

Social issues and external environment		Risks	Opportunities	Response
Market environment	● Changes in the direction of economic policy (Stricter laws and regulations, changes in legal interpretation and management policy)	● 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	● 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	● Pursue new businesses such as PPA ● Strengthening of information-gathering activities
	● Changes in lifestyles (Growth in DINKs, dual-income households, seniors relocating to condominiums, development of telework) ● Diversification of housing needs	● Obsolescence of products and/or services	● Capture demand generation/growth opportunities via new products and services ● Expansion in demand for compact condominiums ● Expansion of business areas	● Reflection of purchaser needs ● Diverse product offerings ● Supply compact condominiums
	● Political instability, economic recession ● Rising interest rates	● 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	● Increase in opportunities to acquire land and properties ● Increase in M&A opportunities	● Redouble efforts to diversify financing methods ● Implement ongoing performance monitoring, countermeasures ● Strengthening of financial management ● Strengthening of overseas business
	● Low birthrate coupled with an aging and declining population	● Decreasing demand for housing	● Increased demand for condominiums among seniors ● Increase in opportunities for proposing solutions to vacant house issues and aging buildings ● Development of compact cities	● Supply condominiums in the center of regional cities ● Supply compact condominiums ● Strengthening of overseas business
	● Requests by power companies to control output	● Decline in electricity sales revenue	● Expansion of Corporate PPA	● Implementation of area strategies in energy business
Business activities	● Surge in land prices as well as raw material and construction (labor) costs	● Soaring procurement prices ● Decrease in profit ● Slower sales due to higher selling prices		● Stabilize procurement prices mainly by diversifying suppliers, decentralizing on a regional basis, and using long-term contracts
	● Difficulty in recruiting human resources, shortage of labor, and decline in employee quality	● Lower product and service quality ● Incurring of compensation costs, brand image deterioration ● Occurrence of occupational accidents		● 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.	● Increasingly serious global environmental issues	● Stricter regulations for greenhouse gas usage/emissions and energy conservation ● More stringent building standards due to stricter laws and regulations	● Invigoration of renewable energy market due to growing interest in environmental issues	● 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
	● Incidence of natural disasters and accidents	● Raw materials/component supply shortages ● Asset damage ● Disruption to Group business facilities, supply chains, and customers	● Increased properties needing large-scale renovation ● Increased interest in disaster-resistant buildings	● 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
	● Acts of terrorism, riots, and war	● Disruption to Group business facilities, supply chains, and customers ● Geopolitical risk ● Supply chain fragmentation		● 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
	● Spread of infectious diseases	● Disruption to Group business facilities, supply chains, and customers ● Disruption to business operations ● Decline in hotel and tenant occupancy rates	● Creating demand for new products and services to meet changing lifestyles	● Promote teleworking and enhance workplace health management ● Differentiation of products and services (equipment, meeting of specifications, installation of telework spaces through renovation)
Governance, etc.	● Incidence of unauthorized access and cyberattacks	● Leakage of confidential information and stoppages of production lines and logistics systems ● Payment of damages and fines, incurring countermeasures expenses		● Strengthening of insurance contracts and information security systems ● Ensuring of confidentiality ● Restrictions on external access
	● Insufficient internal control function	● Improper conduct, leakage of confidential information ● Payment of damages and fines, incurring countermeasures expenses ● Delay in response to global environmental problems		● 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