



Creating Dreams, Building Hearts

Daiwa House Group
CSR Report 2012
Digest Version

Daiwa House Group



Supporting forest care — "green" papermaking
Creating Dreams, Building Hearts —
Because we need forests to make our dreams come true, we have primarily used paper made from forest thinnings for this publication, to express our commitment to sustainable forest care.



CONTENTS

Our Philosophy

Creating Dreams, Building Hearts	01
Living in Harmony with Society	03
Nurturing the Environment together with the Community	05
Management commitment—Message from the CEO	07
Management commitment—Message from the COO	09
Corporate social responsibility and the Daiwa House Group	11

Implementation Report: Highlights

1. Providing support to victims of the disaster — putting ourselves in their place	13
2. Building the homes the disaster-hit region needs to make a fresh start	15
3. Developing and popularizing eco-friendly condominiums	17
4. Town planning to solve the community's problems	19
5. Training our staff with a focus on front-line experience	21

Management

Setting new targets for improvement of our CSR activities	23
Indicators for Self-Assessment of CSR Activities (CSR indicators)	24

Communication

Stakeholder meetings	25
Social contribution activities by the Daiwa House Group	27
Third-party opinion	31
Opinions from our stakeholders	32

Basic Facts

About the Daiwa House Group	33
Editorial comments concerning this CSR report	34

Since 2008 the Daiwa House Group has been donating funds to the Kingdom of Cambodia for the building of schools and the excavation and construction of water wells.

Creating Dreams, Building Hearts

Through its wide range of business activities, the Daiwa House Groups aims to help realize a society where people can live truly fulfilling lives. In line with the Group's fundamental stance of "Co-creating a Brighter Future," we are promoting a focus on the Group's corporate social responsibility through various CSR activities.



Creating Dreams, Building Hearts

Support for recovery through caring
for psychological needs

(Sendai, Miyagi Pref.)

At the Natsugino Group Home,
built by the Daiwa House Group



Living in Harmony with Society

We continue to provide material and psychological support to citizens in the disaster-stricken region

A certain group home in Miyagi Prefecture is serving as temporary accommodation for people who lost their homes in the earthquake and tsunami of March 11 last year. The home provides a living environment carefully designed to meet their needs, and the normal everyday life that they have lost is now gradually returning. Against this background, the PARO^{*1} therapeutic robot baby seal is helping bring back smiles all around. In June 2011 we began loaning 50 of these mental commit robot^{*2} PARO[®] therapeutic robots (free-of-charge for a two-year period) to nursing care facilities in the disaster-hit region to assist in the psychological care of the residents. The whole nation of Japan faces a long road toward complete recovery from the disaster, and we will walk this road together with the residents of the stricken region. The Daiwa House Group pledges to provide all the support it can – both material and psychological – to assist this recovery.

^{*1} PARO[®] is a registered trademark of Intelligent System Co., Ltd.

^{*2} Mental commit robot[®] is a registered trademark of the National Institute of Advanced Industrial Science and Technology (AIST), an independent administrative institution. The mental commit robot[®] PARO[®] is recognized in the 2002 edition of Guinness World Records as the world's most therapeutically effective robot, and this effectiveness has been demonstrated in many countries. PARO[®], which the Daiwa House Group put on sale in November 2010, is increasingly being adopted in Japan's nursing care field.

Nurturing the Environment together with the Community

First example in Japan of landscape planning on a citywide scale*¹
in which the developer puts forward a plan together with
the residents for the creation of a beautiful townscape

In the large-scale single-family house development Kazusa-no-Mori, Chiharadai*², Daiwa House Industry is moving ahead with the creation of a new townscape characterized by natural beauty, with the goal of nurturing a community where people can live richly fulfilling lives. For example, as all electric wires are laid underground, extra road width is no longer required for electric utility poles, and the space thus freed up is provided as common space for the residents. To preserve harmony with the natural surrounding and realize an attractive townscape with a feeling of unity, we got together with the residents and our collaborating contractors to put forward a landscape planning proposal as called for in the Landscape Law. This proposal was enforced by the city of Ichihara, Chiba Prefecture, on April 1, 2011, thanks to which we have been able to improve the effectiveness of rules governing the exterior coloring of houses, the pitch of roofs, setback distances for walls, the placing of hedges and tall trees, and other matters.

*¹ According to a survey of housing development companies, as of April 1, 2011 this was the first example in Japan of the application of the "System for Proposals by Residents, etc." of Article 11 of the Landscape Law, under which the developer and the residents make preliminary proposals for a landscape plan, on the basis of which a final landscape plan is drawn up and implemented.

*² Located in the northeastern section of the city of Ichihara in Chiba Prefecture, this development consists of 326 separate lots with a total area of 9.1 ha (roughly 2.5 times the area of the Chiba Marine Stadium), of which Daiwa House is responsible for 163 subdivision lots.



“We are committed to the recovery
to being an excellent company that
—Passing on our founder’s philosophy; creating a brighter future —



Chairman and CEO
Takeo Higuchi
Takeo Higuchi

As part of our vision for the reconstruction of the disaster-stricken region, we propose the construction of a model low-carbon city
— Utopia Concept proposed —

On behalf of the entire Group, I would like to take this opportunity once again to express my deepest sympathies for the victims of the Great East Japan Earthquake of March 11, 2011. Since that tragedy, we have been forcefully reminded again and again of the warmth of the human heart, and of the strength of the ties that bind people together.

From here onward, we must harness our full energies in the construction of homes and the planning of new communities to assist the nation to fully recover from this disaster. The earthquake and tsunami threw a fresh spotlight on the serious problems faced by Japan’s towns and villages, including the fragility of electric power supply, the aging of the population, and the deterioration in neighborliness and sense of community. We must ensure that new homes and new towns lead the way in serving as a model for solutions to these problems, and help to give the victims of this terrible disaster new dreams and fresh hope for the future.

With regard to this issue, in June 2011 I announced the Utopia Concept, and in August, as a representative of the Japan Federation of Housing Organizations, I presented a proposal to the government calling for strengthened measures to deal with natural disasters, among other matters, under the title “Regional Reconstruction and Creation of a Nation Fully Prepared for Natural Disasters.”

The Utopia Concept involves turning most of the coastal area, except for areas set aside for the fisheries industry, into public parkland, accompanied by extensive afforestation. On the higher ground a little further inland, safe from devastation by tsunamis, low-carbon model towns would be planned and built, and those victims who had lost their homes (as well as others from the affected communities) would move into housing there. The plans would focus on providing both a place to live and a place to work. We took care to make this proposal as practicable and detailed as possible, and from here on we hope to hold a series of talks with government organizations – centered on local governments in the devastated region – and private-sector companies. In parallel with these discussions, Daiwa House Industry will energetically pursue its own unique initiatives.

For example, we are working to develop and popularize environment-friendly home products, with the aim of launching our Energy Self-Sufficient Home* on the market by 2020 at the latest. This model home will combine the concepts of use of renewable energy sources, energy conservation, and energy storage. In our development of residential areas, too, we pay great attention to raising residents’ asset values through the design of beautiful townscapes with high greenery ratios and all electric wires and cables laid underground. At

of Japan, and
will last 100 years.”

the same time, we are focusing efforts on creating “net zero energy towns” with zero CO₂ emissions.

* Energy Self-Sufficient Home = a home that generates 100% of the energy required for its operation.

Nurturing qualified personnel and fostering a superior corporate culture, to make a contribution to the world; putting our full efforts into everything we do, every day

Nobuo Ishibashi, the founder of the Daiwa House Group, bequeathed to us the principle of “look further ahead, and supply the things that the world will need” as one of the core values in our organizational culture – our “corporate DNA.” In line with this mission, we try always, every day, both as individuals and as a single company, to do those things that we are duty-bound to do, and to put our full efforts into everything, no matter how ordinary it may seem.

At Daiwa House we work tirelessly to practice this philosophy of paying attention to details and putting full efforts into everything. We are thinking ahead to thirty or even fifty years from now, with the goal of expanding on a global scale the businesses that will be indispensable for everyone tomorrow. By the year 2055, when we celebrate the 100th anniversary of the founding of Daiwa House Industry, we aim to have expanded the Group’s overseas businesses to the point where they account for 70% of all our operations. In this way, we will become a corporate group that makes a significant contribution to the entire world.

To make this dream possible, it will be absolutely vital to nurture qualified human resources. What we require of our employees is a high level of motivation. Another saying beloved of our founder was “Where there is a will, there is a way.” With sufficient motivation, human beings can do great things. At the Daiwa House Group, we have already put in place a number of systems for nurturing the personnel we need, including the Daiwa House Juku and the branch managers’ application and training system.

We have successfully fostered the spirit of ambition and enjoyment of a challenge among our employees. For instance, when we recently asked for volunteers for overseas assignments, we received nearly 400 applications. At the Daiwa Group we constantly work to foster motivated staff who will tackle the tasks that the world at large requires, and always with a feeling of gratitude for the opportunities that the Company is given.

By leveraging such human resources to pursue our “Asu Fukaketsuno” (indispensable for tomorrow) businesses, we aim to become a corporate group regarded as indispensable for the welfare of society and characterized by an excellent and healthy corporate culture. We plan to continue improving the quality of our management and our organizational culture, and to make a valuable contribution to the creation of a sustainable society.

Toward the 100th Anniversary of the Founding of Daiwa House
Always looking toward the next challenge,
working for the good of society

2055

Globalization

Deploying Asu Fukaketsuno businesses on the global stage for the benefit of the whole world

Asu Fukaketsuno
(Indispensable for Tomorrow)

Contributing to society through business operations – our key concept, from now to our 100th anniversary

A/Anshin-Anzen (Safety & Comfort),
Su/Speed-Stock (Speed/Stock), Fu/Fukushi (Welfare),
Ka/Kankyo (the Environment), Ke/Kenko (Health),
Tsu/Tsushin (Information-Communication Technology),
No/Nogyo (Agriculture)

2005 ● A Group That Co-creates Value for Individuals, Communities, and People’s Lifestyles
In collaboration with our customers, we create new value for individuals, communities, and people’s lifestyles. We make use of and enhance this new value to realize a society where everyone can live a fulfilling and spiritually rich life.

1980 ● Integrated Life Industry
In the 1980s we met the diversifying residential and lifestyle needs of the Japanese public during the period of rapid economic growth, and began offering services in a wide range of fields.

1955 ● Industrialization of Construction
We developed our proprietary system for the “industrialization of housing” in response to rising demand for residences. This enabled us to offer safe, comfortable, high-quality housing at affordable prices.

Asking ourselves “Will it benefit Facing new issues and continuing

— A sustainable corporation of value to society —

Taking steps to ensure the Group’s long-term future through compliance, promotion of a good work-life balance, and other measures

The Daiwa House Group is currently pursuing its Third Medium-Term Management Plan, under which we have set a net sales target of ¥2 trillion for fiscal 2013. Our aims under this plan include not only to increase sales, but also to ensure legal compliance, raise the quality of our products and services, and leverage our superior human resources to make significant contributions to society.

For this purpose, while ensuring a good balance between the aggressive and defensive management approaches, we have adopted a management policy that we call “The Three Gs,” referring to the initial letters in “Group,” “Global,” and “Great.” These policies consist of:

1) harnessing the total strength of the Group to reinforce and expand our operations; 2) pursuing an aggressive management stance in which we supply the global market with value that we have created in Japan, and; 3) pursuing defensive management measures – such as strengthening our internal management and ensuring rigorous legal and ethical compliance – in pursuit of our goal of becoming a “great” company.

In fiscal 2011, in response to the occurrence of a problem in which payment for overtime work was not made, we took steps to strengthen our attendance management, including instituting regular checks on unreported overtime. We also took steps to prevent the repetition of such problems through staff training aimed at improving our organizational culture and changing attitudes to such issues. Our objective was not solely to prevent a recurrence of the unpaid overtime problem, but also to improve operational efficiency by cutting down on overtime work, and at the same time help our employees realize a better work-life balance. We believe these are current “defensive management” issues of high priority. Henceforward, we will make efforts to create an improved working environment in which this kind of problem will not recur.

We will continue to seek the opinions of disaster victims.

The whole Group will come together to provide reconstruction support

The occurrence of the earthquake and tsunami on March 11 forced us to rethink the way we interact with society and local communities. I am constantly conscious of how important it is for us not simply to act from business interests, but to ask ourselves what we should do as human beings. Following last year’s disaster, it struck me that we should try to put ourselves in the position of those who live in the affected communities, and listen directly to the opinions of our customers there. Based on this idea, I delegated full decision-making authority to our local branch staff so that they can respond speedily to customers’ opinions, gleaned from house-to-house visits.

The entire Daiwa House Group has come together to support the activities of those branch offices, and this support has served as an important tie between the Group as a whole and our local offices. These ties conveyed a strong message to our suppliers and collaborating companies all over Japan regarding our need for assistance in supporting the region’s recovery, and such assistance has been duly forthcoming.

Over one year has passed since the disaster, but many regulatory obstacles and other issues remain to be solved, and unfortunately, the work of reconstruction is not going as it should. Amid this situation, so that as many people as possible may begin to rebuild their lives, we have launched and marketed our xevo K series of single-family houses, which have been designed to help the disaster-hit communities achieve recovery. We plan to put effort into supporting the early construction of factories and retail outlets in the region, to help restore places of work to the affected communities.

society?” to take on new challenges

The next challenge to which we must rise is the creation of new value through our Asu Fukaketsuno businesses, which will prove invaluable to society

As people’s values change as a result of the March 11 disaster and other factors, it is becoming more and more important for us to create new value through our “Asu Fukaketsuno” concept. This phrase is the Japanese for “indispensable for tomorrow,” and each syllable is the initial syllable of a key word denoting one of the business fields on which we are focusing to create technologies and services indispensable for tomorrow’s world.

For example, “A” stands for “anzen” (safety) and “anshin” (peace of mind). In this area, we have launched rental housing products with anti-burglary features that make them particularly attractive to female tenants living alone, thus meeting and matching the needs of both tenant and owner. The syllable “Fu” stands for “fukushi” (welfare), a field where we have addressed Japan’s serious population-aging issue by developing condominiums for senior citizens that incorporate services in which staff at local hospitals are always on call, enabling quick and accurate decision-making on medical questions for elderly residents. The syllable “Ka” stands for “kankyo” (the environment), where we aim to address energy and environmental issues by reducing to zero the environmental burden posed by our housing and other buildings. In housing, last year we launched the SMAxEco Original house which is fitted with lithium-ion storage batteries and features our proprietary HEMS home energy management system. Our efforts henceforward will focus on increasing the capacity of storage batteries, and on incorporating natural wind flow patterns and sunlight into our designs on a residential block basis rather than simply by individual house. In addition, we plan to develop and popularize ecologically friendly products in our non-housing business operations. We have already commenced projects for the introduction and testing of advanced environmental technologies in our own offices and manufacturing plants. Apart from helping to bring down the level of our CO₂ emissions, the experience thus gained will enable us to make more attractive proposals for our customers’ premises.

In every field of endeavor, we encourage all our employees to enthusiastically take up new challenges and continue their efforts to create new value for society.

President and COO

Naotake Ono

Naotake Ono



Corporate social responsibility and the Daiwa House Group

The Daiwa House Group's management philosophy is encapsulated in our Company Philosophy (Corporate Creed), our Management Vision, and our Employee Charter. The Group's corporate social responsibility (CSR) guidelines are drawn up on the basis of these three documents.

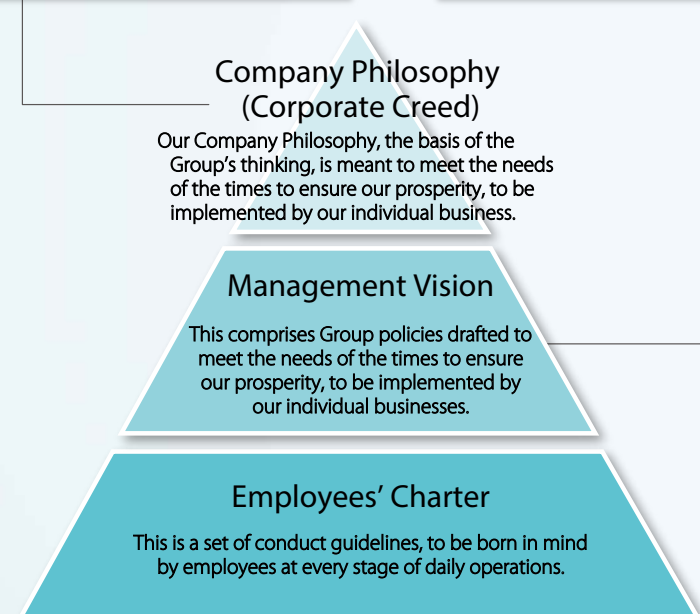
Company Philosophy (Corporate Creed)

- Develop people through business.
- A company's progress depends directly on ensuring a good working environment for its employees.
- Modern facilities and products created in good faith by honest labor will contribute to society in general.
- Our Company will develop thanks to the complete solidarity and tireless efforts of all executives and other employees.
- Through mutual trust and cooperation, by always reflecting deeply on past mistakes, by valuing responsibility, and by actively engaging in mutual criticism, we will advance along the road to growth and success.

Management Vision

Connecting Hearts

Daiwa House Group aims to create, use and holster new values together with its customers as a Group that co-creates value for individuals, communities and people's lifestyles. In doing so, we hope to realize a society in which people can live fulfilled lives. In addition, we cherish our ties with each and every customer, and continue to strive to build life-long of trust as a partner in experiencing the joys of a lifetime.



Employees' Charter

As employees of a Group that co-creates value for individuals, communities, and people's lifestyles, we pledge the following:

- Strive to improve quality, skill and communications to provide safe, reliable products that are in harmony with the environment, and to help create comfortable, relaxing living spaces for our customers. **<The Company's Perspective>**
- Serve our customers in good faith, and share their excitement and joy. **<Our Customers' Perspective>**
- Work to improve society's evaluation of our company and increase its corporate value by conducting ourselves fairly according to society's expectations and rules. **<Our Shareholders' Perspective>**
- Aim to grow and develop with our business partners by never forgetting our gratitude to them and dealing with them fairly. **<Our Suppliers' Perspective>**
- Pursue our own growth and happiness through our work. **<Our Employees' Perspective>**
- Help people gain fulfillment in their lives and build a better society, with co-creation of a brighter future as our basic aim. **<Society's Perspective>**

The Daiwa House Group's CSR Guidelines

While conducting our business activities in a balanced manner, taking into consideration the requirements of society, the environment, and the economy, we will deal in good faith with all our stakeholders and meet society's expectations of the Group as a corporate citizen.

1. We will utilize our unique technologies and know-how to pursue businesses that contribute to society.
2. Through our relationships and conversation with our stakeholders, we will do our best to comprehend their expectations of the Group, and fulfill our obligations as a corporate citizen by responding to them.
3. We will work to ensure a high level of corporate ethics and legal compliance.

Creating Dreams, Building Hearts

The Daiwa House Group acts as a partner of the community through its business operations, and as a partner of individuals in their daily lives through its products and services. We believe it is important for us to maintain our stance of "co-creating a brighter future," and to deal with society in good faith.

The Indicators for Self-Assessment of CSR Activities of the Daiwa House Group, divided into six fields (perspectives)

The Indicators for Self-Assessment of CSR Activities were adopted in fiscal 2006. Assessment of the Group's CSR activities is made from six perspectives. The indicators are used to measure the achievements of our CSR activities and effect continuous improvement.



We have introduced the guidance standards put forward in the ISO 26000* social responsibility standards into the CSR self-assessment indicators used hitherto by the Group, and have drawn up new targets and plans for our CSR activities.

* For an explanation of the ISO 26000 standards, please see P.23

The seven core themes of social responsibility in the ISO 26000 standards



Out of all the CSR activities undertaken by the Daiwa House Group in fiscal 2011, the CSR Report 2012 focuses particularly on topics related to the concept of "co-creating a brighter future."

The Attitude

on which the Daiwa House Group places high priority

Our Stakeholders

with whom each of our employees interacts on a daily basis

The social Themes

that the Daiwa House Group must tackle to achieve sustainable development

Co-creating a brighter future with Society

Providing support to victims of the disaster
— putting ourselves in their place

— The Daiwa House Group's efforts to assist reconstruction following the Great East Japan Earthquake

More than a year has passed since the earthquake and tsunami of March 11, 2011, which robbed many residents of almost all their possessions. During this period, the Group has been engaged in constructing emergency temporary housing, as a place to live is the first requirement for reestablishing a normal daily life for these victims, and without a normal daily life there can be no real recovery. Firstly, we erected the housing, and then we put our full efforts into doing whatever we could to ease the lives of the residents, including various types of supplementary installation work to support their daily lives in these hastily-erected temporary homes.

As the victims' period of stay in their temporary accommodation becomes longer and longer, our concerted efforts become all the more necessary.

This photograph shows emergency temporary housing in the grounds of the Rikuzentakata Daiichi Junior High School in Rikuzentakata City. This was the first set of such housing to be constructed following the disaster. Making use of materials that had been held in stock precisely for use in such a disaster, on March 19, 2011, ahead of any other company, we were able to begin erecting the first phase consisting of six buildings comprising six housing units each. The first completed units were handed over on April 1, 2011.

Emergency support on an
thanks to our technological
strong sense of responsibilityunprecedented scale,
expertise and

“Quickly, DASH to the disaster-hit region!”

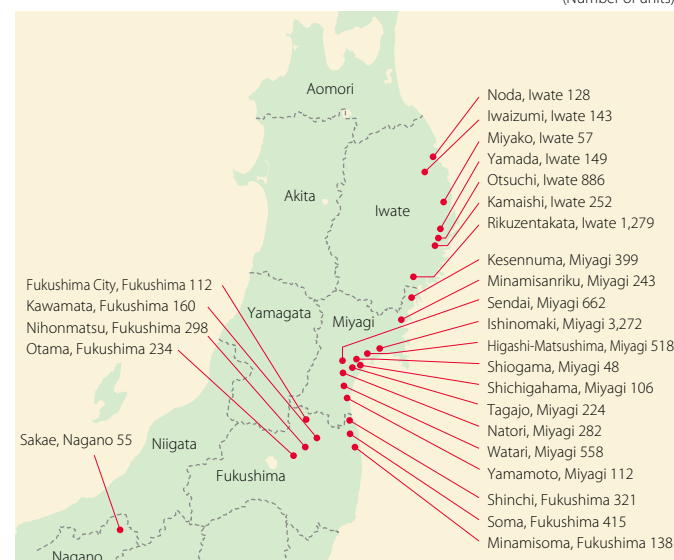
Staff and materials gathered from all over Japan — assistance with all our heart

Immediately following the earthquake and tsunami of March 11, there was an urgent need for a large number of emergency temporary housing units across a very wide region of Japan. The government set a short-term target of 30,000 homes in two months, and in response the Daiwa House Group set up the DASH Project, under which we resolved to erect nearly 10,000 temporary homes. The initial letters of “DASH” stand for Daiwa House Group, Action, Speedy/Safety, and Heartful. That is to say, our message was that the entire Group would come together to speedily and safely provide housing for the victims of the disaster, and that this commitment was from our hearts.

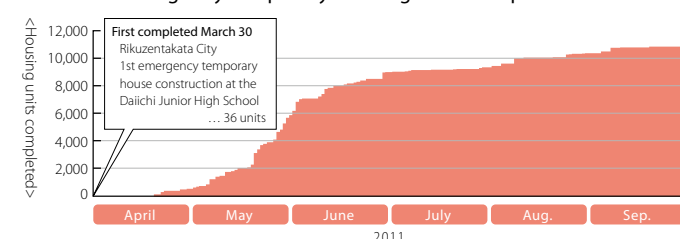
We went to work at full speed and managed to construct the homes in only three weeks. The number of emergency temporary homes built by the Group came to 11,051.

Emergency temporary housing constructed
by the Daiwa House Group

(Number of units)



Number of emergency temporary housing units completed



Project re-launched in preparation for winter

This project did not end once we had constructed the temporary homes: from October 8, 2011 we carried out additional work on the homes to prepare for the onset of winter, double-layering the end-walls and fitting double-glazing to the windows, and adding windbreak porches to the homes' front doors. Amid an increasing amount of reconstruction work throughout the disaster-hit region, we redoubled our efforts, assembling personnel and gathering together materials from all over the country. Thanks to these efforts, we succeeded in completing our schedule within the year.

Double-layering of end-walls
and double-glazing workWindbreak porches installed in front
of the entrancesMaking life in temporary housing just that
bit more comfortable

At the same time, as a home builder, we continued to give thought to what we could do to make the evacuees lives in their temporary housing that little bit more enjoyable, and we therefore implemented a number of initiatives. We aim to continue such measures and also to learn from our recent experiences so as to effect further evolution in our technology in the field of emergency temporary housing.

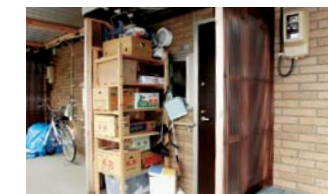
[Principal activities by the Daiwa House Group
in support of the reconstruction of the disaster-hit region]

Donations (Matching Gift System*)	We gave donations in the amount of ¥160 million via the Osaka Chamber of Commerce and the Japanese Red Cross Society
We give donations to the Momokaki Orphans Fund (donations scheduled every year from FY2011 to FY2015)	¥1,000 donated for each house sold (Daiwa House Ind.) ¥500 donated for each new vehicle leasing contract (Daiwa Lease) (For FY2011, ¥9,999,000 donated by Daiwa House Ind., ¥897,500 donated by Daiwa Lease)
Delivering relief supplies	We delivered 1,400 blankets, 7,000 bottles of water, and 4,300 size AA batteries, among other supplies
Green Curtain Project	We participated in the planning of this project with an NPO, and provided support for the installation of green curtains at temporary housing sites.
DIY Project	We provided tools and materials to enable DIY work such as making shelves and benches.
Donation of LED streetlights	We donated 29,871 streetlights for installation in the devastated region
Loaning of PARO® therapeutic robot baby seals	Fifty PARO® robots were loaned free-of-charge to facilities for the elderly in the disaster-hit region

* Matching Gift System: Under this system, the Company matches each donation made by an employee with a donation of the same amount.



In collaboration with the NPO Midori-no-Katen (Green Curtain), we have been installing green curtains consisting of Morning Glory, Goya (bitter gourd), loofah and similar leafy plants at the temporary housing we constructed, to serve as an energy-saving way of mitigating Japan's fierce summer heat.



We have made available materials and tools for DIY activities at six temporary housing sites in Tagajo, Miyagi Prefecture. Residents created a sense of community by working together to put up shelves and make benches.

Co-creating a brighter future with Our Customers

Building the homes the disaster-hit region

— Starting the work of reconstruction in the Arahama district of Wakabayashi Ward in the city of Sendai,

On March 11, 2011, the northeastern coast of Japan's main island of Honshu was struck by several immense tsunami waves. Tsunami of such magnitude are said to occur only about once every thousand years on average. These tsunami not only destroyed and swept away many houses, but also killed thousands of people. Those survivors who had lost loved ones were forced to come to terms with what they had lost while attempting to rebuild their lives. At the Daiwa House Group, we asked ourselves what we could do to help, and an answer to this question was provided by the experiences of one of our staff on the front line.

Meeting with and parting from customers with whom we have forged strong ties; a promise to achieve reconstruction

In 1999 Mr. Fumikazu Eguchi, a member of staff working in the sales section of our Sendai Branch, concluded a house purchase contract with Ei-ichi Nakajima and his wife Yuriko. Thereafter, Mr. Eguchi became on friendly terms with Mr. Nakajima. The tsunami of March 11 damaged the Nakajimas' house, and at the end of March Mr. Eguchi received a telephone call from Mrs. Nakajima, informing him that her husband's body had been found. Mr. Eguchi immediately rushed over to the house and paid his last respects to the deceased. It seemed to him that the soul of Mr. Nakajima was asking him to look after his family. Mrs. Nakajima told him that her husband had said he would choose Daiwa House again if he had to build another house. And thus it was that Mr. Eguchi came to assist Mrs. Nakajima in the procedures for having a second house built.

We realized something we had forgotten – **our responsibility does not end with building houses**

In the comfortable atmosphere of his own home, the late Mr. Nakajima had often talked about Mr. Eguchi, and seemed to look on him almost like a family member. This reminds us that, at Daiwa House, we are not simply in the business of selling houses to customers; we bear a much greater responsibility than that. Mr. Eguchi's experience has been communicated to all members of the Daiwa House Group, as it serves forcefully to make us recognize once again the heavy responsibility we bear as home builders.



A family whose home had been destroyed by the tsunami found a piece of the house amid the rubble, and were keeping it as a memento. On hearing this, one of our carpenters put the piece of wall in a glassed-in frame and hung the frame on one of the walls of the family's new home – all free-of-charge.

What is needed for a home, **so as to realize recovery as quickly as possible**



Our newly-developed xevo K series

To enable the Nakajimas to make a fresh start with confidence, a sturdy new house was urgently needed. Our staff realized that victims of the disaster like the Nakajimas needed us to quickly build low-cost but safe homes, and in response to these needs we developed the xevo K series, in which we have preserved the superior basic performance features of our existing xevo series but have also employed rigorous streamlining methods to enable more rapid construction at a low cost. This is the house model chosen by the Nakajimas.



The Nakajima family's new home, built on high ground.

Customer's views

We were able to keep warm during that first winter after the tsunami. We'll keep on going – with confidence.

I made the decision to buy a new house as the first step to rebuilding a happy life for us, but I never dreamed that I would be able to move in to our new home as early as September. Fortunately, we were all able to keep warm through the long cold winter. We have had no regrets about the house we chose. I sometimes feel as if my late husband were saying to me, with a smile on his face: "I told you we'd be alright leaving everything up to Eguchi-san."

Yuriko Nakajima

Construction manager's views

We have all done our best
To help rebuild our customers' lives.

There is a limit to what we can do at the construction site, but all our carpenters are thinking about the plight of the victims as they work. Of course, it is difficult for us, in our position, to contribute to psychological care, but anyway, we are putting our utmost efforts into building better houses that will help our customers rebuild their lives.

Soichiro Sato (right, at rear)
Representative Director,
Kanesa-Sato Building Contractors Co., Ltd.

Sales representative's views

I take pride in the strong ties I have developed with our customers.
This is something I couldn't have experienced in the average marketing position.

I couldn't stop crying when I heard of the death of Mr. Nakajima, who was like an elder brother to me. I realized once again how strong was the relationship we had formed through the sale and construction of Mr. Nakajima's home. From here onward, I intend to treat every customer with sincerity on an everyday basis, and to be close to them, as if they were my own family, at important moments. This is my life's mission, I believe.

Fumikazu Eguchi (left, at rear)
Chief, Sales Section,
Single Family Housing Division, Sendai Branch

needs to make a fresh start

Miyagi Prefecture, which suffered devastating damage from the Great East Japan Earthquake.

Developing close relationships with our customers; Working together to rebuild lives

The Nakajimas' new home features a Buddhist family altar in the living room. Yuriko Nakajima says that she and her children wanted to feel that their father was still with them in spirit, and is appreciative of the way the Daiwa House staff acceded to her requests. To Mrs. Nakajima's left is Nichika, the youngest of her children.



Co-creating a brighter future with The Environment

Developing and popularizing eco-friendly condominiums

— The “Premist Inage-Kaigan” in Mihama Ward, Chiba

The Daiwa House Group has drawn up the 2020 Medium- to Long-Term Environmental Vision,” under which we will tackle the challenge of reducing to zero the environmental burden posed by our housing units or other buildings throughout their lifecycle.

To achieve our targets under the Vision, we are pursuing our Endless Green Program environmental action plan, which involves making proposals for lifestyles that make wise use of energy.

One of the keys to such energy-efficient lifestyles is the development and popularization of eco-friendly condominiums.



The Premist Inage-Kaigan eco-friendly condominium, completed in February 2012

Realizing practical renewable energy generation systems and energy conservation systems in condominiums

Our goal is to apply eco-friendly specifications not only in our single-family houses, but in all the condominiums we construct. The most difficult problem has been bringing down the cost to an appropriate level, and we achieved this through the pioneering adoption of renewable energy generation and energy conservation systems incorporating new methods, in the eco-friendly condominium Premist Inage-Kaigan, which was completed in February 2012.

Views of development staff

Above all, we wanted to show how serious Daiwa House is about the environment

When I first saw the proposed construction site, I was sure that by advocating the concept of eco-friendliness we could build a condominium that would appeal to customers more than ever before. I discovered that the staff of the Sales Office were of the same opinion, and I became determined to create a condominium that would serve as a sort of flagship for communicating to the public just how seriously Daiwa House takes the concept of eco-friendliness. And so, we made sure to incorporate the full range of state-of-the-art eco-friendly technologies into the design of this condominium. As a result, we succeeded in reducing CO₂ emissions per housing unit by roughly 33% compared with the 1990 level, and were also able to hold down initial costs as well as maintenance and management costs. The finished condominium was thus not only ecologically sound but also economically superior. For the future, I hope to further expand the boundaries of the possible in terms of eco-friendly housing, such as taking on the challenge of utilizing ground source heat pumps.



Satoru Nomura
Section Manager,
Construction
Technology Section,
Kanto Engineering
Department,
Condominium Division,
Tokyo Branch

Housing proposals that are both comfortable and eco-friendly

Standing in front of the photovoltaic power generation system installed on the roof of Premist Inage-Kaigan

A business partner's views

Offering new energy services that realize customer satisfaction

After discussing with Daiwa House Industry how we could offer an eco-friendly energy service while putting as little burden as possible on our customers, we implemented trials of a new service in which the three main utility services – electricity, gas, and water – are supplied as a single package. From here on, we will listen to residents' opinions and work to provide a service that gives full satisfaction.

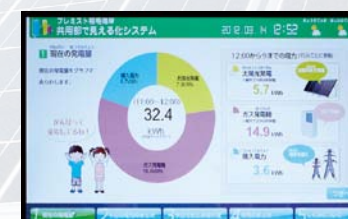
Satoshi Suzuki
Assistant Manager, East Facility
Technical Service Office, Tokyo Gas Co., Ltd.

Sales representative's views

We have made it possible for all residents to see their own energy usage pattern for themselves.

To enable all residents to easily monitor their own energy usage, we installed an “Energy Visualization Panel” in the entrance to the building. Particularly so as to make it easy for parents to check the condominium's energy status together with their children, we installed an easy-to-operate touch-panel that allows monitoring of the photovoltaic power generation system and the amount of electricity consumed, among other statistics.

Takahiro Shimada
Chief, No.2 Sales Office,
Condominium Division, Tokyo Branch

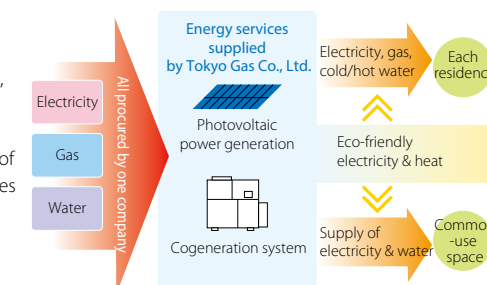


The energy status monitor screen

New energy service a first for Japan* (electricity, gas, and water supply in a one-package service)

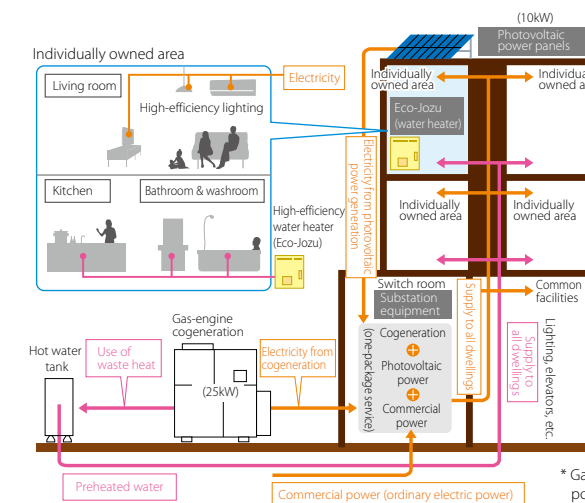
In a first for Japan, Tokyo Gas Co., Ltd. has commenced a new energy service in which electric power, gas, and water are all procured, supplied and managed by one company. This not only cuts down on energy procurement costs, but thanks to an efficient management of energy sources depending on the market prices of gas and electricity as well as fluctuations in demand, enables the diversification and thus minimization of risk, thereby realizing greater security over the long term.

* According to a survey by Tokyo Gas of existing and newly-built condominiums in Dec. 2010



Approx. 5% savings on energy bills

Photovoltaic power generation + gas cogeneration* = renewable energy & energy conservation system



We have installed both a photovoltaic power generation system and a gas cogeneration system on the premises of this condominium. The cogeneration system is used to back up the photovoltaic power generation system when sunlight is not available (at night and during cloudy or rainy weather). This system supplies a portion of the electric power used in both the common facilities and in the housing units themselves.

The waste heat from the gas engine is used to preheat water for the baths and kitchens, thereby cutting the energy used by the housing units' water heaters.

* Gas cogeneration system: Natural gas is used to power an engine and generate electricity. At the same time, the heat given off by this process is captured and utilized.

Facilities and equipment for use in the event of a natural disaster

Just outside the first-floor lounge, off to one side, is the Cascade Garden, featuring a pool and a waterfall. In an emergency, the water can be purified and used by the residents. Also for use in an emergency such as following a major earthquake, we have provided easy-to-assemble water-less “manhole toilets,” as well as an outdoor cooking range utilizing wood or similar materials for fuel. This is normally covered by a bench, which can be removed and used as a table. We are also planning to install such emergency equipment in our other condominiums.



The Cascade Garden, whose water (after purification) can be used as drinking water



A water purification unit (for drinking water)

Satoshi Suzuki
Assistant Manager, East Facility
Technical Service Office,
Tokyo Gas Co., Ltd.

Takahiro Shimada
Chief, No.2 Sales Office,
Condominium Division,
Tokyo Branch

Co-creating a brighter future with Society

Town planning to solve the community's problems

— Saion Square, a Type 1 Urban Redevelopment Project in Makishi-Asato, Naha, Okinawa

As “a group that co-creates value for individuals, communities, and people’s lifestyles,” the Daiwa House Group pursues business operations across an extremely wide spectrum, and this makes comprehensive town planning projects possible.

We regard it as one of our most important missions to leverage our strength in this field to solve the problems faced by communities all over Japan, and are now extending these problem-solving capabilities over a wider field by making the most of the experience we have accumulated in addressing a wide range of issues. Thanks to the Group’s comprehensive strength, the Makishi-Asato community has seen its dream of some thirty years finally come true.



The Saion Square project – opened in July 2007

An urban development for the future, built together with its residents

Five urban development concepts aimed at **solving the district’s problems**

Numerous plans had been put forward for the redevelopment of the Makishi-Asato district of Naha, Okinawa’s capital city, but each time the redevelopment projects were terminated for one reason or another. In a heavily populated residential district such as this, it is difficult to independently pursue rebuilding plans, and the commercial area at the eastern end of Kokusai-dori (the city’s main street) was going downhill. The district faced many thorny problems, such as what to do about the Asato River that runs through the district and that had many times burst its banks after heavy rains. A solution to these longstanding issues was finally found after five clear-cut concepts were proposed.



1. Protecting the community against natural disasters

This was the first example in Japan of rechanneling a river as part of a private-sector urban redevelopment project. The work effected a radical solution to the problem of flooding.



2. Constructing vital urban infrastructure elements

A plaza was created on Kokusai-dori in front of the railway station, with bus stops, for the convenience of the public.



3. Creating “amenity spaces”

The banks of the Asato River were reborn as a park area bordering on the plaza in front of the station. The two can be used together as a single space for open-air events.



4. Offering all the various elements needed for urban life

A library was opened close to both the station and housing areas. Its ideal location has made it very popular. On the same floor there is a planetarium.



5. Revitalization of city-center area

We have leveraged the comprehensive capabilities of the Daiwa House Group to provide the accommodation facilities required in a city center, with the construction and opening of the Daiwa Roynet Hotel Naha-Kokusaidori.

Concern for biodiversity — regeneration of unique local ecosystem

In this urban redevelopment project incorporating the major work of redirecting a river, a vital theme was taking care to preserve the area’s biodiversity. We therefore sought the opinions of experts, on whose advice we carefully preserved the trees growing on the site and then replanted them when the construction work was completed. We also carried out work on the river’s estuary to help encourage the growth of a healthy ecosystem, and employed Ryukyu limestone in the building of the seawalls, as this encourages marine creatures build homes and procreate. Crabs can now be found in the area.



An imposing banyan tree, for which Okinawa is well-known, that had long stood amid the swirling life of this district, was replanted in the plaza in front of the station.



The seawalls have been constructed out of rough-hewn blocks of Ryukyu limestone. The deep jagged cracks between the blocks have become the home of crabs and other creatures.

■ Huge shisa statue becomes symbol of newly developed district

The Asato River has played an important part in the 300-year-old history of Tsuboya-yaki pottery, for which Okinawa is famous. Boats carrying cargoes of clay and kindling for the kilns used to be moored on the river’s banks. To symbolize this history in physical form in the newly developed town, we commissioned and erected the world’s largest ceramic shisa. (The shisa is a Ryukyuan mythical creature, a cross between a lion and a dog, which is used as a traditional decoration.)



This huge Tsuboya-yaki pottery shisa, called the Ufu-Shisa (ufu means “big” in the dialect of Okinawa), stands in a pond featuring the use of reclaimed water (highly purified sewer water).

Aiming to be a subtropical garden city boasting a long history and proud culture

Since the end of World War II, Kokusai-dori has been a crowded, bustling area that has developed at a dizzying pace; it has been nicknamed the “Miracle Mile.” In this development project, what the landowners, the government of Naha, and the Daiwa House Group all aimed at was to create a model “subtropical garden city” blessed with ample water and greenery, where residents could live in security, free from anxiety. The heart of the project was given the name of Saion Square in memory of Sai On (1682-1761), one of Okinawa’s greatest statesmen and a major figure of the Ryukyu Kingdom. In this way, we have paid tribute to the long history and high-level culture for which this area is famous.

Landowner’s views

Once again, a miracle is unfolding on the Miracle Mile

Plans for redevelopment were going nowhere for a long time, but once we had teamed up with Daiwa House, things proceeded quickly. At the ceremony to mark the diversion of the Asato River into its new course, my heart was filled with hope for the future. A town is not a real town unless people live there, and thanks to this redevelopment the number of residents has increased, and our beloved Kokusai-dori is once again bustling with shoppers.

Kanzo Hokama (second from right)
Director, Makishi-Asato Urban
Redevelopment Association

Views of a local government representative

We are proud to be a city that serves as Japan’s gateway to East Asia, and are ready to welcome visitors from overseas.

Responding to the wishes of local citizens, we decided on the colors, lighting, greenery and other details after consulting with experts. We are also grateful for the assistance of Daiwa House in improving the exterior attractiveness of the district. I hope that the city of Naha will continue to develop as Japan’s gateway to East Asia.

Satoshi Higa (second from left)
Former Head of Urban Development and Improvement
Section, City Planning Division, Naha City

Views of the general project manager

This has been a very satisfactory project that has pushed the boundaries of the possible in the field of urban redevelopment.

This project has allowed the Daiwa House Group to fully display its comprehensive strength in proposing to local landowners a wide-ranging plan incorporating new lifestyle proposals as well as the construction of condominiums, hotels, and commercial facilities, and the diversion of the Asato River. I was really pleased that the Group was able to respond to the enthusiasm of the residents by proposing a completely new redevelopment project.

Masakazu Muneyuki (far right)
Head of Saion Square Project Team, General Manager,
Tokyo Urban Development Department

Views of local staff manager

The completion of this project is not the goal, it is the start of many years of support to come.

For me, this project began with negotiations with about 100 local landowners. It was my first experience of a redevelopment project. It was tough, but we all pulled together to get this major job done. The completion of construction is just the start for us; from here on we will be providing firm support for measures to revitalize the city center.

Masakazu Tanaka (far left)
Assistant Head of Saion Square Project Team, Manager,
Okinawa Redevelopment Office
Tokyo Urban Development Department

Co-creating a brighter future with Our Employees

Training our staff with a focus on front-line experience

— At Daiwa House, we are further enhancing our ability to nurture capable staff through our emphasis on experience in actual work projects

Nobuo Ishibashi, the founder of Daiwa House Industry, was a strong advocate of looking at market trends from the viewpoint of the front line of actual work. He believed that this would help one to identify what consumers want, and create unique businesses to meet their needs.

At the Daiwa House Group, we have inherited this focus on the front line, and have adopted as one of our principles the nurturing of human resources through actual work experience. Personnel are our most valuable asset, and we take great care to train and nurture the qualified and motivated staff that we need.

In line with this emphasis on practice, we constantly seek to further perfect our staff training system, and the training menu that has emerged from this process has proven its worth in enhancing our employees' practical skills.



In our OJT ("on-the-job training") Veteran-Guidance System, teams of employees led by older staff take charge of educating new hires.

A wide range of instruction courses to support on-the-job training

At the Daiwa House Group, we believe that practical, on-the-job training (OJT) is the key to developing the sort of skills we require in our employees, and we therefore implement a variety of instruction courses. For instance, since 2004 we have been conducting our "practical on-the-job training" for all new hires regardless of planned specialization. Here, at actual work sites, they receive hands-on training in the principles of manufacturing and construction, and acquire specialist knowledge. We also operate the OJT Veteran-Guidance System, in which teams of employees led by older staff take charge of educating new hires; the Daiwa House Juku, a management school to train the Group's future leaders; and the branch manager application and training system, which operates on a voluntary basis. All these and other systems, which are unique to Daiwa House, are employed to nurture human resources through actual work experience.

In 2011 we started training our staff in good manners, as well as in the principle of

"putting full efforts into everything, every day"

At Daiwa House, we believe that the Company's motive power rests on our ability to thoroughly train our staff in the very basics of interaction with our customers and business partners, such as how to greet people courteously and how to bow properly. These things are taken for granted, but often neglected, and through our training, we ensure that our employees perform them as though by instinct. As part of this overall training regime, since 2011 we have been conducting training in good manners, as well as in the principle of "putting full efforts into everything, every day." This training is conducted separately at all the Group's places of business, and all staff, including management-level personnel, are required to take part. This training is conducted by the staff of our Human Resources Training Center in line with our belief that a company should educate its employees in good manners and proper behavior.



Employees practice bowing from the waist, while other employees use a special apparatus to check that the angle of the bow is appropriate.

Views of Human Resources Training Center staff

We place great importance on the continual pursuit of training that will be of value in actual business operations.

Employees who achieve personal growth are those that have been exposed to the discipline of actual work, day after day, and we implement a wide range of training programs to support such growth. We constantly seek to improve our methods, asking ourselves if we cannot create training courses that put the lessons learned from actual business practice to even better use. In addition to more formal training courses conducted at our business facilities, we plan to further expand our menu of training courses to incorporate training that will be of immediate use on the front line, such as education in good manners.



Hidehiko Nakagawa
Senior Chief,
Human Resources
Training Center

[Daiwa House Industry's system for nurturing employees]

Eligible staff	Educational programs for each employee level	Cultivation of successors to current management	Educational programs tailored to each division and job specialty	Separate training for each place of business	Support for personal development
Primary staff training	Courses for management staff and future leaders	Interaction course for management leaders			
Management-level staff	Training for newly promoted branch office managers Training for newly promoted managers	Daiwa House Juku Branch manager application and training system			
Mid-career staff/general staff	OJT Veteran-Guidance System Training for team leaders		Specialist training for separate divisions/job descriptions	Training in "putting full efforts into everything, every day," as well as manners	Support for language learning, acquisition of qualifications, etc.
Junior staff	Follow-up training OJT Training in basics				

Learning the basics of business at actual work sites, for one's personal growth

Manners maketh the Daiwa House man:
New employees learn to bow at the right angle.

Views of training instructor

Our training is centered on hands-on methods, and we focus particularly on training with immediate practical value and long-term consistency

In the training sessions, I try to convey the importance of good manners using examples that are easy to relate to, from within the Company that I have learned about, or from my personal experience. Because all employees are obliged to attend these sessions, we can aim to raise the standards of politeness throughout an entire office or other place of business. We see a change in everyone's manner and deportment right from the day after a training session, and I have had staff tell me that the atmosphere in their place of work had improved. It also seems that the employees themselves can see such a change with their own eyes: this makes them constantly conscious of their manners and prevents a relapse back to their old habits. This sort of thing makes my work very rewarding. In the near future, I would like to design dedicated training programs closely tailored for particular divisions of the Company or specific job descriptions.



Miyuki Kawakita
Chief, Human Resources
Training Center

Setting new targets for improvement of our CSR activities

In parallel with the increasing globalization of the Daiwa House Group's business operations, we are applying international standards to the evaluation of our CSR activities, and are employing the results of such evaluation to appraise the state of those activities and to effect improvements. We are in the process of creating a high-quality management system, and plan to commence CSR activities informed by the ISO 26000 social responsibility standard.

In preparation for the drafting and adoption of our new CSR guidelines, we have drawn up and commenced a three-year plan.

The target-setting process

- Identify priority issues
- Debate order of priority of identified issues
- Revise index in line with issues to be tackled first

What is the ISO 26000?

ISO 26000 is an international standard providing guidelines for social responsibility, launched in November 2010 by ISO, the International Organization for Standardization.

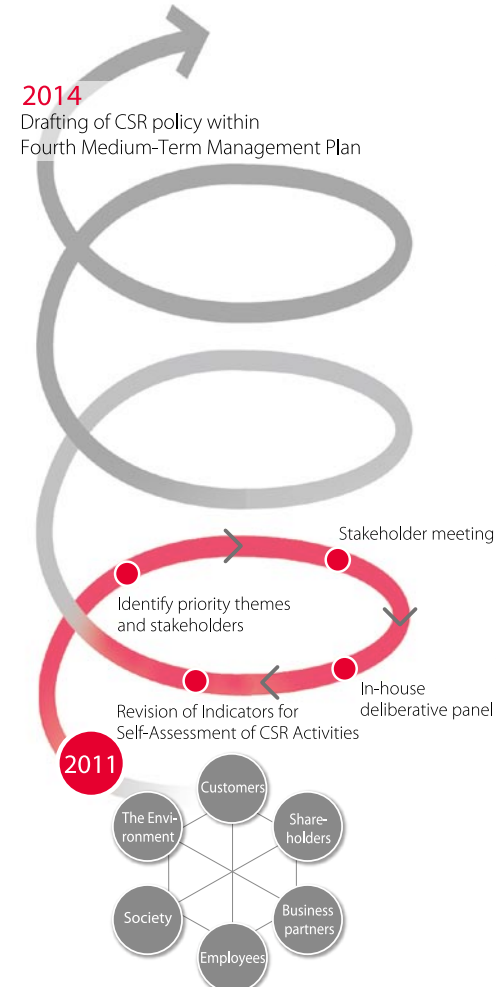
It offers guidance to companies and other organizations on effective ways of coordinating the entire organization to effectively meet its social responsibilities. The standard includes seven core themes incorporating specific guidance on the practice of socially responsible activities.



Pursuit of reform through three-year plan

<During period of Third Medium-Term Management Plan>
Applicable only to Daiwa House Industry
To be extended to other companies in the Group as appropriate

2014
Drafting of CSR policy within
Fourth Medium-Term Management Plan



2006-2011

Daiwa House Industry established its own unique Indicators for Self-Assessment of CSR Activities in fiscal 2006 and operated them for five years up to fiscal 2011. In FY2011 the Company switched to new indicators informed by the ISO 26000 social responsibility standard.

Activities in FY2011

May 2011

Identified priority issues

- **Identified stakeholders**
We identified the most important groups of stakeholders, taking into account the degree of influence exerted by the Company and the perceived degree of concern regarding the Company's actions.
- **Identify importance of themes**
We identified those among the themes stated in the ISO 26000 standard that were most important to the Company. As organizational governance is crucial to the management of a company, we decided that it had to be tackled on a priority basis, and we also identified 35 issues from the other six themes, of which 12 issues were selected for priority treatment.

Nov. 2011

Order of precedence for tackling issues discussed (at stakeholder meeting)

- **Stakeholder meeting (see P.25-26)**
To enable a decision on the order in which the 12 selected issues should be tackled, we utilized our existing stakeholder meeting and sought the opinions of previously-identified stakeholder groups.

Dec. 2011-
Jan. 2012

Order of precedence for tackling issues discussed (in-house)

- **In-house deliberative panel (P.26)**
On the basis of the opinions heard at the stakeholder meeting, we discussed the order of precedence for tackling the issues in question (by specific executives with related responsibilities). We then drew up a materiality map based on the decisions of the in-house deliberative panel, and positioned as top-priority issues the six issues identified as having the greatest importance for both the Company and its stakeholders. (See P.26 for further details on the top-priority issues.)

March 2012

Used indicators to manage targets and results related to tackling of priority issues

- **Indicators for Self-Assessment of CSR Activities revised (see P.24)**
The previous Indicators for Self-Assessment of CSR Activities, which had been designed from the viewpoint of the whole spectrum of stakeholders, were revised to facilitate management of targets and results relating to the tackling of priority issues. The revised indicators consist of the eight themes and 18 issues; i.e. six themes and 12 issues to be tackled on a priority basis that were derived from the self-assessment process hitherto, plus two themes (organizational governance – crucial for a company's management base – and financial indicators) and 18 issues. The indicators employed were also revised accordingly.

Themes	Priority Issues
Human rights	1 Successfully handle human rights complaints 2 Eliminate discrimination and offer equal opportunities
Labor practices	3 Provide safe and healthy working environment 4 Nurture human resources (employee training)
The environment	5 Prevent environmental pollution (water, atmosphere, soil, etc.) 6 Reduce CO ₂ emissions and help retard global warming
Fair operating practices	7 Ensure fair competition 8 Act responsibly toward business partners and users
Consumer issues	9 Guarantee product safety 10 Provide adequate after-sales service, and respond appropriately to complaints
Community involvement and development	11 Realize active involvement in local community development in collaboration with local government and other organizations 12 Invest in development of local communities
Organizational governance	13 Realize management transparency 14 Exhibit ethical behavior 15 Engage with stakeholders
Financial indicators	16 Financial indicators

* Red ink = top-priority issues

Indicators for Self-Assessment of CSR Activities (CSR indicators)

To enable easy visualization of the results of its CSR activities, in FY2006 the Daiwa House Group adopted the Indicators for Self-Assessment of CSR Activities, and has subsequently been using these to improve its CSR activities.

In FY2011, the original indicators were revised and new indicators were promulgated which identify certain themes in line with suggestions from the ISO 26000 standard, issued to serve as a guide for socially responsible action by organizations.

From FY2012 we are undertaking CSR management based on the new indicators.

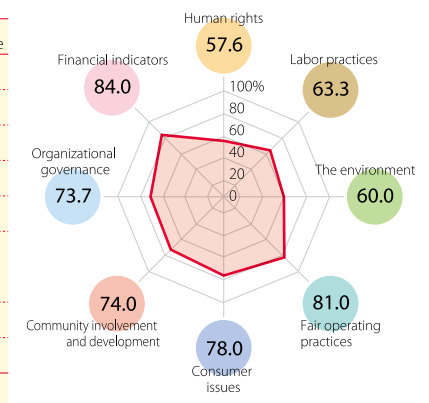
Implementing CSR activities focused on solutions to social issues of international concern while making it easier to visualize progress and goals

In FY2006, to further promote CSR activities by the Daiwa House Group, Daiwa House Industry devised and announced its proprietary Indicators for Self-Assessment of CSR Activities (initially applicable only to the parent company). The use of these indicators makes it easier to visualize progress (or lack of it) in achieving the goals of our CSR activities, and it is therefore easier to effect improvements. In FY2009 we revised these indicators to more effectively respond to society's requirements. We held meetings and other events with our stakeholders, at which new issues to be addressed were uncovered. Then, in FY2010, the Indicators for Self-Assessment of CSR Activities were applied to other companies in the Group.

Finally, in FY2011 we selected certain issues using the ISO 26000 standards as a reference, and drew up a new index incorporating eight themes, 18 issues, and 40 indicators (applicable to Daiwa House Industry only). In this way, we are expanding and enhancing the nature of our CSR activities with the aim of raising awareness of social issues that are of concern internationally.

Breakdown by theme of points obtained in Indicators for Self-Assessment of CSR Activities for FY2011

Themes	Maximum points	Points obtained	Points percentage
Human rights	125	72	57.6%
Labor practices	150	95	63.3%
The environment	125	75	60.0%
Fair operating practices	100	81	81.0%
Consumer issues	100	78	78.0%
Community involvement and development	150	111	74.0%
Organizational governance	175	129	73.7%
Financial indicators	75	63	84.0%
Total	1000	704	70.4%



FY2011 results and FY2012 targets

Only 18 of the 40 new indicators are shown below. These refer to the top-priority issues (6 issues, see P.26).

- * No entry has been made for results in the case of items that cannot be calculated employing the new indicators.
- * Each indicator carries a maximum of 25 points.

Human rights

Priority issues	Indicators	FY2011 Results	FY2011 Points	FY2012 Targets	FY2012 Points
Elimination of discrimination and provision of equal opportunities	Education in human rights issues (rate of implementation of training)	(1) 87.4% (2) 74.9%	20 pts	(1) 100% (2) 100%	25 pts
	Percentage of disabled persons employed	1.82%	5 pts	2.00%	25 pts
	Percentage of female managers (% of target)	1.0% (66.7%)	17 pts	1.5% (100%)*	25 pts

* This target is an interim goal that is expected to be reached by April 1, 2014. It is a three-year target, not a single-year target.

Labor practices

Priority issues	Indicators	FY2011 Results	FY2011 Points	FY2012 Targets	FY2012 Points
Provide safe and healthy working environment	Number of injuries at work (construction sites) (yr-on-yr % change)	+1.6%	0 pts	-30%	25 pts
	Rate of taking paid leave	34.7%	15 pts	38.0%	20 pts
	Employee satisfaction surveys	81.6%	25 pts	80%	25 pts
Nurturing human resources (staff training)	Rate of acquisition of qualifications among young staff	(1) 9% (2) 32%	15 pts	(1) 15% (2) 35%	25 pts
	Companywide training, number of courses taken per employee	0.84	15 pts	0.84	15 pts
	External assessment of candidates for management positions	15	25 pts	15	25 pts

The environment

Priority issues	Indicators	FY2011 Results	FY2011 Points	FY2012 Targets	FY2012 Points
Reduce CO ₂ emissions and help retard global warming	CO ₂ reduction volume	175.1 (10,000 tons CO ₂)	25 pts	181.9 (10,000 tons CO ₂)	25 pts
	Compared with 2010 (% decrease)	2.6%	25 pts	3.0%	25 pts
	In-house biodiversity standards applied (product development, urban redevelopment, %)	Product development: 92.4% Urban redevelopment: 61.9%	25 pts	Product development: 90% Urban redevelopment: 70%	25 pts

Community involvement and development

Priority issues	Indicators	FY2011 Results	FY2011 Points	FY2012 Targets	FY2012 Points
Realize active involvement in local community development in collaboration with local government and other organizations	Instances of social contribution activities (head office, branch offices, etc.)	(1) Head office: 81 cases (2) Branches: 94.7%	25 pts	(1) Head office: 50 cases (2) Branches: 100%	25 pts
	Collaboration with NPOs/NGOs (head office, branches)	(1) Head office: 18 cases (2) Branches: 6.4%	18 pts	(1) Head office: 20 cases (2) Branches: 15%	25 pts
	Cooperative action with local organizations (head office, branches)	(1) Head office: 26 cases (2) Branches: 35.1%	18 pts	(1) Head office: 30 cases (2) Branches: 50%	25 pts
Investment in development of local communities	Costs of social contribution activities (percentage of ordinary income)	2.32%	25 pts	1.0% or more	25 pts
	Donations & fund-raising activities (% of employees participating)	26.4%	10 pts	50.0%	25 pts
	% of employees taking special paid leave to do volunteer work	12.5%	15 pts	20.0%	25 pts

Stakeholder meetings

Every year Daiwa House Industry holds meetings where stakeholders can express their opinions about the Company's operations. We ensure that these valuable opinions are reflected in our approach to CSR.

The Daiwa House Group Overview of the Eighth Stakeholder Meeting

On November 23, 2011 we held a stakeholder meeting, our eighth such meeting, at our head office. At the meeting, against the background of the Group's adoption of the ISO 26000 social responsibility standard as a guideline for our CSR management, we received frank opinions from our stakeholders regarding the social issues being tackled on a priority basis by Daiwa House Industry, which form the core of the said CSR management. Subsequent to this meeting, opinions voiced both at separate sectional meetings and at the main stakeholder meeting were discussed at the Company, and were dealt with as priority issues. The stakeholders meeting held on November 23 was part of a larger program of stakeholder engagement implemented by the Company, and is an integral part of our CSR management. Hereunder, we present a selection of the discussions held at that meeting, together with the results of debates by the in-house deliberative panel.

- **Date and time of meeting:** Wednesday, November 23, 2011, 10:30 to 17:00
- **Location:** 2nd-Floor Conference Room, Daiwa House Industry Head Office
- **Themes:** Social issues to be tackled by Daiwa House Industry on a priority basis

Facilitator Yoshinari Koyama Professor, College of Economics, Kanto Gakuin University	Stakeholders present: 25 • Customers: 4 • Business partners: 4 • Employees: 4 • NPOs: 4 • Shareholder: 4 • Local community representatives: 5
---	--

* For further details, see our website at:
<http://www.daiwahouse.co.jp/csr/stakeholder>

Report on Stakeholder Meeting



Opinions received from our stakeholders

Top-priority issue No.1

4 Nurture human resources (staff training)



Adequate awareness and sense of responsibility on the part of employees is vital in achieving solutions to other issues.



We would like to see Daiwa House hire and train a large number of personnel – not only construction specialists, but also those with expertise in many other fields.



A company is literally a group of people, and its success depends on the quality of its staff. This concept is at the very core of society.

Top-priority issue No.2

11 Realize active involvement in local community development in collaboration with local government and other organization



The development of the local economy is essential for a company's development, and this will not be possible unless the company works hand-in-hand with the local community. It is also important for the surrounding community to recognize the company's existence as necessary.



Social contribution activities at the level of local places of business are not enough; Daiwa House Industry should be able to do more.



Daiwa House should actively participate in community projects.

Top-priority issue No.3

12 Invest in development of local communities



The Daiwa House Group should become more actively involved in solving local community issues, such as through town planning aimed at minimizing loss of life and property from natural disasters, and town planning that addresses the problems of an aging population. We would like to see action that leverages the Group's strengths.



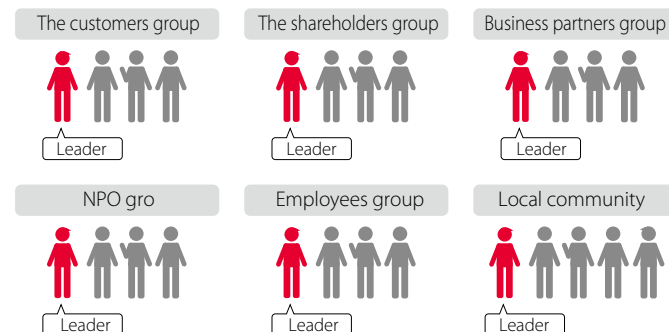
The Group is not prepared to respond to changes in local communities over the long term, such as when the demographic composition of a community changes. We would like to see the Group liaise more closely with local communities over the long haul.



Daiwa House has taken the initiative with respect to its collaborating companies in providing support to the disaster-hit region. We would like to see the Company continue taking such measures and investing human resources where they are needed.

Separate Meetings

The stakeholders were divided into six groups, which each held separate meetings. Each group decided the order of priority for twelve agenda items.



* An employee was assigned to each group to act as a moderator and secretary so as to facilitate the flow of discussion, and two additional employees were assigned to each meeting to enable responses on the spot to relatively simple questions or opinions.



One of the separate meetings



The facilitator (Prof. Koyama) speaking at the main meeting

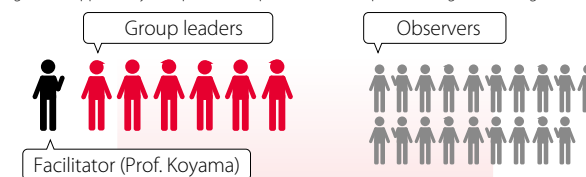


Stakeholders and Company executives take part in the main stakeholder meeting

The Main Meeting

The stakeholders selected as leaders of each group, one by one and in the predetermined order, presented the opinions decided by their groups. Professor Koyama, the facilitator, summarized the opinions presented, and a consensus among all the stakeholders was arrived at.

* Stakeholders other than the group leaders sat in on the main meeting as observers, in principle, but were given an opportunity to express their opinions at certain points during the meeting.



Order of precedence of priority issues decided at the main stakeholder meeting
 (determined from the perspective of a leading company in the Japanese home-building industry)

1. 4 Nurture human resources (staff training)
2. 11 Realize active involvement in local community development in collaboration with local government and other organizations
3. 12 Invest in local community development
4. 2 Eliminate discrimination and provide equal opportunities
5. 3 Provide a safe and healthy working environment
6. 6 Reduce CO₂ emissions, and work to retard global warming
7. 8 Act responsibly toward business partners and users
8. 5 Prevent environmental pollution (water, atmosphere, soil, etc.)
9. 9 Guarantee product safety
10. 10 Provide adequate after-sales service, and respond appropriately to complaints
11. 1 Successfully handle human rights complaints
12. 7 Ensure fair competition

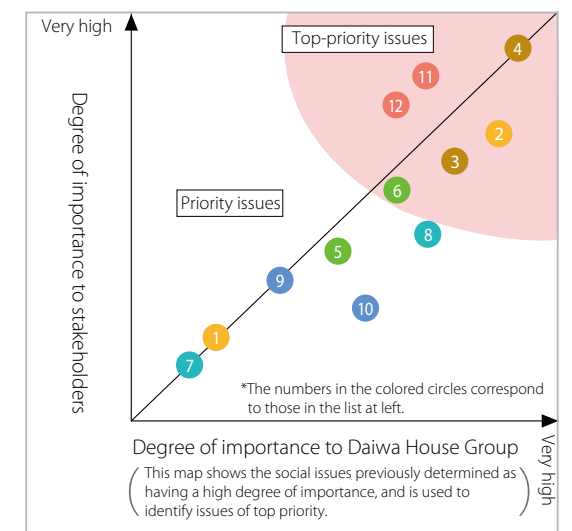
In-house deliberative panel

The order of precedence of the priority issues that was determined at the stakeholder meeting was subsequently debated at two meetings of the in-house deliberative panel, composed mainly of Company executives with responsibility for related fields, and a final decision was made.

Order of precedence of priority issues determined by the Company

Materiality Map

Social issues to be tackled on a priority basis by the Daiwa House Group



Top-priority issue No.4

2 Eliminate discrimination and provide equal opportunities



Further efforts are need to ensure equality of treatment within the Company, including prevention of abuse of authority or sexual harassment.



Considering the Group's trend toward global expansion, this issue will have a serious impact on its operations in China, Southeast Asia, and elsewhere.



The United Nations Global Compact contains statements of principles relating to human rights, and looking at the situation worldwide, there are serious problems such as child labor. Here in Japan, too, this issue is extremely important, as workplace harassment and mental health issues are frequently in the news.

Top-priority issue No.5

3 Provide a safe and healthy working environment



Unless it offers its employees a working environment that is safe and healthy from both the physical and mental aspects, a company cannot nurture the human resources it needs, and will not be able to offer high-quality goods.



We would like to see efforts made to ensure safety not only in offices but also at construction sites.



To raise employee satisfaction levels, a safe workplace is absolutely essential.

Top-priority issue No.6

6 Reduce CO₂ emissions and help retard global warming



The social impact of this issue is huge. Action on this front is essential to ensure a brighter future.



There seems to be no particular problem as far as the CO₂ emissions level of Daiwa House in the course of its production, construction, and other activities, but the key point from here will be how to reduce CO₂ emissions by the owners of Daiwa-built houses.



It goes without saying that global warming is a problem affecting the entire world, but as CO₂ emissions here in Japan by both households and industry are on the increase, we would like to see Daiwa House help tackle this issue.

Social contribution activities

by the Daiwa House Group

At the Daiwa House Group we take very seriously the relationships between each Group company, office, plant or other place of business with its local community. We work to identify the needs of each region and perform the social contribution activities that are required to enable the development of the community and improve the standard of living of local citizens.

Our social contribution activities help realize opportunities for dialog with a wide spectrum of our stakeholders, including our customers and business partners, the government, and NPOs/NGOs. These opportunities create a virtuous cycle in which our involvement in the local community increases.

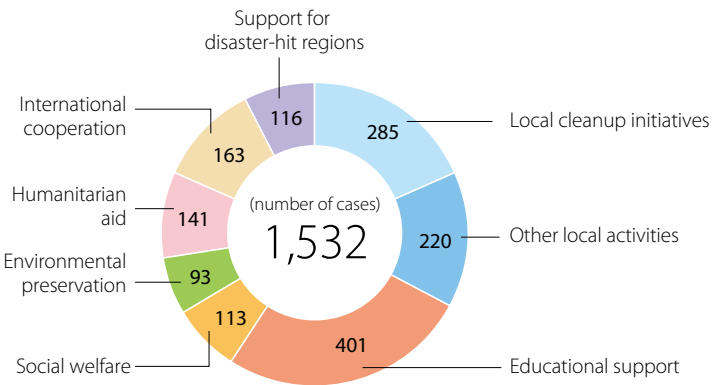
From here onward, too, we intend to continue seeking out our stakeholders' opinions and incorporating their advice into our activities with the goal of co-creating a better society in which we can all live together in harmony.



Social Contribution Programs

Program	Started
Special paid leave for Volunteer Activities	April 2005
Employee Fund-Raising Program	Oct. 2005
Appointment to Committee for Promotion of Social Contributions	April 2006
President's Award Program	Sep. 2007
Social Contribution Cost-Bearing Program	Oct. 2008

Social Contribution Activities Undertaken by the Daiwa House Group in FY2011



Meeting of Committee for Promotion of Social Contributions

The Committee for Promotion of Social Contributions, composed of one member from each office and manufacturing plant around the country, meets once every six months. At these meetings, the members review activities during the past six months and announce new policies. They also engage in information-sharing between different places of business, as well as group discussions, to inject further vitality into the Group's social contribution activities.

FY2011	1st-half discussion theme (May)	What sort of further support and activities can be performed in the region hit by the Great East Japan Earthquake?
	2nd-half discussion theme (Nov.)	Methods of putting the CSR Report to good effect



Daiwa House Industry

School construction project to realize a brighter future for the children and the Kingdom of Cambodia

As part of a broader program of CSR activities in Cambodia in which the Group has been engaged for several years, in October 2011 we made a donation for the construction of the Tuol Koki Junior High School in the village of Tuol Koki, Battambang Province. Thanks to this donation, a school building comprising five classrooms was completed in February 2012, and the school was opened on the 29th. Currently, 518 students attend the school, and a "sister-school" project has been started that will promote exchanges between the school and a junior high school in Ishinomaki City, which was devastated by the tsunami on March 11 last year. We will continue to provide support for Cambodia in its areas of need.



The newly-opened Tuol Koki Junior High School



At the school-opening ceremony



Memorial service held at the school for the victims of the Great East Japan Earthquake



Messages to the students from NGO staff who collaborated in the project



Daiwa House Industry

Preserving Japan's beautiful spring scenery for future generations The SAKURA PROJECT



Schoolchildren help staff plant a cherry tree

In the Sakura Project, started in fiscal 2010, we plant cherry trees (sakura), mainly in the grounds of elementary schools, to pass on Japan's beautiful spring scenery to future generations and teach children the importance of preserving nature. This is a project that we pursue together with our customers. For every one of our eco-friendly xexo houses that is sold, a portion of the sales is used to fund the tree planting. Each tree-planting ceremony features a live performance of traditional Japanese music, helping to make children aware of the wonderful Japanese culture to which they are heirs.



Performance on traditional Japanese musical instruments



For more details, see:
<http://www.daiwahouse.co.jp/csr/sakura/>



The photo shows a ceremony to hand over a letter of thanks from the Nishi-ku Ward Office to the staff of our Yokohama Branch following the completion of tree-planting at the first elementary school on the list. From the right are Mr. Katsuyuki Muroi, principal of Sengendai Elementary School, Ms. Hiroe Haga, head of Nishi-ku, and Mr. Kohei Yamasaki, Yokohama Branch Manager.



Daiwa House Industry
Yokohama Branch

The School Smiles Project, a tree-planting initiative

In May 2011, having realized that there was comparatively little greenery in the vicinity of their offices, the staff of the Yokohama Branch of Daiwa House Industry initiated the School Smiles Project, in which they undertook to plant trees in the grounds of local elementary schools. The costs of this project, in principle, come from donations by the employees themselves, and they are proceeding at a pace of one school every six months. In FY2011, trees were planted at one school in May and one in June, followed by another school the next March. The Branch staff received a letter of thanks for their tree-planting activities from the Ward Office of Yokohama's Nishi-ku.



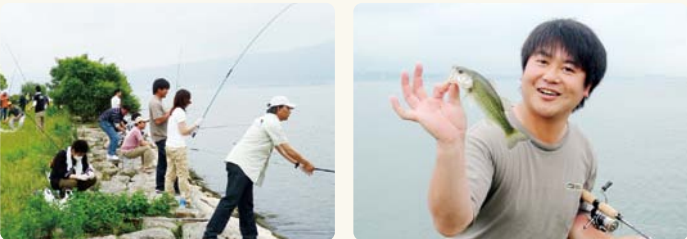
To mark the occasion of each tree-planting, Daiwa House donates a plaque bearing the name of the school and messages such as "Let's Fill Nishi-ku with Greenery." The plaque is then attached to a tree.



Daiwa House Industry
Shiga Branch

Protecting the ecosystem of Lake Biwa: Fishing competition under theme of "Getting rid of invasive fish species"

Every year since 2009 the Shiga Branch of Daiwa House Industry has been organizing a fishing competition aimed at helping rid Lake Biwa of invasive species of fish. The third such competition was held on June 10, 2011 with the participation of 109 anglers from the Shiga Branch, Nihon Jyutaku Ryutu, Daiwa Living, and collaborating companies, and under the slogan "Let's Contribute to Society While Having Fun." The anglers formed teams that competed against each other amid a friendly atmosphere. A total of 45.4 kilograms of invasive-species fish were landed that day.



This fun social contribution event, with a strong regional flavor, draws plenty of participants each year.



Daiwa Lease Co., Ltd.

"Calligraphy performance" held as part of Smile Action community action program



An impressive work of shodo (Japanese calligraphy) was completed, and an originally unscheduled exhibition of calligraphy works was also held.



Exciting calligraphy performance held at the Welcome Court in the Frespo Tosu shopping center

Social contribution and regional community contribution activities held at commercial facilities managed by Daiwa Lease Co., Ltd. are carried out all over Japan under the collective name of Smile Action. A variety of Smile Action events have been held at Frespo Tosu, a shopping center in the city of Tosu in Saga Prefecture. As part of this program, a "calligraphy performance" was held by students of the Kanzaki Prefectural High School in November 2011 as part of a celebration of the second anniversary of the opening of Frespo Tosu. The event drew a large and appreciative crowd, and was followed by a month-long exhibition of the calligraphy works. Building on the popularity of this event, in January 2012 a collaborative event was staged together with members of the koto (traditional Japanese zither) club at the Tosu Prefectural Commercial High School.



Daiwa Information Service Co., Ltd.

Deepening interaction between urban areas and the countryside — "Farming experience tour of Shonai" and "Shonan children's social studies class & interchange event"

Since opening a commercial facility in 2005 in the town of Shonai in Yamagata Prefecture, Daiwa Information Service has been regularly holding a "Shonai Goods Fair" at a commercial facility in Kanagawa Prefecture. At the eighth such fair in 2010, in line with a proposal from the Shonai local government, a two-day (one overnight stay) "experience learning" tour was arranged for parents and children from Shonan. In 2011, a reverse event was staged, in which parents and children from Shonai were invited to Shonan for a similar tour. These two events were organized by the "parents and children exchange associations" of the two districts.



The photo shows a single snapshot of the "Shonai farming experience tour." For children from Shonan, which is a heavily built-up area close to Yokohama and Tokyo, getting their legs muddy in a rice paddy was a rare and valuable experience.



At the "Shonan children's social studies class & interchange event," the children learned about urban problems such as the problem of garbage left by tourists littering the area's beaches.

Third-party opinion



Yoko Takahashi,
Director,
The Japan Philanthropic
Association

Toward further support for the devastated region, and the rebirth of Japan

More than a year has passed since the Great East Japan Earthquake, but there is still a long way to go before the work of reconstruction is complete, and many of the victims of this disaster are imploring us not to forget them. It is incumbent on each and every one of us to act responsibly so as to make possible not only the reconstruction of the Tohoku region, but also the “rebirth” of Japan as a whole.

In the messages from the chairman and president, the top management members of Daiwa House Industry have boldly and comprehensively presented the Company’s efforts to assist the reconstruction of the disaster-hit region, particularly through the construction of temporary homes. Both messages are written in the first person, and reveal the sense of responsibility and determination felt by these two managers as individuals. I believe that these messages will strike a chord of empathy in all the Group’s stakeholders.

Effective use of ISO 26000 in CSR indicators

Because Daiwa House is currently diversifying into various businesses related to temporary housing, and at the same time it is aiming to grow as a global enterprise, activities in every CSR category must be pursued effectively. I believe that this digest version of the Company’s CSR Report has successfully employed a mix of comments and photographs on each page to clearly convey the Group’s vision and the views of many of the personnel involved.

In the full version of this report (available in Japanese only), in line with the recommendation of the ISO 26000 social responsibility guidelines, which have been incorporated into the Group’s Indicators for Self-Assessment of CSR Activities (CSR indicators), a detailed explanation of

each of the social responsibility categories is provided, and their significance is presented in a coherent manner. In the energy conservation and renewable energy generation system employed in the Premist Inage-Kaigan condominium, and in the Saion Square urban redevelopment work carried out through public-private collaboration, each of the measures implemented has been reviewed in the light of the seven core themes of the ISO 26000, which have been tailored to match the business operations engaged in by Daiwa House Industry.

The descriptions clearly reveal the Group’s earnest commitment to the fully-fledged application of the ISO guidelines. From here onward, I hope that Daiwa House will make further efforts to assist the reader in fully comprehending the Company’s activities, such as by making it easier to confirm that the Company is adequately addressing each of the core themes.

The report on the stakeholder meeting contains a very detailed description of the discussions held regarding the priority issues. The cumulative attendance of many different types of stakeholder at this meeting, held every year, can be expected to increase understanding among the Company’s stakeholders of its growing involvement in socially responsible activities.

Practical employee training to create a sustainable enterprise that will be indispensable for tomorrow’s world

Regarding the nurturing of human resources, detailed descriptions are given of the training of staff in practical skills that will be of immediate use on the “front line” of the actual workplace, and it is made clear that this is an important issue. However, one cannot help but feel, from the descriptions provided, that the definition of the “front line” is limited to places where business operations are conducted. If reports on activities in locations other than places of business were included in the report – such as where training is conducted for volunteer work in disaster-hit areas, or places where social contribution activities are carried out – I feel that the reader would have even more confidence in the Group’s human resources.

The report on social contribution activities gives the reader an all-round understanding of the systems that have been adopted and the activities that are undertaken. The text is also replete with lively explanations, including photographs, of individual measures carried out by places of business and Group member-companies. These both inform the reader and stimulate his or her emotional involvement. From here onward, I believe the inclusion of messages from Daiwa House’s business partners and comments from participants from local communities will help to more vividly convey the Group’s message of “co-creating a brighter future.”

It seems to me that this CSR Report expresses the determination of Daiwa House to be a company that puts its full efforts into everything, every day, and that will still be “Indispensable for Tomorrow” even when it celebrates its 100th anniversary. I hope that it will continue to develop in this direction.



Tamio Ishibashi
Executive Vice President,
Head of CSR Office

Response to the Third-party opinion

We have now carried Ms. Yoko Takahashi’s opinions in the CSR Report for seven consecutive years, and I would like once again to express the gratitude of the Daiwa House Group for her unfailingly pertinent and valuable observations regarding our CSR activities.

In response to the Great East Japan Earthquake, the Daiwa House Group made earnest efforts to fulfill its social mission as a home builder, primarily through the provision of temporary homes to house evacuees from the devastated areas, and subsequently over the past year via a variety of measures in support of the region. Henceforth, we will continue to fulfill our social responsibilities – including through our main businesses – with the goal of assisting in the reconstruction of the disaster-hit region.

With regard to the priority themes, we hold discussions every year at the stakeholder meetings, and this has led to the revision of our CSR Indicators, incorporating elements from the ISO 26000 standard.

In the future, we aim to become an enterprise that is truly indispensable to society, not simply by pursuing our principal business lines, but also by further promoting social contribution activities and nurturing the sort of human resources capable of contributing to society on their own behalf.

Opinions from our stakeholders

In both the digest version and full version (in Japanese only) of the Daiwa House Group CSR Report, we carry the results of a questionnaire submitted to stakeholders.

In the 2011 edition of the report we carried a variety of opinions from stakeholders. Below is a selection of some of these opinions. I would like to thank our stakeholders for their cooperation. We will continue to feature stakeholders’ opinions in our CSR Report, and will reflect them in our activities.

I looked at the Group’s measures in the fields of housing and the environment together with my daughter, who is at elementary school. As these sections present the Company’s CSR activities in detail, from a number of perspectives, and in an easily understandable way, we felt that we had got to know Daiwa House Industry rather well. The children of today, who will be the movers and shakers of tomorrow, are acquiring a growing knowledge of the world around them. I would love to see Daiwa House produce a picture booklet targeted at children of the elementary school or kindergarten age group (that is, if you haven’t done so already). (From one of our customers.)

We recently redesigned our CSR website to enable a wide spectrum of people to comprehend the Daiwa House Group’s social responsibility activities at a glance. We are also examining the idea of printing a booklet to make our CSR activities more widely known.

The construction industry has always played the vital social role of providing people with a home to which they can return at the end of each day, but this role has become even more important as a result of the Great East Japan Earthquake. I hope that you will build homes of such high quality that their owners will say to themselves “You can tell from the quality that it was built by Daiwa House Industry” and that will still be in good condition a hundred years from now. (One of our customers)

Throughout the Company’s history, we have worked to supply the market with the products that people really need. Following the earthquake and tsunami of last March, we launched the xevo K house model, which we developed specifically to meet the needs of the devastated region. (This product is described in Implementation Report Highlights (2) on P.15.)

I have encountered the name Daiwa House in many different places and contexts. I visited your website and was surprised at the unexpectedly wide range of the Group’s business operations and other activities. (One of our customers.)

As “a group that co-creates value for individuals, communities, and people’s lifestyles,” the Daiwa House Group has for many years been meeting people’s diversifying needs in the fields of homes and daily life. (Please see P.33 for an overview of the Daiwa House Group.)

I became very interested in the Daiwa House Group when I read about its social contribution activities, including involvement in the education field such as with the KidZania chain of family entertainment centers, and the wide variety of its social contribution activities going well beyond the normal framework of a home builder. (One of our customers.)

In line with the Group’s social contribution philosophy, summed up in our slogan “Co-creating a brighter future with society,” we are collaborating with members of local communities all over Japan, principally in the three core fields of the environment, social welfare, and education. (Please see P.27-30 for an overview of our social contribution activities.)

I would like to see eco-friendly homes become more widely popular. I also urge Daiwa House to do more to protect Japan’s mountain forests, as this is something only a large company can achieve. (One of our shareholders.)

The Implementation Report Highlights (3) on P.17 contains a description of the Premist Inage-Kaigan, an eco-friendly condominium. A full description of the Group’s environmental activities under the slogan of “co-creating a brighter future with the environment” is contained in the detailed version (Japanese only) in the section on CSR activities.

Perhaps it was because of the need to hold down the number of pages in the digest version of the report, but it seems to be unclear what the Company is trying to tell the readers with those small, hard-to-see photos and charts. And since this is the digest version, the Company should be more selective about the amount of information they try to cram into it. (One of our employees.)

In keeping with the idea of a “digest,” we have had to be rather selective about the information included in the report, and we used the space thus freed up to enlarge the photographs. We reduced the number of pages in the 2012 report to 34 from 54 last year.

As an employee of Daiwa House Industry, I see the CSR Report as a valuable tool for understanding the Company’s CSR activities. If I had one request, it would be to present the Group’s response to the Great East Japan Earthquake in a little more detail. (One of our employees.)

In addition, a more detailed description of the Group’s response to the disaster is provided in the detailed version of the Report, in the section on CSR activities.

The Group’s support for the recovery of the disaster-hit region is described in the special feature on P.3 and in the Implementation Report Highlights (1), (2) on P.13-16.

I was pleased to see that in the Indicators for Self-Assessment of CSR Activities, the indicators for customers, the environment, and employees are given high marks. I live in Shichigahama in Miyagi Prefecture, and I was very impressed to see Daiwa House Industry employees visiting homes only 3-4 days after the earthquake and tsunami. (An NGO representative.)

On March 11, the day of the disaster, we set up the Disaster Countermeasures Headquarters and commenced support measures in the affected region. Construction of temporary emergency housing units began on March 19, and we were soon constructing temporary homes simultaneously at a number of sites. (Please see the Implementation Report Highlights (1) on P.13 for a description of our temporary emergency housing construction activities.)

About the Daiwa House Group

As a group that co-creates value for individuals, communities, and people's lifestyles, the Daiwa House Group aims to realize a society where all people can live richly fulfilling lives. To this end, we create and offer Asu Fukaketsuno* ("indispensable for tomorrow") value through our activities in the eight operating segments detailed below.

* (The term Asu Fukaketsuno consists of the initial syllables of the Japanese words for safety & comfort, speed/stock, welfare, the environment, health, information & communications technology, and agriculture.)



Single-Family Houses

We build single-family houses on a separately contracted basis to meet the specific needs of individual customers. We also create housing developments through lot-subdivision, including the development of entire communities.



Condominiums

We develop and construct safe and comfortable condominiums, sell the separate housing units, and manage the buildings. Our comprehensive support system ensures the long-term maintenance of owners' asset values.



Commercial Facilities

Bringing landowners and prospective tenants together, we develop and construct shopping centers and a wide range of specialist stores, which we also manage and operate.



Health & Leisure

We operate chains of resort hotels and golf clubs across the length and breadth of Japan, contributing to the realization of healthier and more fulfilling lives as people's average age increases.



Rental Housing

Backed up by the development of a varied range of products, we provide multifaceted support services, ensuring comfortable residences for tenants and a stable and reliable income for the landowners.



Existing Home Business

Housing stock is an important element of social capital. We help to pass these important assets on to future generations through our home renovation services, as well as our real estate agency services, in which we help people find reliable, good-quality previously-owned homes.



Business and Corporate Facilities

The Group displays its comprehensive project organizing capabilities through the development and construction of logistics facilities, medical and nursing care facilities, and general business facilities, leveraging its extensive land-use database and specialist expertise.



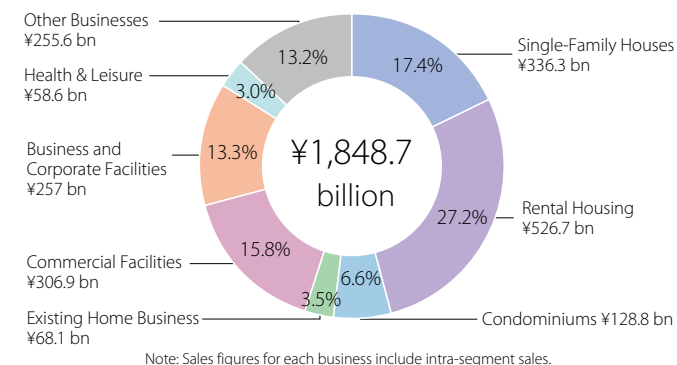
Other Businesses

In this segment the Group leverages its wide-ranging capabilities in the operation of home centers, provision of construction support services, operation of credit card companies and urban hotels, and various other businesses.

Corporate Data (as of March 31, 2012)

Name:	Daiwa House Industry Co., Ltd.
Founding:	April 5, 1955
Paid-in capital:	¥110,120,483,981
Head office:	3-3-5 Umeda, Kita-ku, Osaka 530-8241, Japan
Branches:	83 (including Osaka Honten Branch)
Factories:	10
Research center:	Central Research Laboratory (Nara)
Training centers:	Osaka, Tokyo and Nara
Net sales	non-consolidated/ ¥1,116,665 million
	Consolidated/ ¥1,848,797 million

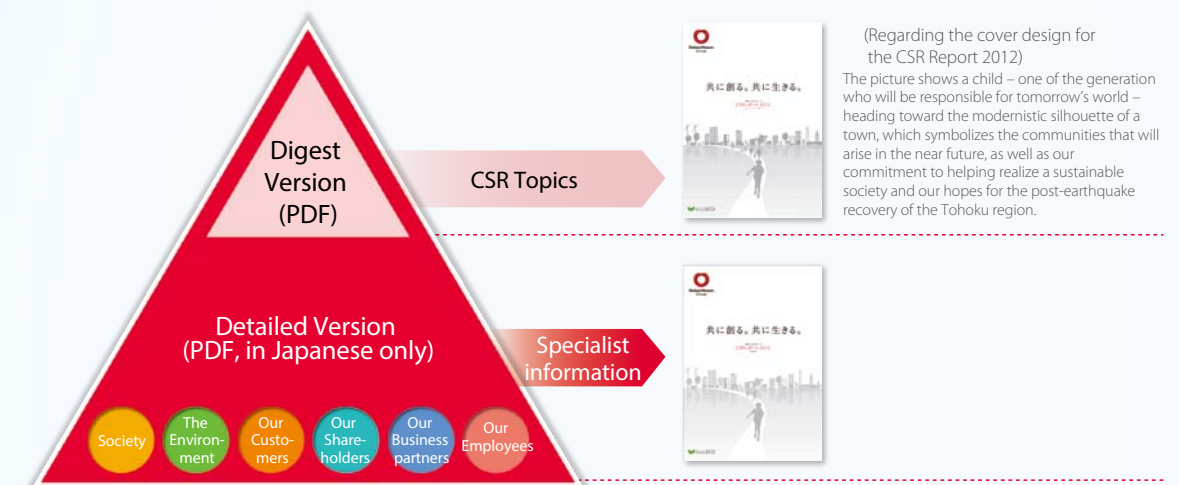
Net Sales (Consolidated)



Editorial comments concerning this CSR report

In the editing of this digest version of the Daiwa House Group CSR Report 2012, we have abandoned our editing style focused on the original six principal stakeholder categories*¹ and have incorporated certain selected topics from the 2011 CSR Report*². Highly specialized matters such as corporate governance are dealt with at length in the detailed version of our CSR Report, available online in Japanese only, and we have therefore drastically reduced the amount of text devoted to such issues in this printed report. We have aimed at employing a freer CSR reporting style than would be possible within the existing framework, with the objective of producing a CSR Report that the general public would find easy to read.

*¹ The six principal stakeholder categories, as stated in the Group's Employee Charter, are: society, the environment, our customers, our shareholders, our business partners, and our employees. These six categories were also the six fields employed in our Indicators for Self-Assessment of CSR Activities from fiscal 2006 to fiscal 2011. The detailed version of the CSR Report 2012 employs the original categories prior to revision.
*² Implementation Report Highlights P.13-22



Website

- CSR Activity Report Blog
- Download CSR Report (digest version)
- Download CSR Report (detailed version, Japanese only)

To download the digest or detailed version of the Group's CSR Report in PDF format, visit our website at:

<http://www.daiwahouse.co.jp/csr/>

Our Target Readership

This report has been compiled with the needs of a wide range of stakeholders in mind, including our employees, our customers, shareholders and other market investors, business partners, companies in local communities where we operate, NPOs and NGOs, and governmental organizations.

Corporate Organization Covered by This Report

The report covers the activities of the entire Daiwa House Group, centered on Daiwa House Industry (74 consolidated subsidiaries and 13 equity-method affiliates as of March 31, 2012) with occasional reference to activities in FY2009 and earlier, or activities planned for FY2011 or later.

Guidelines Used as Reference

Environmental Reporting Guidelines (2012 edition) issued by the Ministry of the Environment; Version 3 of the Sustainability Reporting Guidelines of GRI (Global Reporting Initiative); ISO26000
Note: A comparison table contrasting this Report with the GRI's Guidelines can be found on our website.

Period Covered by This Report

This report principally covers the fiscal 2011 business term (from April 1, 2011 to March 31, 2012) with occasional reference to activities in FY2010 and earlier, or activities planned for FY2012 or later.

Date of Issuance

June 2012
(Next edition scheduled for June 2013)

For inquiries regarding this Report, please contact:

Daiwa House Industry Co., Ltd.

CSR Department: Tel: 06-6342-1435
Environmental Department: Tel: 06-6342-1346