More stringent building standards due to stricter laws and regulations 	<ul style="list-style-type: none"> Invigoration of renewable energy market due to growing interest in environmental issues 	<ul style="list-style-type: none"> Development of renewable energy generation facilities Reduction of carbon dioxide emissions Formulation of climate change policy Building of internal system in compliance with external evaluation organization standards Acquisition of green certifications
	<ul style="list-style-type: none"> Incidence of natural disasters and accidents 	<ul style="list-style-type: none"> Raw materials/component supply shortages Asset damage Disruption to Group business facilities, supply chains, and customers 	<ul style="list-style-type: none"> Increased properties needing large-scale renovation Increased interest in disaster-resistant buildings 	<ul style="list-style-type: none"> Promote earthquake-proofing of buildings and facilities, implement countermeasures for tsunamis, torrential rain, and floods Stockpile emergency supplies necessary for disasters Conduct disaster preparation drills Introduction of safety confirmation system
	<ul style="list-style-type: none"> Acts of terrorism, riots, and war 	<ul style="list-style-type: none"> Disruption to Group business facilities, supply chains, and customers Geopolitical risk Supply chain fragmentation 		<ul style="list-style-type: none"> Conducting of credit checks on business partners Verification of geopolitical risk Stabilize procurement prices mainly by use of diversifying suppliers, decentralizing on a regional basis, and using long-term contracts
	<ul style="list-style-type: none"> Spread of infectious diseases 	<ul style="list-style-type: none"> Disruption to Group business facilities, supply chains, and customers Disruption to business operations Decline in hotel and tenant occupancy rates 	<ul style="list-style-type: none"> Creating demand for new products and services to meet changing lifestyles 	<ul style="list-style-type: none"> Promote teleworking and enhance workplace health management Differentiation of products and services (equipment, meeting of specifications, installation of telework spaces through renovation)
Governance, etc.	<ul style="list-style-type: none"> Incidence of unauthorized access and cyberattacks 	<ul style="list-style-type: none"> Leakage of confidential information and stoppages of production lines and logistics systems Payment of damages and fines, incurring countermeasures expenses 		<ul style="list-style-type: none"> Strengthening of insurance contracts and information security systems Ensuring of confidentiality Restrictions on external access
	<ul style="list-style-type: none"> Insufficient internal control function 	<ul style="list-style-type: none"> Improper conduct, leakage of confidential information Payment of damages and fines, incurring countermeasures expenses Delay in response to global environmental problems 		<ul style="list-style-type: none"> Establishment of internal regulations, conducting of training Identify issues and promote resolutions via Compliance Committee and Risk Management Committee Enhancement of in-house checking system Conducting thorough compliance education