



Daiwa House®
Group

Creating Dreams, Building Hearts

Daiwa House Group

CSR Report 2016

English Edition



未来を、つなごう
We Build ECO

Editorial Policy

To enable the Daiwa House Group CSR Report to more clearly communicate the Group's spirit – as embodied in our motto “Co-creating a Brighter Future” – as well as the concrete steps we have been taking to realize that goal, we have converted our CSR reporting system from one closely in line with the guidelines laid down by the ISO 26000 international standard for social responsibility, to one in which reporting is tailored to the interests of specific stakeholder categories. We have also expanded our discussion of the following points to facilitate greater understanding of the Group's intended future.

• Visions and strategies / materiality / key performance indicators (KPI)

In the pursuit of sustainable management, the Daiwa House Group bases its decisions on its medium- to long-term vision. To determine which priority issues (materiality) are of greater relevance to the Group's future and thereby enable us to select the optimal path, we issue reports on our Sustainable Vision, Medium-Term CSR Plan, Identification of Materiality, and CSR Self-Assessment Index.

• Commitment by executive officers

On the basis of interviews with each of our executive officers regarding the Group's relationship with its stakeholders, we report on management objectives, steps being taken to address specific issues, and the results of measures taken thus far.

• Approach to management

In order to communicate the message to our stakeholders that we are systematically addressing the issues faced in the course of each of the Group's activities, and that we are pursuing an effective style of management, in our reports we explain our management approach to each issue.

Our Communications at a Glance



Reporting Media

In addition to this CSR Report (which includes selected information and numerical data), other CSR-related tools include the Environmental Report (incorporating selected information, numerical data and the Site Report), and the English-language edition of the CSR Report.

Target Readers

The reports are targeted principally at general market investors, but also contain a variety of information of interest and concern to a wide spectrum of the Group's stakeholders, including our shareholders, customers, business partners, and employees, as well as NPOs and NGOs, members of the local communities where we do business, and government organizations.

Reporting Organizations

The report provides information on the Daiwa House Group overall (142 consolidated subsidiaries and 25 equity method affiliated companies as of March 31, 2016), with a focus on Daiwa House Industry Co., Ltd.

Report Period

In principle, the period covered in this report is the 2015 fiscal year (April 1, 2015 to March 31, 2016). Activities before and after this fiscal period are mentioned as necessary.

Referential Guidelines

“Sustainability Reporting Guideline 4th Edition” by the GRI (Global Reporting Initiative), ISO 26000, “Environmental Report Guideline (2012 Edition)” by the Ministry of the Environment

Issued

July 2016 (next issue scheduled for July 2017)

The environmental section of this report has been prepared with reference to our Environmental Report 2016. The accuracy of data regarding carbon dioxide (CO₂) contained in that report was certified by third parties and an accompanying check mark indicates all data subject to such certification.
(See page 83 of the Environmental Report 2016 for a third-party assurance report.)

For inquiries regarding this report, please contact:

Daiwa House Industry Co., Ltd.

● CSR Department

Tel: 81-6-6342-1435

● Environmental Department

Tel: 81-6-6342-1346

Contents

| | |
|---|-----|
| Founder's Spirit / Core Philosophy..... | 003 |
| Message from Management (Chairman and CEO) | 005 |
| Message from Management (President and COO) | 007 |
| Sustainable Vision | 009 |
| Medium-Term CSR Plan | 011 |
| Identification of CSR Materiality..... | 013 |



Co-creating a Brighter Future with Our Customers

| | |
|--|-----|
| Message from the Executive Officer in Charge | 025 |
| Commitment to quality | 027 |
| Enhancing customer satisfaction | 029 |
| Long-term guarantee and after-sales support | 031 |
| Sustainable consumption | 033 |



Co-creating a Brighter Future with Our Employees

| | |
|--|-----|
| Message from the Executive Officer in Charge | 035 |
| Employment security and fair evaluation | 037 |
| Health and work safety | 038 |
| Promoting diversity..... | 040 |
| Consideration of diverse ways of working | 042 |
| Human resource development | 043 |



Co-creating a Brighter Future with Our Business Partners

| | |
|---|-----|
| Message from the Executive Officer in Charge | 047 |
| Promoting corporate social responsibility (CSR) in the supply chain | 049 |



Co-creating a Brighter Future with the Local Residents

| | |
|--|-----|
| Message from the Executive Officer in Charge | 053 |
| Community co-creation activities | 055 |
| Support for community building | 059 |
| Contribution to society through businesses ("Asu Fukaketsuno" businesses) | 060 |



Co-creating a Brighter Future with Our Shareholders

| | |
|---|-----|
| Message from the Executive Officer in Charge | 067 |
| Returning benefits to our shareholders and investor relations | 069 |



Co-creating a Brighter Future with the Environment

| | |
|---|-----|
| Message from the Executive Officer in Charge | 073 |
| Long-Term Environmental Vision | 075 |
| Action Plan for the Environment (Endless Green Program 2018) | 077 |
| Identification of materiality (priority issues) | 079 |
| Action Plan for the Environment (Endless Green Program 2015) | 083 |
| Prevention of global warming (Energy / Climate change) | 085 |
| Harmony with the natural environment (Preservation of biodiversity) | 095 |
| Conservation of natural resources (Longer durability/Waste reduction/Water resource conservation) ... | 103 |
| Prevention of chemical pollution | 109 |
| Environmental management..... | 115 |
| Supply chain management in our entire business | 118 |
| Eco communication | 119 |
| Cooperation with government agencies, external organizations, etc. | 121 |
| Assessment by third parties | 122 |
| Action Plan for the Environment (Endless Green Program 2015) | |
| Main Results and Self-assessment | 123 |



Governance

| | |
|---|-----|
| Message from the Executive Officer in Charge | 125 |
| Corporate governance | 127 |
| Risk management and compliance | 129 |
| Fair competition and trade | 131 |
| Human rights management | 132 |
| Management of intellectual property rights | 136 |
| CSR management | 137 |
| Summary of the Daiwa House Group | 139 |
| Highlight of Financial Results and Consolidated Financial Indicators | 140 |
| Major Awards the Daiwa House Group Received in Fiscal 2015 | 141 |
| Third-Party Opinion..... | 142 |

Selected Information and Numerical Data

| | |
|--|-----|
| ISO 26000-based CSR Activities (KPI) | 143 |
| CSR Activities by Stakeholder (KPI) | 147 |
| Environmental Data (in Japanese only)..... | 151 |

“We will carry forward the Japanese spirit of greater harmony to pursue businesses that contribute to society.”

The stance that lies at the bedrock of Daiwa House Industry's approach to business is summed up in the words of our founder Nobuo Ishibashi, who exhorted us to: “Focus not on how to make profits, but on how to please and be useful to people and society.”

Daiwa House Industry, which began life as an enterprise focused on the “industrialization of construction,” has grown over the past half-century into an “integrated life industry,” operating in a wide range of industrial fields. Going forward, we will continue to meet the needs of society by serving as a public organ, in line with our catchphrase “Asu Fukaketsuno” (indispensable for tomorrow) which proclaims our corporate mission.

Our goal is to anticipate social changes well ahead of their actual emergence, but the true motive power that enables us to create the goods and services that society needs, and to supply them to the market, comes from our employees. The words “...developing people through business” appear right at the start of our Corporate Creed. We will remain true to the spirit of these words, and under the banner of the “Endless Heart” Group symbol – which we adopted to mark the 50th anniversary of the founding of Daiwa House Industry – the management and staff of the Group will continue working together to meet the needs of the community in which we live.

“Anticipate changes, far ahead of the times.
Decide what to do next, focusing not on making profits,
but on serving society's future needs.”

—the late corporate founder Nobuo Ishibashi



After the end of World War II, reckless logging spread in Japan to build new houses. To save Japan's forests, Daiwa House Industry developed the Pipe House, composed of steel pipes, thus taking its place in the industry. Later, our Midget House, completed in three hours, was favorably accepted, enabling families raising baby boomers to very quickly and affordably build a badly needed extra bedroom. Providing great value to society in those days, this cemented the foundation of Daiwa House Industry's prefabricated home-building business.

Business Segments

Single-family Houses



We build made-to-order single-family houses that meet the specific needs of individual customers and operate a subdivision business for built-for-sale houses, including development of entire communities.

Rental Housing



We provide multifaceted support services, ensuring comfortable residences for tenants and a stable and reliable income for landowners.

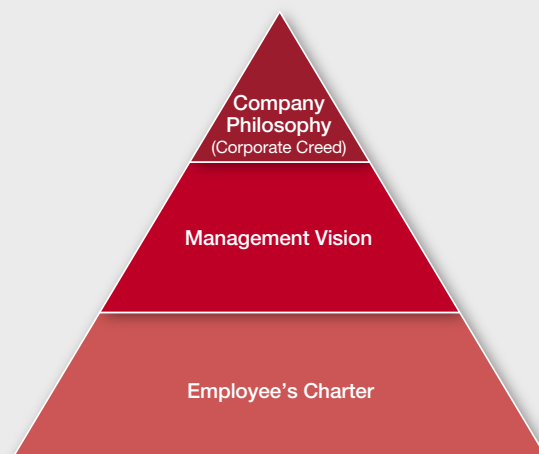
Condominiums



We develop and sell condominium units as well as offer building management services, while also preserving owners' asset values with our proprietary comprehensive support system.

* For details regarding the Group's “Asu Fukaketsuno” business, see page 60.

Daiwa House Group's Core Philosophy



Company Philosophy (Corporate Creed)

Our Company Philosophy, the basis of the Group's thinking, should be shared by each employee of our group from now on.

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

Management Vision

Group policies drafted to meet the needs of the times to ensure our prosperity, should be implemented by our individual businesses.

Connecting Hearts

The Daiwa House Group aims to create, use and enhance 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 trust as a partner in experiencing the joys of a lifetime.

Employee's Charter

A set of conduct guidelines, should be aware in mind by employees at every stage of daily operations.

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.
- Serve our customers in good faith, and share their excitement and joy.
- 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.
- Aim to grow and develop with our business partners by never forgetting our gratitude to them and dealing with them fairly.
- Pursue our own growth and happiness through our work.
- Help people gain fulfillment in their lives and build a better society, with co-creating a brighter future as our basic aim.

Existing Home Business



We help pass housing stock, an important element of social capital, on to the future generations through our home renovation services and our real estate agency services, in which we help people find good-quality previously owned homes.

Commercial Facilities



We develop and construct shopping centers and a wide range of specialty stores, which we also manage and operate.

Business and Corporate Facilities



We develop and construct logistics facilities, medical and nursing care facilities and general business facilities.

Other



We engage in a range of other business activities including integrated proposals relating to the environment and energy; the operation of home centers, hotels and resorts; consulting for building projects; and health maintenance and recreational businesses.

Building on our founding spirit, we will continue to help enhance the lifestyles of people around the world, with the Company's 100th anniversary always in our sights

— Aiming to realize people-powered sustainable management —

Confronting issues head-on – this is the corporate DNA established by our founder

Immediately after the end of World War II, Nobuo Ishibashi – the founder of Daiwa House Industry – was greatly distressed by the sight of Japan's forests, which had been devastated by indiscriminate logging. This experience spurred him to develop the Pipe House – the Company's first product – thereby contributing to the growth of steel-pipe structural framework construction in Japan. He also conceived the idea of "industrializing" the construction of houses, so as to allow many more people to live in high-quality homes. As a first step, Mr. Ishibashi developed a product called the Midget House, which was intended as a study room for children who lacked a room of their own for home study. The technology and craftsmanship embodied in the Midget House – which became the first in a long line of our products – lives on in the single-family houses we have supplied to the market, as well as the temporary housing units we have developed for emergency use by the victims of natural disasters. Company founder Nobuo Ishibashi exhorted us to: "Consider goods and services that would please and be useful to people and society, rather than just focusing on how to make profits." This founding spirit is still alive and well today within the Daiwa House Group.

It is estimated that the population of Japan will fall below the 100 million mark by the year 2050 and that the percentage of people over sixty-five will grow to almost forty percent. There are currently about sixty million homes in Japan, among which some 8.2 million are unoccupied. By contrast, only one percent or so of all homes are durable enough to maintain their status as high-quality homes over a long period. We are also faced with environmental problems of increasing severity on a global scale, including climate change and declining biodiversity. We do not believe that the Daiwa House Group will be able to achieve management sustainability unless we effectively tackle such social issues in a flexible manner via our business operations. If we are to remain a business enterprise that plays an essential role in society, we must ensure that the principle advocated by our founder Nobuo Ishibashi – contributing to the community – continues to be at the core of our corporate DNA, and that we pass this on to the next generation.

Fostering the right human resources to make our 100th anniversary dream come true

A growing number of the approximately 57,000 employees of the 172 member companies of the Daiwa House Group are of a generation that did not personally meet or listen to our founder Nobuo Ishibashi. But companies emerge and make their contribution to the wider society thanks to the efforts of individual human beings. Ever mindful of the fact that very few corporations remain in business for 100 years or more, Nobuo Ishibashi

constantly reiterated his belief that a business enterprise is only as good as the people who work in it, and that hiring the wrong personnel will bring a company down. At the Daiwa House Group, we aim to reach net sales of ten trillion yen by the year 2055, when we will celebrate the 100th anniversary of the founding of Daiwa House Industry. To make this dream a reality by pursuing business operations that truly serve the needs of many people, it is vital for us to adopt the right approach. It is essential for all the management and employees of the Group to keep alive the spirit in which Nobuo Ishibashi founded and successfully guided Daiwa House Industry. That is to say, in the decisions we take in our business operations, we must ask ourselves which course of action will best serve the interests of our customers, the Group, our employees, our shareholders, and the whole of society – now and into the future.

In recent years we have seen a large number of corporate scandals resulting from the lack of a rigorous ethical framework among management staff and general employees. The Daiwa House Group's Corporate Governance Guidelines, which were laid down in May 2015, consist of the application to the entire Group of a set of ethical principles that had previously been hammered out and applied to the parent company. But in the final analysis, the quality of a governance system depends on the quality of the staff who apply it. To prevent our governance system from being merely a formality, we continue to emphasize in our personnel training and in the course of normal business that all staff should treat even small, everyday tasks as important.

The Group's activities are underpinned by a shared understanding of the ideals on which Daiwa House Industry was founded, and a shared approach to business operations. In addition to this, if we are to cope effectively with the social changes occurring all around us, we must ensure diversity in the Group's workforce. We must foster a fundamental corporate culture in which the diverse opinions and different strengths of all our staff are whole-heartedly accepted within the corporate organization through discussion. We aim to create an organization where a diverse range of people can work without impediment and give full rein to their individual abilities, irrespective of gender, age, or disabilities. Female members of staff at the Group account for 21.6 percent of our total workforce and 3.4 percent of staff in managerial positions. Both these figures are comparatively high for the Japanese construction industry as a whole, and we plan to raise the proportions still higher going forward.

Regarding the training of next-generation managerial staff, it is now nine years since we established the Daiwa House Juku management training classes. Out of the 291 employees who have completed the course thus far, ninety-two have been appointed to the position of executive officer or even higher. In this and other ways, we have created an environment that motivates our staff – right from entry level up to joining the ranks of the Group's executives – to work and learn, and to feel pride in their achievements.

The Group's "Asu Fukaketsuno" (Indispensable for Tomorrow) business – our ongoing initiative to improve people's daily lives all around the globe

At the Daiwa House Group, we employ the catchphrase "Asu Fukaketsuno" to guide our efforts in developing new businesses. This phrase means "indispensable for tomorrow," and is composed of the initial syllables of the Japanese words for safety and comfort, speed and stock, welfare, the environment, health, information-communication technology, and agriculture. These fields are representative of the main issues facing people all over the world, and we have selected this catchphrase to indicate our basic corporate stance of delivering solutions to these issues through our business operations.

Take our welfare operations, for example. In 1989 we established the Silver Age Research Center and began offering construction services for medical treatment and nursing care facilities. Today, we operate a robotics business in which we sell a wide range of equipment, such as automatic bedpan equipment for bedridden patients. It may appear to some that the Group is engaged in a diverse spectrum of unrelated fields, but in all cases our approach is identical to that in our core business field. In devising and starting up such new business operations, we don't limit ourselves to operating solely by ourselves, but also reach out — through investment, including joint stock ownership — to involve partner enterprises with the same aspirations. Our aim is to incorporate a flexible management approach that encourages innovation.

In the field of environmental issues, at the 2015 United Nations Climate Change Conference (COP 21), held at the end of last year, the Paris Agreement was adopted. Under this, it was agreed to set the long-term goals of limiting the global temperature rise to less than two degrees Celsius compared with pre-industrial levels, and to achieve zero net emissions of anthropogenic greenhouse gases. To play our part in helping achieve these goals, we at the Daiwa House Group have set out a Long-Term Environmental Vision – which we hope to achieve by the year 2055, when we will mark the 100th anniversary of the founding of Daiwa House Industry – and are currently working to realize a net zero environmental impact from our business activities. We are also developing "net zero energy towns" through the use of community-wide electric power sharing schemes, as well as the more extensive employment of renewable energy sources such as wind power, solar power, and water power.

Going forward, we will uphold our founding principles as we move closer to our 100th anniversary. We will continue working together with our stakeholders, and will take on the challenge of new ventures and initiatives to give people all over the world a better life.

Takeo Higuchi
Chairman and CEO



An “era of fellowship” is the key to successful collaboration with our stakeholders in facing the challenges posed by social change

— Building the Foundations of Sustainable Management through our 5th Medium-Term Management Plan —

Our Medium-Term Management Plan, and the direction we intend to take

On behalf of the Daiwa House Group as a whole I would like to express my deepest condolences to the victims of the April 2016 earthquakes in Kumamoto Prefecture. We hope to do what we can – however inadequate that may be – to help people who have suffered losses as a result of these disasters, and to support the redevelopment of the region affected.

In fiscal 2015, the third and final year of our Fourth Medium-Term Management Plan, the Group posted net sales of ¥3,192.9 billion, operating income of ¥243.1 billion, and net income of ¥103.5 billion. Both net sales and operating income were record-high figures. Over this three-year plan period we took steps to grow our operations at a faster pace – centered on our core business segments – while nurturing new ventures in line with our policy of diversification. At the same time, as part of a policy of strengthening our operational base, we extended support to our business partners, including application of a system for certification of highly skilled engineers, and also took measures to more effectively leverage our human resources, such as nurturing female managers and making more use of experienced, senior human resources. Under the Group's Fifth Medium-Term Management Plan, commencing from fiscal 2016, we are further expanding our core businesses and growing our operations in the fields of real estate development, overseas ventures, and new business lines, while taking a variety of steps to strengthen our personnel base, such as promoting greater diversity. In these ways, we are working to construct a strong technological and *monozukuri* platform.

We expect the Group's operating environment to become increasingly difficult over the three-year period of the current plan (ending with fiscal 2018). Despite positive expectations of growth in construction demand, partly thanks to the run-up to the 2020 Summer Olympics in Tokyo, the Group's operations will be adversely impacted by background factors such as Japan's aging population and declining birth rate, the overall population decline, and a forecast worldwide economic slowdown, including in China and Europe. To prepare for future environmental changes and build a sustainable management base, we will pay close attention to our stakeholders' requests, and will prioritize the search for solutions to such pressing social issues as the shrinkage of the nation's construction industry workforce and the decline in population and economic vigor of regional communities throughout Japan.

Our relationship with our stakeholders in an “era of fellowship”

At the Daiwa House Group, we use the term “fellowship” to describe the sort of relationships we hope to have with our business partners. This is because, for Daiwa House Industry, which operates principally in the construction field, our business partners – on whom we rely for collaboration in the work of on-site construction as

well as for the supply of materials – are our “fellow enterprises.” Amid the recent difficult construction industry environment, characterized by a shortage of skilled workers, unless we give due respect to our business partners for the services they render us on a daily basis, we cannot expect to receive their cooperation in an emergency or during a severe business crisis. And we don't restrict the use of the concept of fellowship to our business partners. We believe that we must communicate even more effectively not only with our many and diverse immediate stakeholders, but also with the people and organizations that stand behind them. We must take into account their interests and concerns – not simply here and now, but into the future, too.

Home building is the core business of Daiwa House Industry, and we form long-term relationships with our customers starting with the building of a home and lasting for as long as the home continues to exist, which may be many decades. We are involved in “life planning” on our customers' behalf, and our core business stance entails continued close communication with them on a long-term basis. This same business approach runs through all our operations, including the construction and management of rental housing, retail and wholesale facilities, and many others. To bring our business projects to a successful conclusion and establish relationships of trust with our customers, it is vital for us to take great care to ascertain our customers' desires and work together with them to address any issues they may have, enabling us to leverage the ingenuity of the Group and our customers. Furthermore, as it is our employees who interact directly with our customers, we must acknowledge the importance of workforce diversity, constructing and operating an organization that allows all employees to work with pride and fully realize their potential.

The Group has business premises in all 47 prefectures of Japan as well as in many overseas locations, and is an active corporate member of all the regional communities in which it does business. We take the utmost care to avoid causing inconvenience to members of the public during the course of our business operations, and we aim to help address social issues in the communities where we do business through our normal business operations as well as through community co-creation activities.

It goes without saying that the shareholders of Daiwa House Industry are intensely interested in the internal workings of the Company and its plans for the future. In response, we proactively disclose a wide variety of information describing our fundamental business goals and approach, including an overview of the entire range of our operations, our social contribution and environmental preservation activities, and our corporate governance system. In this way, we aim to demonstrate to our shareholders that Daiwa House Industry is a trustworthy enterprise.

At the Daiwa House Group, we intend to maintain an honest and open relationship with all our stakeholders, always keeping in mind the need for swift and decisive communication, and to continue looking beyond the immediate horizons so as to contribute to mutual growth and prosperity.

Our vision of corporate sustainability — determining a Medium-Term CSR Plan

Since fiscal 2006 the Daiwa House Group has been conducting a dialogue with its stakeholders for the purpose of determining which issues come into the category of materiality, based on the requirements of society and the Group's approach to business. To steer the Group along the path that we believe it ought to take, we make use of our CSR Self-Assessment Index as well as a PDCA cycle based on numerical targets for the realization of continual improvement.

In parallel with the drafting of the Daiwa House Group's Fifth Medium-Term Management Plan, in fiscal 2016 we also drew up a Sustainable Vision to serve as a guide for the enhancement of the Group's enterprise value over the medium-to-long term. This vision has at its core the following message: "Enriching lives around the world. Our never-ending challenge, together with society, together with people." This message is directed both at Group employees and the outside world, and encapsulates Daiwa House Industry's thinking regarding its economic performance (finance), environmental preservation and social contribution activities, and corporate governance system. At the same time, to make this vision a reality, we have also redrafted our long-term vision with respect to social contributions and environmental preservation. In addition, we have drawn up a medium-term plan to fulfill the Group's corporate social responsibility (CSR), which is to be implemented in close conjunction with our Medium-Term Management Plan. To facilitate the steady implementation of this plan, we have revised our CSR Self-Assessment Index for the first time in five years.

In our medium-term plan for social contribution activities, we aim to build strong bonds of mutual trust between ourselves and our stakeholders by directly addressing all issues involving the separate relationships between our company and each stakeholder. In our medium-term plan for environmental preservation activities, we aim to balance concern for the environment with the need to achieve sufficient corporate earnings. We have assigned priority to the themes of global warming prevention, harmony with the natural environment, conservation of natural resources, and prevention of chemical pollution. We are speeding up our measures toward these goals across our entire value chain, from suppliers through in-house production and processing, to the sale of end-products. In all these cases, we are currently working steadily toward the achievement of specific targets set for fiscal 2018.

Going forward, we intend to forge still stronger ties with all our stakeholders, and to prepare for the challenges we will face in the coming years by firmly constructing a sustainable management base, so that we may truly become a corporate group that helps improve the lives of people all around the world.

Naotake Ono
President and COO



Sustainable Vision

As our Fifth Medium-Term Management Plan goes into effect, we have taken the Daiwa House Group motto to “Enriching lives around the world. Our never-ending challenge, together with society, together with people,” clarified our business domain and basic aim, and established a long-term vision for E/S/G (environment, society, governance) as the basis of our Group management activities.

**Enriching lives around the world.
Our never-ending challenge,
together with society, together with
people.**

Our founder Nobuo Ishibashi continuously thought about how to contribute to Japan and to society. And he continued to profess that the fundamental principle of corporate management is to foster people and develop society through business activities. Moving forward, each of us in the Daiwa House Group will continue to embrace and pass on this fundamental principle as we work to further the growth of a mature Japan and pioneer a global market in which lies endless possibilities. We will continue our never-ending challenge of achieving a sustainable society.

Business Domain (targets for value creation)

**Group that co-creates value for individuals,
communities and people’s lifestyles**

Housing

Business

Life

Our Basic Aim (a foundation supporting value creation)

Creating Dreams, Building Hearts

**Contributing to
society through
business**

**Co-creating a
brighter future with
our stakeholders**

**Conduct of every
single employee**

Management Vision

Connecting Hearts

Long-Term Social Vision

As a Group that co-creates value for individuals, communities and people’s lifestyles, Daiwa House Group uses five principles to grow closer to our stakeholders, while contributing to society through various business activities.

Long-Term Environmental Vision

As a Group that co-creates value for individuals, communities, and people’s lifestyles, the Daiwa House Group contributes to the emergence of a sustainable society and is addressing the challenge of zero environmental impacts.

Foundation of CSR management

Long-term vision

The Daiwa House Group aims to create, use and enhance 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 trust as a partner in experiencing the joys of a lifetime.

1. We are sincere in our communication with everyone, and put our full efforts into offering high-quality products and services. We do our best to satisfy our customers and win their trust.
2. In addition to caring for the health and safety of our employees, we also strive to create an open and fair work environment, and to give every member of staff the opportunity for personal development.
3. We value our collaboration and cooperation with our business partners, and work to create appropriate mutual relationships. In line with the principle of free market competition, we work to realize the healthy development of the whole industry.
4. We respect the culture and customs of each region, and support the sustainable development of society through our business activities and social contributions.
5. In the spirit of the company's Management Vision, "Co-creating a Brighter Future," we work to optimize two-way communication with our shareholders to have purposeful dialogues with them.

"Challenge ZERO 2055"

- Challenge 1** To contribute to the emergence of a carbon-free society, we are targeting zero CO₂ emissions throughout the product life cycle by promoting thorough energy-efficiency measures and utilizing renewable energy.
- Challenge 2** In order to preserve and improve our natural capital, our Group shall achieve no net loss of green space by ensuring zero deforestation through material procurement and by developing communities filled with greenery.
- Challenge 3** To contribute to the emergence of a resource-recycling society, we shall pursue the sustainable use of resources by constructing houses and buildings that are more durable and by pursuing the goal of zero waste emissions.
- Challenge 4** We shall institute appropriate management of chemical substances throughout the life cycle of houses and buildings in addition to minimizing the risk (ultimately to zero) of adverse impacts on the health of people and ecosystems.

On May 2015, our Group established the Corporate Governance Guidelines. In order to increase our corporate value by attaining our Management Vision, and remain a relevant business group for society's needs, our goal is to bring about an optimal corporate governance that is suitable for society and global business environment.

And based on the foundation of CSR management essential to sound management, we have set up a Medium-Term CSR Plan theme and assessment index as a significant part of CSR management.

Medium-term plan, main assessment index

The Fifth Medium-Term Management Plan (FY 2016–2018)

While continuing to meet domestic demand, we must prepare for future environmental changes, and build a platform for achieving 4 trillion yen in net sales.

- Strengthen short and medium term growth abilities
- Lay a foundation for future growth
- Maintain a management foundation to meet environmental changes

| | |
|------------------|------------------|
| Net sales | 3.7 trillion yen |
| Operating income | 280 billion yen |
| Net income | 180 billion yen |
| ROE | 10% or above |



Medium-Term CSR Plan (FY 2016–2018)

Building a trusting relationship with stakeholders

By understanding what is expected of our company through interaction and dialogue with our stakeholders, and working to meet those expectations as a corporate citizen, our hope is to build a trusting relationship with them.

| Stakeholders | Priority issues | Indices | FY 2018 targets |
|-------------------|---|--|-----------------|
| Customers | Long-term efforts to earn trust | Degree of satisfaction in one-month questionnaire (residential) | 80% or above |
| Business partners | Encourage business partners in CSR efforts | Evaluation of business partners and purchasing work based on in-house criteria | 4.5 or more |
| Employees | Create a workplace where a diverse range of employees can work flexibly | No. of female managers | 160 |
| Local residents | Active involvement in, and collaboration with other parties for local community development | Collaboration with NPOs and NGOs | 50% |

Coexistence of environmental sustainability and corporate profitability

Endless Green Program 2018

We are accelerating our environmental initiatives under the concept of promoting integrated environmental management within our Group and globally based on the life cycle approach to ensure that corporate profitability can coexist with environmental sustainability.

| Priority issues | Indices | FY 2018 targets |
|--------------------------------------|---|------------------------|
| Prevention of global warming | CO ₂ emissions per unit of sales (compared with fiscal 2005 level) | 53% reduction |
| | Ratio of renewable energy power generation to electric power purchased | 50% |
| | Contribution to CO ₂ reduction | 3.9 mil. t |
| Harmony with the natural environment | Ratio of C-ranked wood in procured wood | 0% |
| | Surface area of green spaces | 910,000 m ² |

Creating a CSR mindset and strengthening our management system

We will create a CSR mindset by revitalizing our organizations through business improvements, and create a solid management foundation through increased awareness.

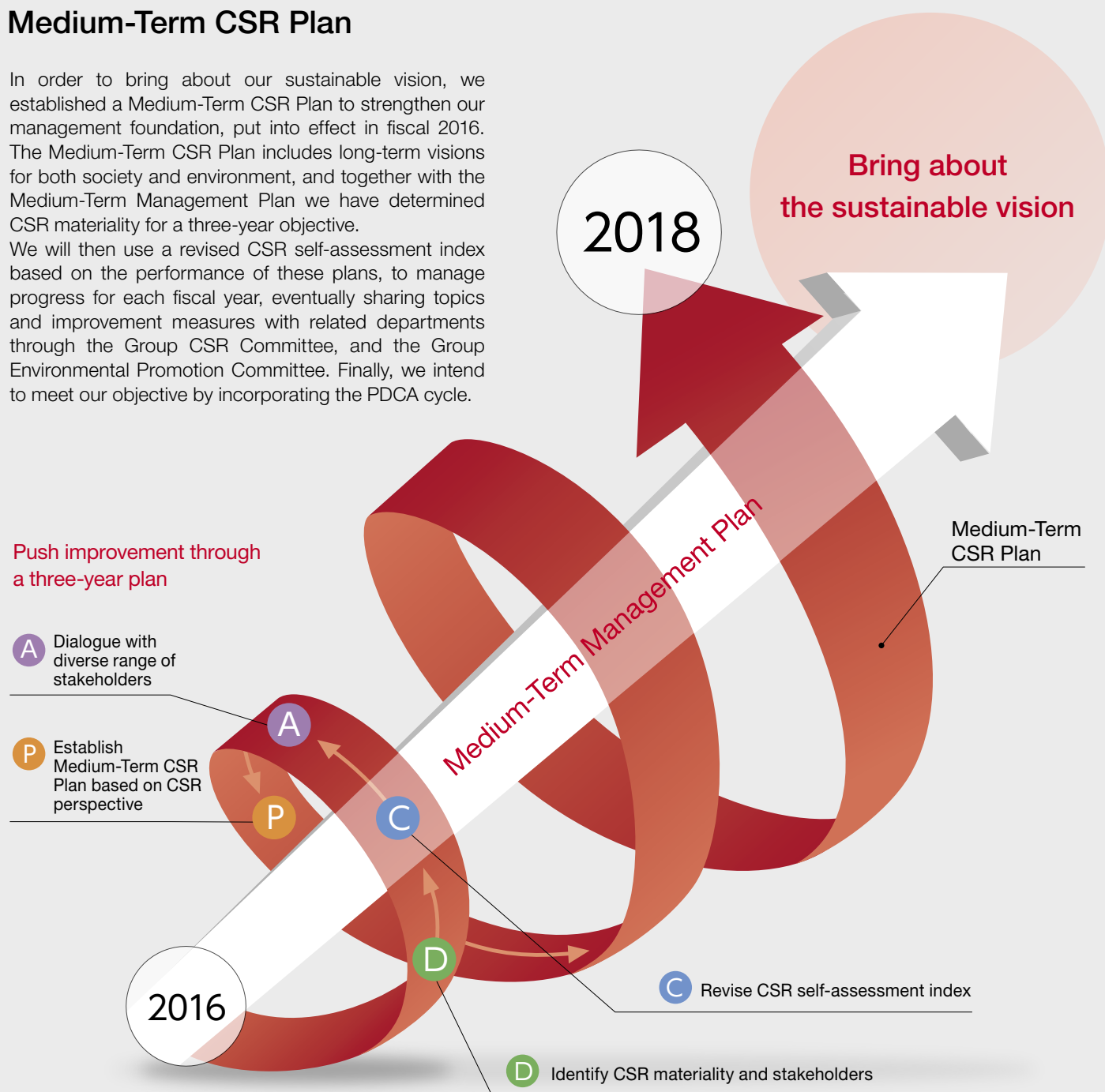
| Priority issues | Indices | FY 2018 targets |
|-------------------------------|--|-----------------|
| Risk management | Incidence rate of risks specified for priority efforts | 50% reduction |
| Deal with human rights issues | Response to Corporate Ethics and Human Rights Helpline users (rate of conflict resolution) | 100% |

* For priority issues details, see pages 13 to 23. * For details on the assessment index, see pages 147 to 150.

Medium-Term CSR Plan

In order to bring about our sustainable vision, we established a Medium-Term CSR Plan to strengthen our management foundation, put into effect in fiscal 2016. The Medium-Term CSR Plan includes long-term visions for both society and environment, and together with the Medium-Term Management Plan we have determined CSR materiality for a three-year objective.

We will then use a revised CSR self-assessment index based on the performance of these plans, to manage progress for each fiscal year, eventually sharing topics and improvement measures with related departments through the Group CSR Committee, and the Group Environmental Promotion Committee. Finally, we intend to meet our objective by incorporating the PDCA cycle.



Establishing a new Medium-Term CSR Plan

Up to this point, the Daiwa House Group is formulating an “Endless Green Program” every three years or so featuring specific objectives and plans, coordinated with the Medium-Term Management Plan target period, in order to attain our environmental vision, and has moved forward with related activities.

Now, in fiscal 2016, we determined a long-term social vision, a long-term environmental vision, clarified the direction we are aiming for, and established a new Medium-Term CSR Plan to attain quantitative objectives.

Establishing a CSR self-assessment index

Since fiscal 2006, we have been measuring CSR activity results, and using a CSR self-assessment index as an independent management system to measure “visualization.” This has been beneficial in making improvements to CSR activities. In fiscal 2009 and 2012, to keep up with the changing state of social affairs, we revised our former index based on feedback from stakeholders.

Most recently, when formulating our Medium-Term CSR Plan, we shifted from the ISO 26000 format we’ve been using for years, and decided to make revisions based on the opinions of each and every stakeholder, re-determining CSR materiality and setting up an associated assessment index. This was done in the spirit of co-creating a brighter future with our stakeholders, and to further clarify our efforts.

Medium-Term CSR Plan

At the Daiwa House Group, we work under the fundamental concept of “co-creating a brighter future” to meet the expectations and demands of society through active communication with our stakeholders. That philosophy, combined with the spirit of greater harmony, are the ingredients necessary to bring about a sustainable society.

Building a trusting relationship with stakeholders

By understanding what is expected of our company through interaction and dialogue with our stakeholders, and working to meet those expectations as a corporate citizen, our hope is to build a trusting relationship with them.

Customers

- Provide high quality products
- Proper communication with customers
- Long-term efforts to earn trust

Business partners

- Fair competition
- Encourage business partners in CSR efforts
- Improve labor conditions and ensure human resources for construction subcontractors

Employees

- Provide a safe and healthy work environment
- Develop human resources
- Create a workplace where a diverse range of employees can work flexibly
- Provide employment opportunities for exceptional human resources

Local residents

- Active involvement in, and collaboration with other parties for local community development
- Contribute to the community by sharing business knowledge gleaned through experience

Coexistence of environmental sustainability and corporate profitability

We are accelerating our environmental initiatives under the concept of promoting integrated environmental management within our Group and globally based on the life cycle approach to ensure that corporate profitability can coexist with environmental sustainability.

Prevention of global warming

- Promoting the construction of zero energy houses, buildings and towns
- Expanding the power generation business by adopting renewable energy

Harmony with the natural environment

- Promoting sustainable wood procurement
- Promoting the preservation and creation of green spaces in development and town planning

Conservation of natural resources, Water resource conservation

- Promoting the application of the “3Rs” to construction waste
- Promoting the adoption of resource-recycling products (exhibiting greater durability and longer service life and conserving resources) Promoting reproduction building materials

Prevention of chemical pollution, Prevention of soil contamination

- Further improving indoor air quality in residential facilities
- Strengthening the management of soil contamination risks during land purchases

Create a CSR mindset and strengthen management systems

We will create a CSR mindset by revitalizing our organizations through business improvements, and create a solid management foundation through increased awareness.

Risk management

- Risk management
- Human rights awareness-raising
- Handle human rights issues

Compliance

- Ethical conduct
- Corporate ethics / compliance with laws
- Safety

Investor relations

- Transparency
- Stakeholder engagement

Identification of CSR Materiality

The main thrust of our latest Medium-Term CSR Plan is the identification of CSR materiality. While considering Daiwa House Group's business activity process and various factors of influence, we specified priority issues from both social and environmental perspectives to be tackled during the medium term, which will ultimately lead to new growth opportunities.

〈Revising CSR materiality〉

In 2011, the Group referred to ISO 26000 to determine six themes of major importance to the stakeholders and our company as "materiality." However, due to changing social circumstances, Group policies, and the timing in which our CSR Medium-Term Plan was to be formulated, we revised these priority issues to be in line with stakeholder perspectives.

When selecting themes for the priority issues, we extracted ideas from various sources, including ISO 26000, GRI guidelines, the UN Global Compact, sustainable development goals (SDGs), and primary social issues within Japan. By exchanging ideas with stakeholders, and holding discussions with related individuals in the company, we were able to identify issues for which our efforts should be prioritized.

〈The selection process for CSR materiality〉

STEP
1

Identify and arrange the themes

The Group has added and verified priority issues from ISO 26000, GRI guidelines, etc. along with Japan's primary social issues to the CSR activities we are already involved in. In addition, 22 issues have been extracted from various sources as candidates for CSR materiality. And after identifying each issue's range of influence, we have determined an assessment method.

STEP
2

Confirmation of validity

We must make sure there are no gaps between what our company deems important, and the level of importance held by society's demands and expectations. To do this, we hold stakeholders' meetings to discuss each of the candidates for CSR materiality, while dialoguing with experts on the social and environmental perspectives. This approach has deepened our understanding on the importance of each theme from a stakeholder perspective.

STEP
3

Identification of materiality (most important priority issues)

Similar to Step 2, we performed final validation within the company, and identified which candidates should be considered the CSR materiality.

STEP
4

Set up assessment index

– Manage objectives via CSR self-assessment index –
Items selected as CSR materiality are then weighted by our independent management system, CSR self-assessment index, and a PDCA cycle is incorporated to aid us in meeting our objectives.

STEP 1

Identify and arrange the issues

Businesses within the Group span a diverse range of fields, and while this enables us to contribute to society in variety of ways, we also recognize the wide range of responsibilities we've been entrusted with.

In addition to the matters of concern related to global and domestic sustainability, a diverse range of themes and social issues exist which are closely related to homes and construction. To extract the priority issues to take on, we verified the expectations and demands we hold as a company, along with the efforts we've made so far as a Group, and the range of efforts we should start making in the future.



Daiwa House Group's Businesses



- Provide high quality products
- Proper communication with customers during the construction process
- Proper communication with customers after delivery
- Long-term efforts to earn trust
- Fair competition
- Encourage business partners in CSR efforts
- Improve labor conditions and ensure human resources for construction subcontractors
- Provide a safe and healthy work environment
- Develop human resources
- Create a workplace where a diverse range of employees can work flexibly

- Provide employment opportunities for exceptional human resources
- Active involvement in, and collaboration with other parties for local community development
- Invest in local community development
- Contribute to the community by sharing business knowledge gleaned through experience
- Prevention of global warming
- Preservation of biodiversity
- Conservation of natural resources
- Water resource conservation
- Prevention of chemical pollution
- Prevention of soil contamination

STEP
2

Confirmation of validity

Stakeholders' Meeting

Daiwa House Industry held a stakeholders' meeting to find out what our stakeholders feel are the most important issues among the ones extracted by us to focus our efforts on.

In a bid to eliminate the awareness gap, participating stakeholders were separated into groups to share their opinions on various matters, and we were able to obtain valuable suggestions on the issues that should be prioritized in our quest for a sustainable society.



Customers

Priority issues

- Provide high quality products
- Proper communication with customers during the construction process
- ★ Proper communication with customers after delivery
- Long-term efforts to earn trust

<Stakeholder opinion> (excerpt)

For Daiwa House Industry to achieve sustainable development into the future, it needs to increase its fanbase. And in order to build a relationship of trust over the long term with customers, it must develop a system in which the company can smoothly communicate with customers for great post-delivery follow-up service, rather than depending on individual sales managers.

Employees

Priority issues

- Provide a safe and healthy work environment
- ★ Develop human resources
- Create a workplace where a diverse range of employees can work flexibly
- Provide employment opportunities for exceptional human resources

<Stakeholder opinion> (excerpt)

If human resource development can be provided so that each person is able to fully understand their expected role in the company, and sufficiently carry out that role, there will be a reduction in insufficient labor management and mentally unprepared personnel, which will contribute to "providing a safe and healthy work environment." Please work to offer continuous and stable human resource development.

Business partners

Priority issues

- Fair competition
- ★ Encourage business partners in CSR efforts
- Improve labor conditions and ensure human resources for construction subcontractors

<Stakeholder opinion> (excerpt)

Since some construction companies and materials delivery companies fall outside of Daiwa House Industry covered industries, I think we need to work toward a more unified development process, in which Daiwa House Industry can play a role every step of the way. I want Daiwa House Industry to take on a "comprehensive role" throughout the supply chain to carry out a clear leadership role.

in OSAKA 2016.1.28



■ Date and time:

Thursday, January 28, 2016
13:00–16:00

■ Venue:

Daiwa House Industry Co., Ltd.
Osaka Head Office

■ Theme:

After 60 years in the business, what sort of role is Daiwa House Industry expected to take into the future?

■ Facilitator:

Professor Yoshinari Koyama, from Kanto Gakuin University's Department of Economics

■ No. of attending stakeholders.....20

- Customers 5
- Business partners 5
- Corporate personnel 3
- NPO/NGO 2
- Employees 4
- Other 1

Community residents

Priority issues

- Active involvement in, and collaboration with other parties for local community development
- Invest in local community development
- Contribute to the community by sharing business knowledge gleaned through experience

* A new priority issue was presented at this meeting which covers a wide range of opinions shared by all members: "Efforts needed to develop local communities into the next generation."

<Stakeholder opinion> (excerpt)

The Community Co-Creation Committee's role in connecting local communities with branch offices is extremely important. How about providing opportunities for Daiwa House Industry to hone its planning and execution abilities as a community-based business, by working to solve local issues through community co-creation activities?

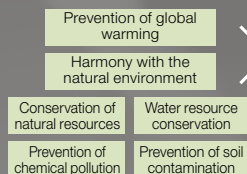
Environment

Priority issues

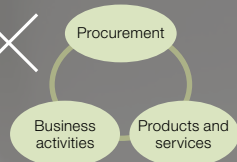
- Prevention of global warming (procurement)
- Prevention of global warming (business activities)
- Prevention of global warming (products and services)
- Conservation of natural resources (business activities)
- Conservation of natural resources (products and services)
- Harmony with the natural environment (products and services)

We determined six environmental themes relevant to our company, divided them into three phases of environmental influence from house/building life cycle, and discussed 18 themes in total.

Six environmental themes related to our Group



Three themes of environmental influence



<Stakeholder opinion> (excerpt)

I think the company should focus on developing/spreading products that contribute to the prevention of global warming as a way to improve its competitive power. City creation that

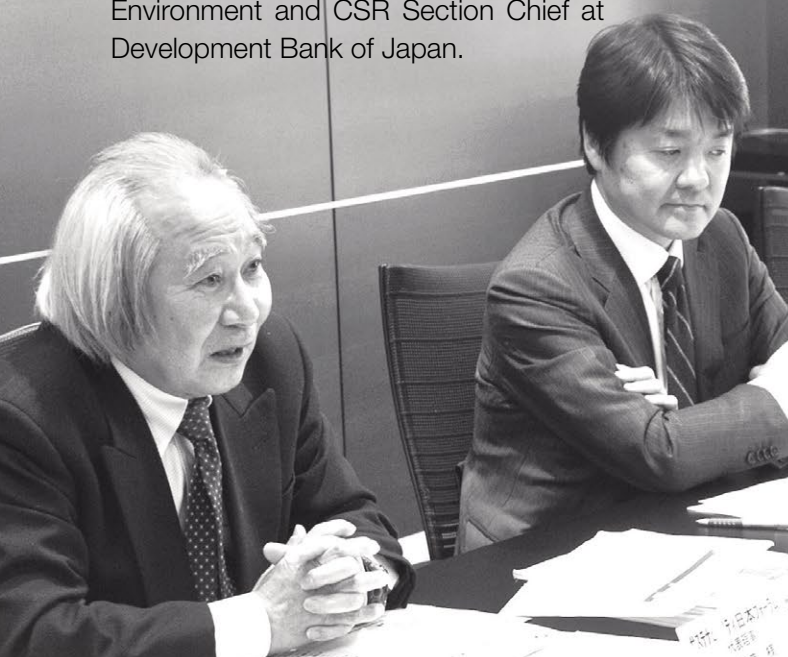
considers biodiversity is currently seen as an added value, but over the long-term it will improve the value of our assets, which is an obvious point to consider going forward.

STEP
2

Confirmation of validity

Experts' dialogue

We invited experts to discuss the specification of our most important priority issues (materiality) in Daiwa House Industry's CSR activities. For environmental perspectives, we talked with Chief Executive Officer Goto from the Sustainability Forum Japan, and Mr. Tomita of LRQA Japan. For advice on social aspects, we talked one by one with Managing Director Unno of So-Tech Consulting, Executive Director Kuroda from CSO Network Japan, and Mr. Takegahara, former Environment and CSR Section Chief at Development Bank of Japan.



Environment

■ Date and time: Monday, February 29, 2016
13:00–16:00

■ Venue: Daiwa House Industry Co., Ltd.
Tokyo Head Office

■ Theme: Important environmental
issues our Group should
address

■ Participants: Related experts: 2,
Daiwa House Industry
Representatives: 4



Society

■ Date and time: Tuesday, March 1, 2016
13:00–15:00

■ Venue: Daiwa House Industry Co., Ltd.
Tokyo Head Office

■ Theme: Important social issues
our Group should
address

■ Participants: Related experts: 3,
Daiwa House Industry
Representatives: 4

in TOKYO
2016.2.29

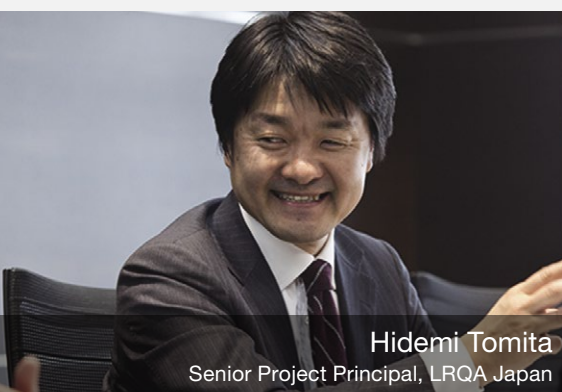
Environment

Experts



Toshihiko Goto

Chief Executive Officer, Sustainability Forum Japan



Hidemi Tomita

Senior Project Principal, LRQA Japan

Main viewpoints covered

- When we consider the materiality of the Medium-Term Action Plan for the Environment, one can say that the specific process and content have been carried out appropriately for the most part. Of course, it will be necessary to conduct regular reviews in the future because the materiality might change with respect to the Long-Term Environmental Vision, just as CO₂ reduction targets are being reviewed every five years according to the terms of the Paris Agreement signed at COP 21.
- Regarding the water issue overseas, regional characteristics have resulted in social risk. Attention is necessary for points whose risks and issues must be identified, as they will greatly change if the business focus is shifted overseas in the future.
- Regulatory factors are considered risks currently, but they can also be regarded as opportunities when viewed from a long-term perspective. So, recognizing factors from a perspective of increasing the company's competitiveness reveals that one's point of view is important for taking advantages of opportunities.

- In terms of the process, I formed the impression that it was carried out effectively. In the future, I suggest the analysis should be undertaken by subdividing every business in order to measure the relevance to the business.
- While it is important to involve external stakeholders, I suggest that you must involve more internal people from within the company in the discussions when identifying issues and considering solutions.
- Regarding extending the service life of houses and maintaining property values, I felt that the issues of "resource conservation" × "products" should be high in importance from the perspective that Japanese housing should be afforded particularly high relevance.
- Formally determining materiality is necessary, but it is also important to apply it to the Medium-term Action Plan for the Environment and to specifically indicate the types of initiatives required. I hope that you will connect with these initiatives and strategically promote them.

Our response

We received a number of opinions this time, including a process for identifying and for reviewing materiality, but we felt that it was still unsatisfactory in terms of the process. It will be necessary to further improve this area in the future.

In particular, the business of our Group diverges into many branches with differing business models, so it is necessary to analyze the various business supply chains when pursuing important issues. In terms of the various regulations, we came to understand that these regulations are linked to a contribution to society as well as to improved corporate profitability from the seizing of business opportunities; they do not represent only negative risks. We welcome the opinions of a variety of stakeholders and we will continue to review materiality and steadily implement our new Action Plan for the Environment (EGP2018) in response to these opinions from now on.



Tatsushi Nishimura

Representative Director and Senior Managing Executive Officer
Executive Officer in charge of the Environment
Daiwa House Industry Co., Ltd.

STEP
2

Confirmation of validity Experts' dialogue

Society

Outside experts



Mizue Unno
Managing Director, So-Tech Consulting Inc.

Main viewpoints covered

- When participating in discussions with customers, make it clear to them how your business can alleviate their social problems. Having a long-term perspective regarding your future with entire local communities is essential.
- Regarding the development of human resources, the most desirable human resources are those who are able to adapt their thinking and actions to meet changes in society. Since your company thinks highly of local communities, become actual members of the community and learn about local issues instead of only providing on-the-job training. It would be beneficial to develop a corporate culture with roots in the local community.
- To deal with labor shortages, bring it up as a construction site issue, and get cooperation from throughout the industry instead of using one company. Otherwise, the business itself will not develop. This is the type of awareness needed, while keeping future outlooks in mind for support and training.



Kaori Kuroda
Executive Director, CSO Network Japan

- "Long-term efforts to earn trust" can mean a wide range of things. It's important to focus on solutions resulting in health, safety, and security, not only for those soon to transition to the next stage in their life, but also for areas in which social issues are changing, such as marginal settlements, and other newly-constructed towns.
- To develop businesses globally into the future, I think it's important to formulate clear policies on diversity and inclusion.
- When it comes to local community issues and development, it's essential to figure out whose voice you should listen to. I think it's important to dialogue with local citizens and organizations with activities rooted in the community, in order to build relationships with them from the get-go, so that they are willing to cooperate with you as needed.

in TOKYO 2016.3.1

Outside experts



Keisuke Takegahara

Former Section Chief for Environment and CSR, Development Bank of Japan

Main viewpoints covered

- I believe the development of human resources is an essential element for all types of businesses to compete. From this perspective, it is important to provide safety, health, and diversity to acquire and maintain highly-skilled human resources.
- In order to build win-win relationships with business partners to create a value chain, I think it is important to “encourage business partners in CSR efforts.”
- As for “communication with customers,” technological power is required to draw out and accurately meet user needs. Plus with the increase in businesses utilizing stock to develop, “communication after delivery” is especially important.



Our response

We are very thankful to have received your expert opinions, and wide-ranging valuable input. Your ideas will strengthen our efforts to effectively deal with the constantly changing, dire social issues by utilizing the characteristics of each business in Daiwa House Group. I consider that, by verifying the important issues and actively seeking solutions, we are creating new growth opportunities.

Your advice has provided guidance on various directions we need to take into the future, without falling into short-term thinking, such as how we should take our businesses into the future, how to strengthen the abilities of our employees, how to cooperate with local residents and business partners, and other such priority matters. At the same time, we were reminded of the inseparable relationship that CSR efforts hold with all of our businesses. We sincerely accept your input, and through interdepartmental cooperation, the entire Group will work together to carry out these efforts.



Katsutomo Kawai

Head of Management Administration
Executive Vice President
Daiwa House Industry Co., Ltd.

**STEP
3**

**Identification of materiality
(most important priority issues)**

For society

Based on the “social perspectives” determined in Step 2 “Confirmation of validity,” an in-house deliberation meeting was held with related individuals to assess the importance of topics to Daiwa House Group, specifically to determine the level of importance from a company perspective. By mapping out various matters from both social and company perspectives, we specified the most important issues that the Group should prioritize its efforts with.

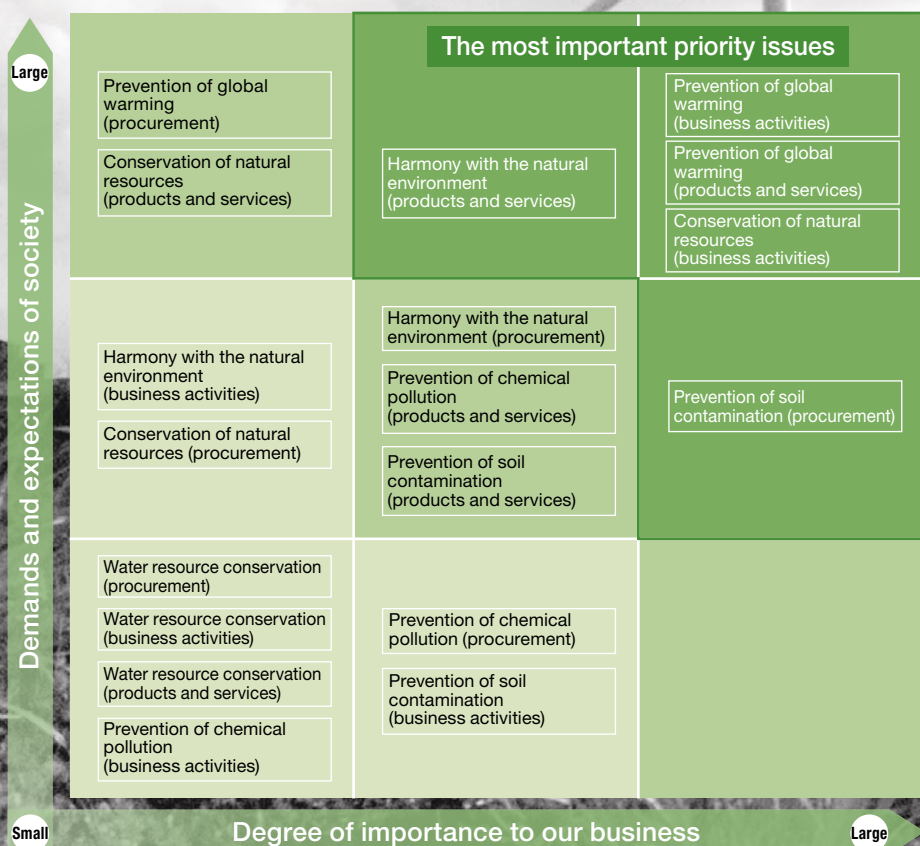
Important themes for society



For the environment

In keeping with “confirmation of validity” in Step 2, we conducted the final review in the company mainly with the Executive Officer in charge of the Environment and the relevant departments. We identified the most important priority issues by sorting out the importance in line with the results of an assessment according to the “materiality map” from the perspective of both our company and our stakeholders.

■ Important themes for the environment



STEP 4

Set up assessment index

– Manage objectives via CSR self-assessment index –

In fiscal 2006, Daiwa House Group implemented a CSR self-assessment index to measure CSR activity results and “visualization.” This has been beneficial in making improvements to CSR activities. Since fiscal 2013, we were setting up and operating the index based on ISO 26000 international standards, but to clearly convey the spirit of “co-creating a brighter future,” we have reorganized the themes by setting 26 priority issues and 47 indices based on stakeholder input, and revised the index to be shaped around ESG (environment, society, governance), as based on our newly-formulated Medium-Term CSR Plan. As a new endeavor, we have determined a three-year objective in accordance with the Fifth Medium-Term Management Plan put into effect in fiscal 2016. While incorporating the PDCA cycle, our aim is to strengthen our management foundation and to achieve performance objectives.

FY 2013 to 2015



FY 2016 to 2018



Social

Customers

| The most important priority issues | Indices |
|------------------------------------|---|
| Long-term efforts to earn trust ★ | Customer (owner) satisfaction Long-term viewpoint evaluations Questionnaire evaluation after taking residence |

Employees

| The most important priority issues | Indices |
|---|---|
| Develop human resources ★ | Degree of satisfaction of employees to overall human resources training Evaluation of OJT Rate of acquisition of professional qualifications by young employees |
| Create a workplace where a diverse range of employees can work flexibly ★ | Rate of male employees taking child-raising leave No. of female managers appointed Rate of employees with disabilities |

Business partners

| The most important priority issues | Indices |
|---|---|
| Encourage business partners in CSR efforts ★ | Education for in-house employees Business partner assessment based on business partners' and Daiwa House Industry's criteria for purchasing duties Rate of self-check answers based on the Business Partner Code of Conduct |
| Improve labor conditions and ensure human resources for construction subcontractors ★ | No. of employees trained on-site No. of labor accidents No. of partner company members |

Local residents

| The most important priority issues | Indices |
|---|--|
| Active involvement in, and collaboration with other parties for local community development ★ | Collaboration with NPOs and NGOs Participation rate in endless donations Amount conversion of community co-creation activities by branch offices |

* See pages 147 to 150 for details.

Environment

Environment

| Priority issues | Indices |
|---|--|
| Prevention of global warming | Business activities: Rate of decrease from the FY 2005 figure in CO ₂ emissions per unit of sales Products and services: Contribution to CO ₂ reduction |
| Harmony with the natural environment (Preservation of biodiversity) | Procurement: Ratio of C-ranked wood Products and services: Surface area of green spaces |
| Conservation of natural resources | Business activities: Rate of decrease from the FY 2012 figure in construction waste emissions (production, new construction) Products and services: Recycling rate (production, new construction, civil engineering, demolition, renovation) Ratio of houses certified under the Long-Life Quality Housing Certification System Adoption rate of pre-engineered buildings |
| Water resource conservation | Business activities: Rate of decrease from the FY 2012 figure in water consumption per unit of sales |
| Prevention of chemical pollution | Business activities: Rate of decrease from the FY 2012 figure in release and transfer of PRTR-listed substances |
| Prevention of soil contamination | Procurement: Serious risks of soil contamination during land purchases |

Governance

Foundation of CSR Management

| Priority issues | Indices |
|--------------------------------|--|
| Transparency | External assessment of ESG information disclosure |
| Ethical conduct | In-house CSR awareness survey |
| Stakeholder engagement | Attendants' satisfaction with stakeholders' meeting |
| Creation of a CSR mindset | No. of branch offices visited for CSR training |
| Risk management | Incidence rate of risks specified to be handled with priority |
| Safety | Safe driving management |
| Human rights awareness-raising | Human rights awareness-raising |
| Handle human rights issues | Response to Corporate Ethics and Human Rights Helpline users (rate of conflict resolution) |

DaiwaHouse Group



Co-creating a Brighter Future with Our Customers

| | |
|--|-----|
| Message from the Executive Officer in Charge | 025 |
| Commitment to quality | 027 |
| Enhancing customer satisfaction | 029 |
| Long-term guarantee and after-sales support | 031 |
| Sustainable consumption | 033 |



Co-creating a Brighter Future with Our Customers

Message from the Executive Officer in Charge

Social issues

The housing and construction industries play an important role in protecting the lives and properties of customers in Japan, one of the countries with the most frequent natural disasters in the world, including increased abnormal weather due to climate change, and major earthquakes.

In addition to the above, our lives in Japan are surrounded by various difficulties, including population decline, aging of society, energy constraints, excessive centralization of population in major cities and depopulation in remote areas, increasing number of vacant houses, and diversification of lifestyles, calling for urgent solutions.

13.2%

of all the earthquakes in the world of magnitude 6 or larger occur in Japan in a year

Source: Calculated based on "Frequently Asked Questions > Earthquakes," Japan Meteorological Agency

Estimated population decline in Japan from 2010 to 2030:

12 million

Source: "Estimate with Moderate Births and Moderate Deaths as of January 2012," National Institute of Population and Social Security Research

Vision and strategy

What the Daiwa House Group aims to achieve

We adhere to the spirit of fostering, and continue providing products that are loved for many years

In customer relationships, we believe in responding to customers face to face, and satisfying their expectations. As customers' lifestyles and values increasingly diversify, we pursue the policy of "each individual orientation," where we think through each theme from the standpoint of individual customers. This policy questions whether we are responding to each customer face to face, or whether we are thinking from our company's values and convenience. We keep asking these questions to our employees until their practical behaviors express their understanding.

The principle of our work is to formulate ideas into products through repeated communication sessions. Customers usually want to enjoy the creating process together with supportive persons who can share their values. We believe that the significance of our work lies in fostering a customer's values together with them, instead of forcing our company's ideas on them or merely having formal exchanges. It is probably our Group's strength that we can take such a fine-tuned attitude to our customers, with a product portfolio ranging from housing to huge logistics facilities.

Our products and services do not end at the point of purchase. Instead, our products and services are used for many years after purchase. We thoroughly pursue high quality, always keeping in mind that value creation through our business starts with manufacturing. It is required to establish relationships in daily exchanges, not only at the time of disaster or emergency. We

hope to continue being a business entity that enhances the quality of buildings and of human services, so that customers can feel that Daiwa House Industry never forgets about them and that they can always rely on us.

Risks and opportunities for the Daiwa House Group

In principle, buildings are constructed in accordance with requests from customers. Diversifying needs and accelerated changes provide risks and opportunities at the same time.

At the basis of our business lies an idea of how to contribute to and please as many people as possible in the world. Our Group has examined social requirements (e.g. aging of society, rising safety and environmental awareness), identified potential needs of people through such requirements, incorporated the identified needs into our products and services, and created new business opportunities that led to our growth as a consequence. While the housing market will diminish in the coming years, we will maintain high quality both in hardware and in software by creating new businesses and applied businesses that leverage or expand the existing customer platforms, thereby enhancing customer satisfaction and profitability.

Risks

- Competition will intensify as the newly built housing market diminishes.
- Opportunities may be lost if we fail to rapidly respond to diversifying customer needs.

Opportunities

- Long-lasting favorable relationships can be established by acquiring profound trust from customers.
- New business opportunities can be created, such as businesses that leverage the existing customer platforms, and products and services that resolve social problems.

Goal and results

Important themes to address

Guarantee of product safety during use (Protecting consumers' health and safety)

Products and services that our Group provides must protect the lives and properties of customers for a long term. "Safety and peace of mind" during use are essential prerequisites. Therefore, we make earnest efforts to ensure not only safety performance at the time of design, but also post-construction safety through inspection, maintenance and other measures.

After-sales services and handling of inputs received

It is characteristic that our Group should maintain long-term relationships with customers through products and services following the delivery of buildings. In such relationships, inputs received from customers are the most valuable information, and provide us with opportunities for upgrading our products and services. Inputs received are shared across the company, and related departments take necessary measures and finally lead them to enhanced customer satisfaction.

Summary of efforts in fiscal 2015 (CSR self-assessment index)

To enhance customer satisfaction, our business segments have undertaken continuous improvement measures based on questionnaire surveys, etc. For example, the single-family house segment analyzed services by representatives in the sales, design, construction and after-sales service processes who were particularly highly evaluated by owners, and shared the analysis as “explicit knowledge.” Improvement activities based on the business characteristics of each department have led to improved satisfaction figures.

Anti-seismic performance (housing) [Rate of acquisition of the highest grade]

FY 2015
results **88.7%**

Percentage of implementation of special inspection regarding product performance and specifications

FY 2015
results **90.0%**

Customer (single-family house owner) satisfaction Percentage of “Extremely good” and “Good” in the questionnaire survey

FY 2015
results **96.6%**

Customer (cluster housing owner) satisfaction Percentage of “Satisfied” in the questionnaire survey

FY 2015
results **62.2%**

Keiichi Yoshii

Director and Senior Managing Executive Officer
Head of Marketing Division
Head of Tokyo Head Branch
General Manager, Tokyo and Kitakanto Regional Business Unit
Deputy Head of Marketing Support Department
General Manager, Overseas Business





Co-creating a Brighter Future with Our Customers

Commitment to quality

Our Policy

The Daiwa House Group provides a broad range of buildings as a “Group that co-creates value for individuals, communities and people’s lifestyles.” Buildings also protect human lives and precious properties, and are socially obliged to offer safety and peace of mind. It is expected that such buildings can be used for a long period of time and handed over across generations. This is why we promise to deliver high-quality products, and make efforts to improve quality throughout the entire life cycle of buildings, from product development to design, construction, maintenance, and to scrapping (demolition).

Management

Quality Assurance System

Our company pursues quality improvement throughout the entire production process, from development to design and contract, production and construction, and to after-sale services. As the flowchart on the right indicates, we conduct inspections and take improvement measures in development, production and construction, and other individual processes. We also evaluate the quality of our products in terms of both hardware and software through questionnaire surveys, periodic inspections, and various inquiries received following delivery to customers, thereby maintaining quality that satisfies end customers who actually use our products. Inputs received from customers are incorporated into individual processes for improvement, with respect to the physical quality of products, the quality of services by employees, and operational quality concerning systems and organizations.

1. Development design review

At the stage of product development, the Central Research Laboratory performs verification from various angles. For objective assessment, the Quality Assurance Department confirms verifications and conducts a development design review.

2. Purchasing specifications review

For the purchase of standard goods, performance, specifications and quality control systems are examined and confirmed.

3. Education/training for frontline workers

Education and training is provided for workers on a construction site. Important tasks are assigned only to those who have passed our trade skill tests.

4. Inspection and construction supervision

In addition to voluntary inspection by the construction subcontractor’s technicians and workers in charge, the Quality Assurance Department conducts inspection as a construction supervisor.

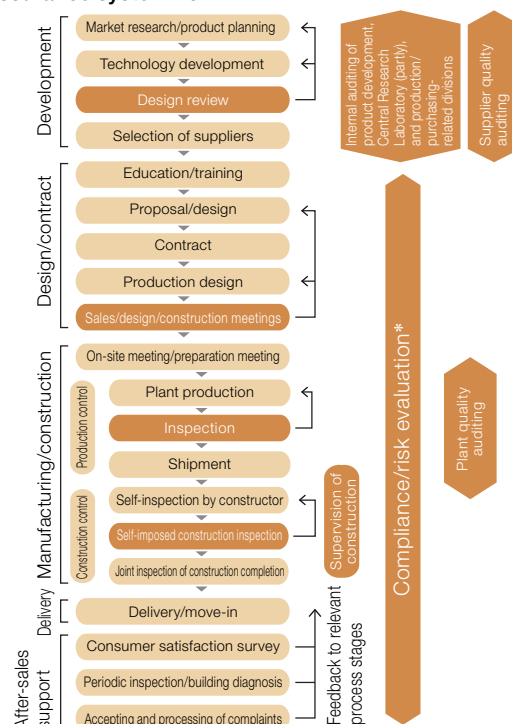
5. Appointment of quality improvement committees

For product quality issues, a quality assurance meeting is held at the branch office, and a Quality Improvement Committee meeting is held at the head office, with emphasis on prompt responses to our customers and quality improvement.

6. Compliance/risk evaluation

At the stages of design and construction by individual branch offices, evaluation is conducted in terms of safety, quality, cost, process flow, ethics, and waste management.

Quality assurance system flow



**“Compliance/risk evaluation” refers to quality auditing conducted of production technology-related divisions as a whole.

Implementation of the ISO 9001 Quality Management System Standards

Since its founding, Daiwa House Industry has actively pursued technology innovation, as a leading pioneer in industrialized housing, by conducting years of research on construction techniques and building components and materials. At plants located throughout the nation, we have established an integrated production system from component processing to assembly by promoting automatization, robotization and labor-saving to ensure the homogenization of quality. The Production and Procurement Division of the Head Office and plants nationwide have acquired ISO 9001 certification, the international standard for quality management systems. In our production sector, ISO 9001 quality management systems have been implemented as a tool to further promote efforts to enhance and stabilize product quality.

Measures Being Taken

【Design Quality】

Utilization of the Housing Performance Indication System and the Long-term Excellent House Recognition System

Our company has promoted the acquisition of housing performance evaluation certificates issued by third-party accreditation organizations. Under the housing performance evaluation system amended in April 1, 2015, we are also taking measures to:

- 1) Review mandatory items and optional items,
- 2) Provide information regarding liquefaction, and
- 3) Make necessary amendments following the review of energy efficiency standards.

The houses (with standard specifications) we provide to our customers satisfy the requirements for long-life, quality housing, which is certified under relevant laws.

We will continue to make efforts to build a system to provide better quality housing to our customers.

■ Anti-seismic performance (housing) 【Rate of acquisition of the highest grade】

FY 2015 results

88.7

【Construction Quality】 Ensuring Construction Quality by Triple Checking Functions

“Ensuring construction quality” means to finish buildings as per indicated dimensions and specifications, and realize them exactly in accordance with design documents.

To ensure the proper execution of construction work, we have established our own Technology Standards. Construction quality is guaranteed by observing the Construction Manual Procedures, which specify the flow of work, and the QC Process Chart, which indicates checking methods, as part of the Technology Standards.

Prior to the start of construction work, staff members from the sales, design (appearance design, structure and equipment) and construction (procurement) departments meet at each worksite. They share information among persons related to construction work, including the needs of customers, aims of designers, points for attention in drawings, and key points in construction work. We also have a policy of construction by engineers/technicians who have completed our technical training (on groundwork, construction and woodwork).

Construction work is checked from three different perspectives — self-inspection by the construction company and by the construction manager, and inspection by the construction supervisor who belongs to our Quality Assurance department. Through this triple-check system, we endeavor to ensure the smooth flow of work procedures, thereby maintaining quality that satisfies our customers.

In October 2015, we started the application of a quality inspection system “D-Doc,” using tablet terminals, thereby switching over to more efficient and reliable inspection, from the previous inspection system based on paper check sheets.

Working with Business Partners to Promote Quality Improvement Activities

Our business partners have a confederation that consists of 4,572 companies across Japan, and its members play a leading role at factories and on construction sites.

The confederation also undertakes vigorous activities. It holds a board of directors meeting at the beginning of each fiscal year, and determines plans for worksite-based branch activities, regional activities, and nationwide activities.

Our Executive Director in charge of Engineering, Manager of the Design & Construction Promotion Department, construction supervisors at each worksite, and construction managers also proactively participate in the activities of the confederation, and have made considerable contributions to including reduction in incidents through safety patrols, quality assurance through study meetings, and so on.

Various improvement activities have also been eagerly promoted. Proposals for improvement are invited every year from individual member companies, and received proposals are reviewed at each branch and region before competing in the national convention. Excellent proposals are recognized following the final review, and are merchandised by Royal Home Center, one of our Group companies, and recommended and sold to member companies, thereby contributing to their on-site safety, workload saving and efficiency improvement.



Presentation on
improvement
activities

Evolving “Industrialized Housing” with Our System Construction Technology

Our system construction, which enables integrated construction work by our skilled workers in the plant, delivers high quality and shortens the construction period at the site of construction.

We have lately acquired an exterior wall fireproof certification for “Daiwa FLEST II,” a system construction that offers a broad product lineup of exterior walls and allows free design, in response to requests for construction in fireproof areas, thereby further expanding the range of utilization of a system construction.

We will make continuing efforts to improve our system construction technology to respond to our customers’ requests.



Exterior wall fireproof testing



Image of a retailer/wholesaler building

Proposing a Safe and Secure Food Production Facility Responding to Consumers’ and Customers’ Request

For food production companies, we offer the construction of facilities that meet various food safety and hygiene requirements, such as those of the Food Sanitation Act of Japan, HACCP (Hazard Analysis Critical Control Point) certification, ISO 22000 (food safety management system certification) and FSSC 22000 (food safety system certification). In fiscal 2015, we contributed to the establishment of 36 food factories and cold chain systems, thereby supporting safe provision and delivery of food that satisfied consumers.



Head office factory, Shimanaka Co., Ltd.



Co-creating a Brighter Future with Our Customers

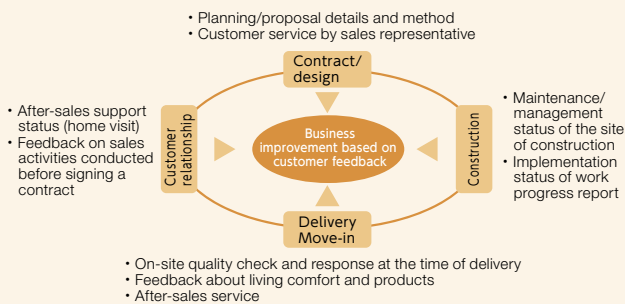
Enhancing customer satisfaction

Our Policy

The Daiwa House Group engages in business activities, aiming to be a company that is held in special esteem and is trusted by customers.

To this end, we go one step beyond “customer orientation” and put “each individual orientation” into actual practice, where we are seeking to think from the perspective of each customer.

To think from the standpoint of each customer, it is critical to achieve high-quality communication with customers. In the three quality aspects (quality of products, quality of employees, and quality of operations), we pursue quality improvement through all business activities, thereby satisfying customers’ expectations and promoting customer satisfaction.



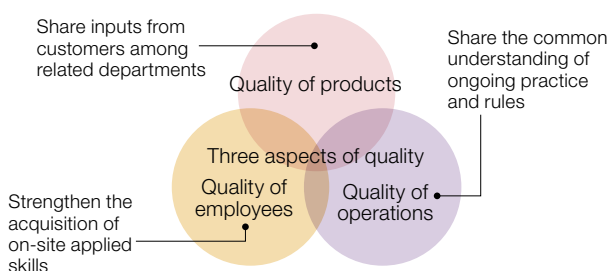
Management

Systems for Enhancing Quality in Three Aspects

With respect to the quality of products, we believe that final satisfaction is achieved by providing products that have performance exceeding customers’ requirements. Therefore, we analyze inputs received from customers at the CS Promotion Department, and share the results with all related departments in pursuit of improvement.

As for the quality of employees, it is our faith that a strong group is formed when a high level of individuals are combined together. This is why we hold role-playing conventions focused on practice in each layer, thereby strengthening the acquisition of applied skills by on-site staff. In particular, requests of customers vary from person to person, and it is critical that our employees have flexible skills to serve such varying requests on the spot. We make efforts in human resource development in this way.

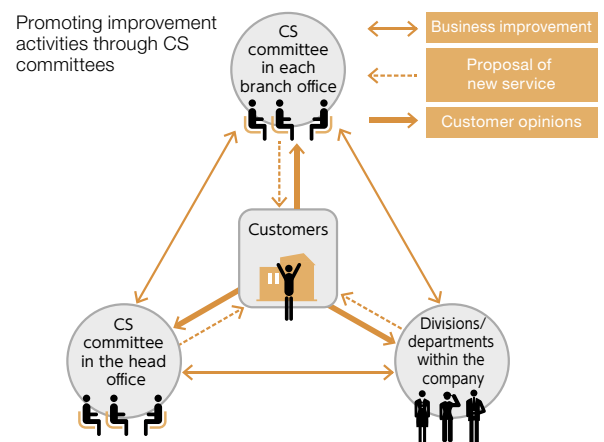
In terms of the quality of operations, we deem that, first of all, it is essential to grasp ongoing practice and rules. Unless all of us share this common and fundamental understanding, we cannot identify what is correct in actual operations, or take appropriate actions in the case of inadequacy.



CS Promotional System

We have established customer satisfaction committees at the head office and at all worksites, in order to link inputs from customers to improved products and services. The committees meet once a month to share the relevant information. We have thus established a system where specific measures are shared at each worksite, while rapid response can be taken when Groupwide decisions need to be made.

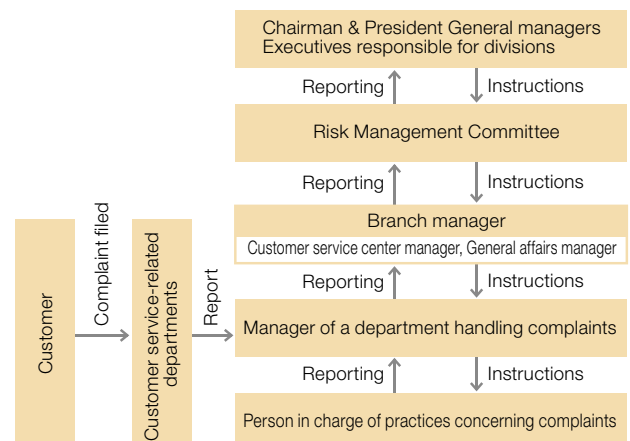
In addition, in an effort to further enhance customer satisfaction, we established the Customer Satisfaction (CS) Division in 2007, which consists of three departments. The CS Division has since promoted improvement activities from a customer perspective, based on inputs from customers and quality-related data.



Response to Complaints

Daiwa House Industry has established company rules that comply with ISO 10002, which are international standards for complaint handling aimed at consumer protection. We have thus established a system for sincerely and rapidly responding to complaints received from customers.

Complaints received from customers are escalated to the manager of a complaint-handling department through a customer contact department. Complaints are subsequently shared by the branch manager, the Risk Management Committee, the general manager and the executive responsible for the division, and then by the Chairman and the President. Instructions concerning actions to be taken are cascaded to persons in charge of actual complaint handling on a case-by-case basis.



Measures Being Taken

【Single-family Houses】

Daiwa Family Club

Our Daiwa Family Club website is for the exclusive use of single-family house customers. It provides various information and advice to solve house-related questions and concerns.

【Rental Housing】

Daiwa House Owners Clubs

Realizing the importance of our after-sales relationships with customers, we have established and operated the Daiwa House Owners Clubs. Its activities targeted at rental house owners include the provision of new information, information exchange among members, and the promotion of friendship.

In Japan, there are 93 Daiwa House Owners Clubs with a total membership of 32,231 as of April 2016.

【Commercial Facilities】

Owners Clubs

Owners Clubs established for the owners of commercial facilities hold a wide variety of events, including seminars regarding the effective use of real estate, and study tours to promote friendship among members. These events not only provide useful information on business development and property inheritance, but also serve as an opportunity to develop a network of connections.

In Japan, 64 Owners Clubs have been formed with a total membership of 6,775 as of the end of March 2016. Through Owners Clubs, we will continue to develop endless partnerships with our customers.



National Owners Club Chairs meeting

【Commercial Facilities】

Relationships with Tenant Companies

We provide support for tenant companies in the retailing, restaurant, hotel, education and other industries, by offering information concerning potential locations for opening up stores on roads and in cities across Japan.

To ensure that our customers can start business at desired locations in a timely manner, we take every opportunity to meet the person in charge for business negotiation of the company and hold consultation meetings in various areas. As a result, we have conducted transactions with approximately 4,000 companies (as of the end of March 2016).

To meet the needs of tenant companies, we also have held business meetings to invite companies to commercial facilities operated by the Daiwa House Group and to unoccupied properties that can be rented at relatively low cost.

Risk Management for Advertising

In addition to government and industry regulations, Daiwa House Industry has imposed various self-restrictions on advertising, including consideration of human rights. We have also established an advertising production system to provide templates for advertising materials. We also have set up a section to carry out final checks for advertisements, thereby devoting maximum efforts toward risk management.

Preventing Leakage of Private Information

Daiwa House Industry fully recognizes the importance of protecting personal information, and believes that the proper use and protection of this information not only forms the basis of our business activities, but also represents key areas of our social responsibility. From these perspectives, we have established our Privacy Policy and disclose it inside and outside the company. In accordance with the Privacy Policy, we have built and strengthened a company-wide management system, by developing company rules on the handling of personal information and assigning responsible persons. To ensure compliance with these policy and rules, we provide thorough education and training to employees.

We have introduced a corporate intranet protected by a firewall in order to protect our data from illegal access from outside, as well as from unauthorized access by employees. Terminals that allow access to company data can be identified, enabling the acquisition and checking of operation logs.

To reinforce our security management system, we have implemented physical and technical measures, such as enhanced network security, password setting and encryption for hard drives, and the storage of hardware in a locked place.

TOPICS Non-conforming installation of some fireproof doors/sashes

It was lately uncovered that the installation method for some fireproof doors/sashes that were produced at our factories, and were used in rental housing and in single-family houses, did not conform to the specifications certified by the Minister of Land, Infrastructure, Transport and Tourism. Our company promptly disclosed this non-conformity, and apologized to the relevant customers.

We had fireproof tests and other inspections conducted by an independent performance evaluation organization, and the outcome indicated that even the non-conforming doors/sashes guaranteed performance required by the Building Standards Act, and involved no safety risks. However, our response to such doors/sashes is still in progress under the policy of renovating them.

In the future, we will further strengthen our quality control systems, and provide homes that offer safety and peace of mind.



Co-creating a Brighter Future with Our Customers

Long-term guarantee and after-sales support

Our Policy

We at Daiwa House Industry regard buildings as important assets of customers and of society. We also consider that buildings exist together with people's lives, and must be tailored to people who live in and use the buildings. To maintain the value of assets at a preferable level, and to enable use of buildings for a long period of time across generations, we will further develop our systems for appropriate maintenance and after-sales service, and hand over high-quality stock to later generations.

Management

Our company has established a system for long-term guarantees and after-sales service tailored to the structure of buildings and conditions of the owner (e.g. light-gauge steel-framed single-family houses and condominiums, heavy-gauge steel-framed general buildings). We offer initial guarantee periods of up to 20 years for exterior walls, structure, and other parts of buildings, and also provide a periodic building diagnosis service. We visit individual owners, and conduct maintenance work to repair the points for improvement identified in the building diagnosis, thereby maintaining and improving the value of housing as assets. Information collected through these after-sales services is summarized by the CS segment and fed back to the relevant segments, leading to improvement in product development and guarantee service.

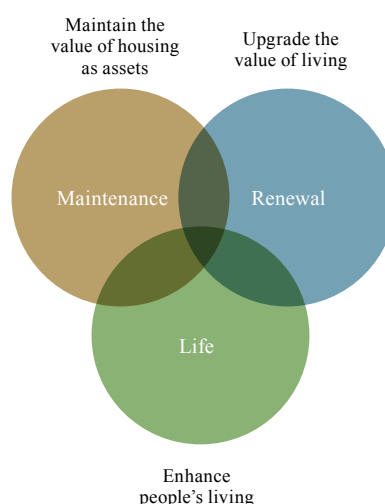
We recognize that emergency contact service is required for buildings as living infrastructure, and have therefore established a customer service call center that is available not only for residents but also for the users of facilities (e.g. stores and offices). The call center supports residents and users 24 hours a day, 365 days a year, free of charge in Japan. Information received at the call center is disseminated to worksites across Japan to enable rapid and accurate response.

[Single-family Houses] AQASSET

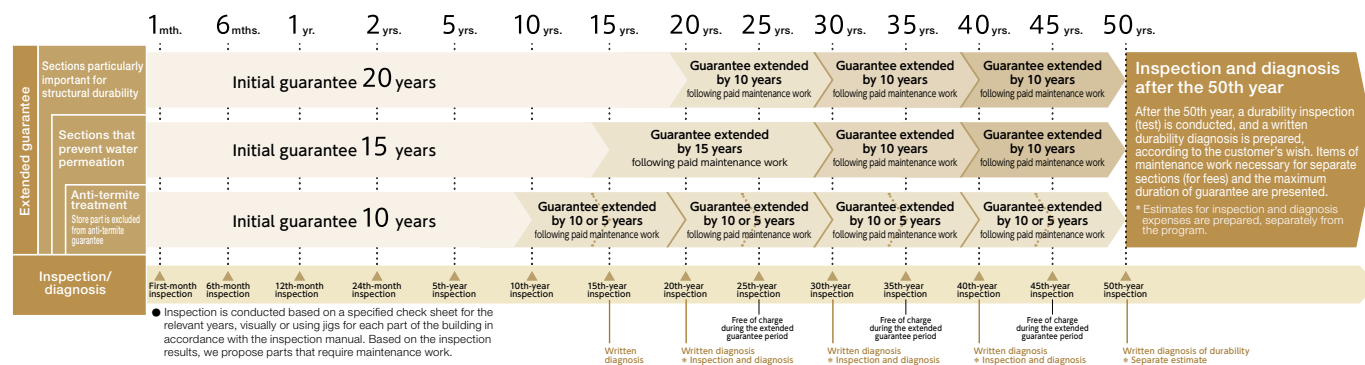
Daiwa House Industry considers housing to be an important asset, and provides a wide variety of maintenance services. We intend to further enhance the support system to protect housing value, ensure security, and provide customers with the pleasure of living in their houses.

As after-sales support for single-family house owners, we provide a package of support services called "AQASSET," covering areas from housing maintenance and reforms to brokerage services for the buying and selling of real estate in the future, and daily life-related services. We, together with Group companies, will provide continuing support in order to create deeper relationships with our customers.

AQASSET



■ AQ Support xexo, an inspection and guarantee program of single-family houses



[Rental Housing] **Total Support System “DAPS”**

We offer our total support system “DAPS” for customers who have become owners of rental properties. As a reliable partner, we provide long-term and comprehensive support for stable management, including free housing inspection conducted every five years, a guarantee for up to 40 years, and consultation about buildings, management and property inheritance.

[Single-Family/Rental Housing] **Daiwa House Customer Center**

We aim to build an endless partnership with our customers. To this end, we have opened a Customer Center as a concierge desk to handle various queries regarding houses and buildings. The Customer Center (toll-free/24-hour, 365-day operation), in cooperation with individual branch offices, provides information on periodic inspections and maintenance support. Moreover, the Daiwa House Group offers a wide variety of services ranging from house cleaning to renovation, the buying and selling of houses, leasing, and moving services.

To become a long-term, reliable housing consultant and partner, we serve our customer needs with the spirit of “together with our customers.”



Column

Post-disaster responses

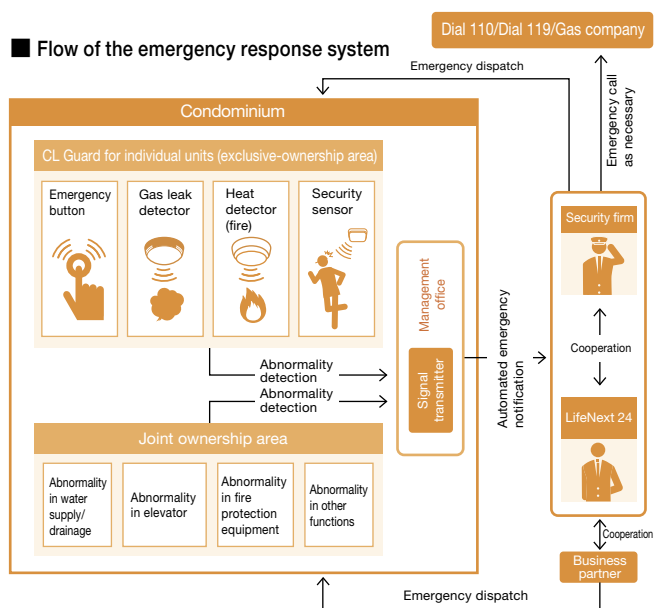
From shortly after the occurrence of an earthquake, we started to confirm the status of damage to houses by making phone calls or visiting our customers living in the affected areas. Inspections of houses were also conducted by our employees. We were praised by our customers for these post-disaster responses. Some house owners said that although their houses were hit by the earthquake, they were able to continue living there with a sense of security.

[Condominiums] **Proposing a Long-term Repair/Maintenance Plan**

Appropriate maintenance and repair work is essential to maintaining the asset value of a condominium. The specialized staff of the Daiwa House Group's condominium management company design and propose a long-term repair/maintenance plan (maximum of 40 years) tailored to individual condominium units. We provide customers with comprehensive after-sales support through our condominium management company.

[Condominiums] **Emergency Response System “LifeNext 24”**

We have established the “LifeNext 24,” an emergency center operating 24 hours a day, 365 days a year.



* Monitoring items differ, depending on the specifications of the condominiums.

© Emergency center “LifeNext 24” has been established within Daiwa Lifenext Co., Ltd., a condominium management company of the Daiwa House Group.

[Business/Corporate Facilities] **GR (Good Relationship) System**

We have established the GR (Good Relationship) System to provide support and services to corporate customers. In this system, we suggest forums for exchange and up-to-date information that can help the revitalization of business activities. We also make proposals for renovation and re-building in accordance with long-term visions for a longer lifetime of buildings.

[Commercial Facilities] **24-hour Customer Service Call Center**

Our customer service call center provides after-sales support 24 hours a day, 365 days a year, so that after delivery, customers can use buildings in a more worry-free and comfortable manner. Based on the reports and complaints the call center receives, we will conduct improvement activities, information on which will be distributed to our customers. We also strive to enhance the call center's service functions.



Co-creating a Brighter Future with Our Customers

Sustainable consumption

Our Policy

To establish a sustainable society, measures must be taken to reduce impact on the global environment. Daiwa House Industry shares the goal of the Basic Act for Housing to “produce high-quality products, take good care of them, and use them for many years,” and pursues the development of less environmentally impacting products and methods, while establishing a support system to maintain product performance for a long term after the delivery of the building.

The essence for maintaining housing performance is to continuously undertake detailed care and cleaning. At the same time, it is important to renew and repair degradation over time in a planned manner, while introducing various ideas and appropriate renovations in response to changing lifestyles. We also consider that it is our mission as a leading company to support education to children concerning such “housing styles.”

From these perspectives, we contribute to a sustainable society through the maintenance of buildings over a long period of time, supported by customer-oriented partnerships between our company and our stakeholders, where we can learn from each other.

Related subject: P87 Contribution to reducing CO₂ emissions through our products and services

Management

We provide a visiting inspection service based on the long-term housing guarantee. On this occasion, our inspection staff provide customers with advice concerning housing maintaining, which is also available in periodic booklets sent to customers and on the exclusive website.

In addition to customers, we also provide delivered classes at elementary and junior high schools concerning comfortable housing styles. We identify and analyze the number and details of sessions of such next-generation development support activities across the Group, and continuously develop materials and make other improvements to help our employees provide better educational support.

Measures Being Taken

Widespread Proliferation of Housing that Meets the Requirements for a Housing Removal Support System

Japan Trans-housing Institute (JTI) has implemented a housing removal support program for the senior generation, wherein JTI rents a house from its owner aged 50 or over and leases it to a family with children. The advantages of this program are that the property owner can expect a stable house rent income for the rest of his/her life in the best case, and that the property user can rent a house at below market price.

Our customers who purchase our newly built single-family houses, regardless of age, are eligible to use this JTI program to lease their old or new houses. This program helps families raising children and senior retirees to change their residence or move from an urban area to the suburbs.

This program provides not only advantages to families raising children and seniors but also the social significance of effectively utilizing houses that no longer fit the residents’ lifestyles, as societal property.

Striving to Meet Global Needs

By 2055, when our company will celebrate its 100th year in business, the global population is estimated to exceed 9 billion, with the world expected to face more serious issues, such as environmental problems and a super-aging society. As a total life service provider, we are committed to promoting our business on a global scale, from the standpoint of what is needed by society, free from the constraints of construction services.

Efforts Toward “Social Integration Standards”

In the housing business as our core, we have introduced “Friendly Design,” our proprietary design concept aiming at producing housing space that can permanently remain friendly with all families, based on the concept of universal design to facilitate easy use by all users. We examine safety and comfort into the future of residents in the design stage, and realize housing that is pleasant for all families, including the elderly and children.

Town Planning based on “Social Integration Standards”

Our company also undertakes projects for establishing towns as social infrastructure.

Towns are inherited over decades and centuries, from generation to generation, and formulate social assets. We endeavor to form better social assets that will lead problems that are facing society to resolution, through barrier-free and other approaches to realize easier use by all residents, by proactively reducing CO₂ emissions through energy conservation and energy creation, and through many other measures.

Related subject: P65 TOPICS Town Planning by the Daiwa House Group

Column

Lectures on consumer issues delivered at universities

Our company has cooperated in a donated lecture series “Corporate Social Responsibilities and Consumer Education” sponsored by the Business Ethics Research Center, and has delivered classes since fiscal 2014.

In fiscal 2015, the lecturers spoke about consumer issues that surrounded our company as the main theme, and detailed the development of rental housing that residents could rent with peace of mind. University students listened intensely to the lectures and learned that we are a company that not only provides housing products and services, but also offers value to consumer life as a whole, from a broad perspective.



Lecture by a Daiwa House Industry employee at a university

Co-creating a Brighter Future with Our Employees

| | |
|--|-----|
| Message from the Executive Officer in Charge | 035 |
| Employment security and fair evaluation | 037 |
| Health and work safety | 038 |
| Promoting diversity | 040 |
| Consideration of diverse ways of working | 042 |
| Human resource development | 043 |





Co-creating a Brighter Future with Our Employees

Message from the Executive Officer in Charge

Social issues

Enterprises both large and small are facing serious human resource issues, affected in part by the aging population and declining birthrate, people switching jobs more readily, and working styles diversifying. To hold onto talent, and get the most out of limited labor resources, enterprises are looking to women and seniors to play a more active role.

But for women to have a chance to excel, more workplaces need to provide childcare leave and there needs to be more social infrastructure, such as a greater number of nursery schools to solve the problem of children on waiting lists for admission. A separate issue is a rise in the number of workers who develop mental disorders due to work-related stress.

The estimated number of fewer workers in the labor force between 2010 and 2030

9.54 million

Source: Japan Institute for Labour Policy and Training, "Labor Supply and Demand Estimate—Policy Simulations based on Labor Supply and Demand Model (2012 version)"

Percentage of worksites with workers who have either quit or taken off one month or more due to a mental health issue in the last year

10.0%

Source: Ministry of Health, Labour and Welfare, "2013 Occupational Health and Safety Survey" (fact-finding survey)

Vision and strategy

What the Daiwa House Group aims to achieve

Creating workplaces that are motivating and a source of pride using a bottom-up approach

The Daiwa House Group considers people—our own employees—to be the corporation's greatest asset. Daiwa's founder believed that a company is built upon the energy of those who make things happen at ground level and we carry on that spirit.

We therefore instill in our employees the importance of a bottom-up approach to management that follows a company philosophy to "develop people through business." Working in the construction industry, our company is good at providing a solutions-based business approach. We recognize that the issues faced by customers and the local community around a construction site are not one and the same. For our employees to contribute autonomously to society, they must go on-site and find out what issues exist, then work with optimism and a strong will to turn people's dreams into reality. In the process they themselves will grow and become able to lead others. The company also actively promotes diversity to bring in useful, new perspectives to solve social issues with fresh ideas.

Based on our founder's idea that we pursue business to benefit society with a spirit of greater harmony, we aim to create workplaces that generate more motivation and pride than any other company. We want all of our employees to feel this sense of mission and become aware of how the work they are doing serves society.

Risks and opportunities for the Daiwa House Group

The Group has approximately 57,000 employees, which means many kinds of personalities and diverse capabilities. If we are able to continue providing an environment that brings out the best in everyone, we will certainly be able to maintain steady growth as a company. In contrast, if inadequacies appear in the work environment we will lose our competitiveness.

The Daiwa House Group works to create a personnel system and corporate culture that together encourages personal growth and promotes diversity and enables a variety of working styles.

Risks

- It will be difficult to attract and hold on to highly capable individuals unless we are flexible in meeting the needs of employees of all types from a range of backgrounds.
- Women's loss of opportunity for advancement due to marriage or child-rearing is a significant loss to the Group.
- Absence due to illness or injury lowers the productivity of the organization.

Opportunities

- A workplace in which diverse personnel can work together facilitates the emergence of new ideas, which will lead to the development of products and services that accurately meet the diversified needs of customers.
- Also, allowing flexible working styles to support employees in different life stages leads to attracting and holding onto talented individuals.

Goal and results

Important themes to address

Developing Human Resources

Based on the philosophy that people are our greatest asset, we develop human resources by offering on-the-job training plus additional training opportunities to improve results. We also strive to give every employee a fair opportunity to develop their abilities and career without discrimination. Especially as we approach our 100th anniversary, we are working to train new recruits, who will be our next generation of leaders, and discover and train talented individuals to become managers.

Providing a safe and healthy work environment

Keeping employees safe and healthy is not simply a company's social responsibility. To this Group, healthy employees are a significant plus to management, as productivity rises. We therefore created a new health promotion system that includes management of the results of health checkups and unique "proactive health management" to keep people healthy and able to work with vitality.

Elimination of discrimination and provision of equal opportunities

We offer flexibility in employee working styles and have in place many work-life balance support systems to actively meet the needs of employees of all types from many different backgrounds. We do not fit people into positions but try to create a working environment that allows people to choose from various working styles to find the one most suitable for them.

Summary of efforts in fiscal 2015 (CSR self-assessment index)

By linking work-life balance to management assessments at worksites, and by encouraging people to take time off, the rate of paid leave taken rose significantly from 36.2% in the previous year to 45.9%. We are also seeing a steady rise in the percentage of women in management positions, which has now risen above the average for the construction industry.

Percentage of young employees who acquired qualifications (real-estate transaction specialist and second-class architect) within three years of joining the company

FY 2015 results **24.3%**

Number of times of participation in company-wide training programs per employee

FY 2015 results **1.3 times**

Rate of obtainment of paid holidays

FY 2015 results **45.9%**

Number of labor accidents (on-site)
[Rate of decrease from previous FY]

FY 2015 results **-2%**

Rate of employees with disabilities

FY 2015 results **2.19%**

Employee satisfaction survey

FY 2015 results **62.4 pts**
(Degree of job motivation)

Percentage of female managers out of the total managers

As of April 1, 2016 **2.5%**

(Average for the construction industry: 1.1% according to a MHLW survey)

Moritaka Noumura

Executive Officer
General Manager, Human Resources Department
Management Administration





Co-creating a Brighter Future with Our Employees

Employment security and fair evaluation

Our Policy

Daiwa House Industry considers its people to be the company's greatest assets. Based on this position we place great value on hiring a diverse range of individuals and having them work actively through the medium and long term. We wish to see the direction and goals of the company and employees merge, giving each individual a sense of purpose and pride in their work. This will, in turn, stimulate growth and development for both the individual and the company. To facilitate such a positive orientation we want to create an environment in which the individual talents and full potential of our employees can be demonstrated. Toward this end, fair and highly transparent evaluations are of utmost importance.

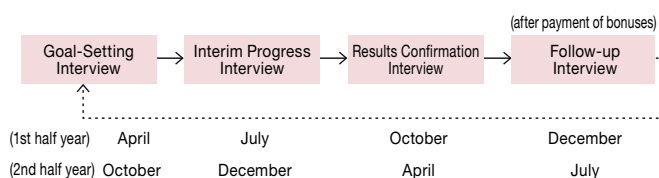
Management

All employees are evaluated under a goal management system and an assessment interview system, with assessments performed with fairness on the basis of the goals set by subordinates in consultation with their superiors and their achievement of those goals.

The goal management system (for managers) is an open evaluation system based on making a results-oriented approach more specific, objective, and impartial. It is aimed at developing management-caliber human resources. The system is applied in six-month cycles, with employees and their bosses meeting with each other to set goals and determine the degree of difficulty and priority of achieving those goals. Regarding the evaluations themselves, superiors provide feedback to their subordinates in interviews and discuss to what degree goals were met and where to make improvements. Personnel evaluations are based on both the achievement of goals (results) and the processes of working toward those goals (demonstrating latent capabilities, specific action).

The system of assessment interviews (for regular employees) is aimed at enhancing communication between superiors and subordinates, strengthening human resource development, improving motivation with regard to roles and results (performance), and gaining a wider understanding for these clarified evaluation criteria and evaluations. As shown in the chart below, superiors and subordinates meet with each other to set goals, check on interim progress, confirm results, and have a follow-up interview once per quarter. Personnel evaluations are based on two types of evaluation. One is a comprehensive "results/performance evaluation" that examines the quantity and quality of results achieved every six months from the viewpoint of productivity. The other is a "competency evaluation" that examines how much an employee has demonstrated his or her abilities in the course of carrying out their duties—in the processes that lead to results. The weight given to these two types of evaluation differs according to the level of the company position—the higher the level, the greater the importance placed on results and performance.

With regard to employment security, we have improved and expanded our systems that deal with specific employment issues, such as a system that allows senior employees aged 61 or over to continue working and a support system for employees who have a difficult time balancing work and home life, either raising a child or caring for an elderly parent. Plus, we continue to improve these systems, periodically carrying out employee surveys to stay aware of the issues people are facing.



Measures Being Taken

Employment and Turnover

As of April 2016, Daiwa House Industry had 15,267 full-time regular employees. In fiscal 2015, the company newly hired 851 full-time regular employees (685 new graduates and 166 mid-career recruits). In April 2016, 740 new graduates (528 men [71.4%] and 192 women [28.6%]) joined the company. The rates of employee turnover for voluntary reasons in the last three years were 2.3% in FY 2013, 3.0% in FY 2014, and 2.6% in FY 2015. In FY 2015, no dismissal took place for the reason of personnel reduction.

Limited-Term Contractual and Temporary Employees

As of April 2016, Daiwa House Industry had 933 limited-term contractual employees, 86 post-retirement specially commissioned employees, 92 employees on probation, and 681 part-time employees, that is, a total of 1,792 employees on a limited-term contract. As of April 2016, 10.5% of the company's employee body including full-time regular employees (17,059) were limited-term contractual employees. As of April 2015, the company and 893 limited-term contractual employees, 54 post-retirement specially commissioned employees, 67 employees on probation, and 651 part-time employees, that is, a total of 1,665 limited-term contractual employees. Their percentage of the total number of employees (16,527) was 10.1%, thus remaining almost unchanged from 2015 to 2016.

Creating a Secure, Pleasant Working Environment

Daiwa House Industry takes measures to create a pleasant working environment that resolves issues faced by many types of employees and allows them to continue working.

In fiscal 2013 we raised our mandatory retirement age from 60 to 65, and in fiscal 2015 the company launched the Active Aging Program for re-hiring personnel past the age of 65. This program allows older workers to continue working on renewable contracts without an age limit. Such measures assure secure employment for employees who previously had been forced into retirement when they reached a certain age. It addresses issues being faced by older employees and includes measures designed to draw out their abilities.

Also, to deal with the social issue in Japan of employees quitting their jobs to take care of small children or elderly parents, the company has systems in place to support both childcare and career development, as well as a support system that can accommodate employees who provide various kinds of nursing care.

Remuneration

In FY 2015, the average amount of annual remuneration was 8,629,970 yen per employee. The Daiwa House Group (including Group companies outside Japan) adheres to the rule of remunerating its employees above the legally mandatory minimum wage prescribed by law in the respective countries.

Employee Questionnaire Survey

At Daiwa House Industry, matters that require the signing of a labor-management agreement are subjected to preliminary deliberations between labor and management for decision-making. To create a workplace environment in which every single employee can work in a spirited manner and to further increase employee satisfaction, the company organizes a questionnaire survey regularly to collect employees' opinions and reflect them in a range of personnel systems.

Health and work safety

Our Policy

The Daiwa House Group considers the health and safety of its employees to be a key factor in the Group's continued advancement.

As modes of work adapt to changes in society that include increasing globalization and an aging population, we see an increasing need for employee health care—both mental and physical.

There is a need for even greater safety on construction sites and at workplaces involved in distribution, as well. Efforts to improve safety need to be taken not only in-house but also in collaboration with our business partners and subcontractors. With this awareness, the Daiwa House Group aims to build healthy, safe working environments and more pleasant workplaces. We are committed to actively maintaining and improving the health and occupational safety of our employees.

Our Occupational Safety and Health Policy

Daiwa House Industry sets a "Basic Policy to Promote Safety and Health at Work" each fiscal year, and we work with employees to create safe workplaces and working environments. For subcontractors, every fiscal year we set the "Basic Policy of the Daiwa House Industry Partner Companies Confederation" based on the keywords "co-creating a brighter future" which sets the direction for safe manufacturing and the pursuit of safety-first worksites.

Basic Policy to Promote Safety and Health at Work

Each fiscal year we issue this "Basic Policy to Promote Safety and Health at Work" for employees to determine what targets need to be set in terms of occupational safety and health. To clarify and reach these targets, each worksite creates an occupational safety and health management plan that it shares with its employees and subcontractors through a safety and health committee and councils. The targets are based on a full understanding of our Basic Policy to Promote Safety and Health at Work also help to strengthen our occupational safety and health management system, with the aim of maintaining clean, safe working environments that promote high work efficiency with zero accidents.

Management

Health Management

Daiwa House Industry has developed a system for determining the health status of employees by working with Health Insurance Union. Outside experts analyze and evaluate the information obtained and offer advice for improving health care.

Safety Management

Daiwa House Industry holds regular meetings of the "Central Occupational Safety and Health Management Committee," which is composed of company executives and heads of the technology, production, and administrative divisions. The committee meets to get a solid grasp of the current state of occupational safety and health at the company and to discuss related measures. The details of the meetings are announced at a board of directors' meeting and are incorporated into the process of setting the "Basic Policy to Promote Safety and Health at Work"

Based on this basic policy, safety and health committee meetings are held regularly at each worksite, following the objectives that are aimed at sharing and disseminating information on health and safety.

Progress on measures being taken is shared at monthly meetings of the safety and health committee at the head office, which is an example of specific management action. The committee focuses primarily on carrying out the specific actions below, and meeting minutes are distributed via the company intranet to all head office employees.

Measures Being Taken

Periodic Medical Examination

In fiscal 2015, 97.8% of Daiwa House Group managers and employees took a periodic medical examination. At Daiwa House Industry, we make company-wide efforts to attain a 100% coverage of employees in the medical examination. From fiscal 2013, for three consecutive years, we attained 100%. As for follow-up on employees who received special remarks in the medical examination, 97.6% of them had a second examination in fiscal 2015.

In the future, we intend to continue making efforts to maintain and enhance employees' health, attaining a 100% coverage of Group employees in the periodic medical examination. Furthermore, we will aim for full coverage by a second examination of employees singled out for it, for early detection of disease, early commencement of treatment, and optimal management of health risks, which are the main objectives of the periodic medical examination. In fiscal 2015, 95.3% of the employees took a specified medical examination. The company provides specified health instructions by organizing a health improvement program, encouraging the employees to proactively look after their physical health.

Medical Examination of Employees Putting in Many Hours

At Daiwa House Industry, the company's occupational health physician is requested to check the results of the periodic medical examination and provide necessary advice.

In compliance with the Occupational Safety and Health Act, under which a medical examination is mandatory for those who put in exceptionally long hours, the company requires employees whose monthly total of overtime work and work on holidays exceeds 80 hours (including executives) to have an interview with the occupational health physician and receive instruction to prevent health problems.

Mental Health Care

Daiwa House Industry promotes measures for different types of care in accordance with the company's mental health enhancement plan.

Self Care

In December 2011, we adopted a system that enables employees to self-evaluate their status of stress. We will introduce in July 2016 a new stress-check system to align with the regulatory revisions made to the Occupational Safety and Health Act of Japan in December 2015.

Line Care*1

The company provides an educational program to newly appointed managers and supervisors in which they can obtain basic knowledge about line care, including the prevention of mental ill health, responses to mentally ill subordinates, and improvements in the workplace environment.



Co-creating a Brighter Future with Our Employees

Professional Care in and outside the Workplace

To ensure the effective functioning of self care and line care, Daiwa House Industry works in collaboration with EAP*2 organizations and occupational health physicians, as well as doctors treating the employees concerned, to improve the workplaces. Under the Employee Assistance Program (EAP) introduced in May 2008, which fully protects the privacy of service users, employees can consult professional counselors (by telephone or in person) without the company finding out. The company also introduced counseling services by EAP organizations that visit the worksites, enabling many employees to find out about the services available and thereby putting in place a system accessible to all. For employees who are on leave due to mental ill health, we have established a program of assistance by the company, an occupational health physician, and an EAP organization working in collaboration. Employees can benefit from their support toward smooth resumption of work. Once they return to their workplace, they are allowed to work on reduced hours during a “warm-up” period, to eventually resume a normal working life under manageable conditions.

*1 Line Care: A supervisor checks the stress level of his or her subordinates, checks if they are appropriately handling their stress, manages and instructs them, and makes considerations so that the subordinates can stay healthy both mentally and physically and remain capable of executing their work.

*2 Employee Assistance Program (EAP): A set of initiatives in the workplace aimed at mental health maintenance.

Industrial Accident

In the last three years, one employee has died of asbestosis. This case was recognized as an industrial accident.

Occupational Safety and Health Education

Safety and health education encompasses safety education for construction workers by position (management level/mid-level/low-experience employees), together with recurring education on specific topics such as scaffolding, heavy machinery, asbestos, or building construction. It also involves systematic annual training and education for subcontracting business owners, supervisors (in charge of safety), and workers, which includes special training and other safety-related education.

Responses to Contagious Diseases

To manage risk, the company issues alerts related to contagious diseases to all Group employees based on warnings issued by the Ministry of Foreign Affairs and World Health Organization (WHO). In the past, when warnings were issued regarding severe acute respiratory syndrome (SARS) in 2003, a new strain of influenza in 2009, Middle East respiratory syndrome (MERS) in 2015, and dengue fever, the company warned employees working in affected areas overseas to take extra precautions, and issued a travel advisory to all employees about dangerous regions in order to prevent contagion.

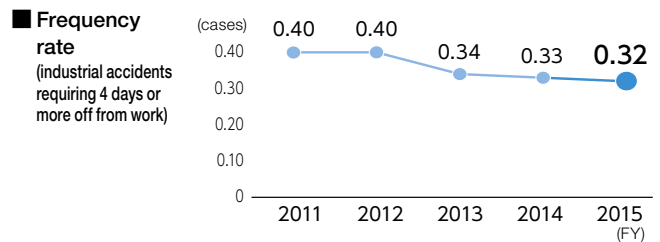
Industrial Accidents (requiring 4 days or more off from work)

| | FY 2011 | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|--------------------|----------|----------|----------|----------|----------|
| Construction sites | 31 cases | 45 cases | 44 cases | 48 cases | 47 cases |

Frequency of Industrial Accidents (requiring 4 days or more off from work)

| | FY 2011 | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|----------------|---------|---------|---------|---------|------------|
| Frequency rate | 0.40 | 0.40 | 0.34 | 0.33 | 0.32 cases |

Frequency rate represents the number of industrial accidents that have occurred involving worker injury or death per one million hours worked.



No. of Industrial Accidents (target: employees; excluding industrial accidents at construction sites)

| | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|------------------|---------|---------|---------|---------|
| No. of accidents | 5 cases | 2 cases | 2 cases | 3 cases |

Occupational Safety and Health Education in FY 2005

| No. of attendees | Education for mid-career employees | 1,820 |
|------------------|------------------------------------|-------|
| | Training upon new job appointment | 1,039 |

Mental Health Course

| | FY 2013 | FY 2014 | FY 2015 |
|------------------|---------|---------|---------|
| No. of attendees | 6,902 | 4,947 | 5,472 |

Crisis Management

Daiwa House Industry is making efforts to be more resilient in the face of disaster. For example, Group companies regularly share information on BCP, and we maintain emergency supplies for use in times of disaster.

We are also introducing equipment to better respond in times of emergency. One example is the early earthquake warning system* installed at the head office, branch offices, and plants in anticipation of a large-scale earthquake. The system detects initial tremors and predicts when an earthquake will strike and at what intensity. Enabling optimal initial responses upon the occurrence of an earthquake, this system ensures the safety of our customers and employees at the Head Office, branch offices, operating sites and plants. To ensure that appropriate first moves can be made in an emergency, we conduct simulated drills twice a year, using the warning system to transmit signals.

Daiwa House Industry and 16 Group companies have introduced a safety confirmation system to check the safety status of employees following the occurrence of an earthquake. This system is activated when an earthquake of a pre-registered seismic degree or larger has occurred, and sends email messages to the cell phones, personal computers, and other terminals of employees living in areas that are likely to be affected. At the time of the Great East Japan Earthquake in March 2011, this system enabled the company to quickly and accurately account for the employees and their families in the affected areas and learn about the conditions of damage to our facilities. Daiwa House Industry conducts two safety confirmation drills each year.

In addition, we introduced IP radio transmitters to assure that communications between worksites does not fail even when telecommunications infrastructure goes down.

* The warning may be delayed if the epicenter is near the location or if the earthquake occurs directly below the grounds of the site.

Promoting diversity

Our Policy

Daiwa House Industry considers employee diversity to be a tremendous strength. As a way to assure the sustainable growth of the company, we promote the hiring of people who have bring to the job a variety of experiences, abilities, and attributes, which are reflected in different values and points of view. In our Fifth Medium-Term Management Plan we incorporated the promotion of diversity into our objectives to strengthen the company's human resources foundation, made possible by offering a welcoming environment for people of all backgrounds. We are also building and expanding our systems to enable women and older employees to work more actively, and are extending systems to support more flexible working styles.

Management

Our numerical target for women in management positions throughout the Group is 500 by 2020 (including 200 at Daiwa House Industry itself). Daiwa House Industry has established a Diversity Promotion Office to help advance the careers of women. We provide career education for women and have also improved upon our system that allows individuals to continue working while going through significant events in their personal lives. Every year we check our progress on how fast the company is moving to achieve these numerical targets of women in management positions. We periodically conduct employee surveys to determine the issues being faced and help in implementing policies for raising awareness and creating workplaces that allow individuals from diverse backgrounds to thrive on the job.

Measures Being Taken

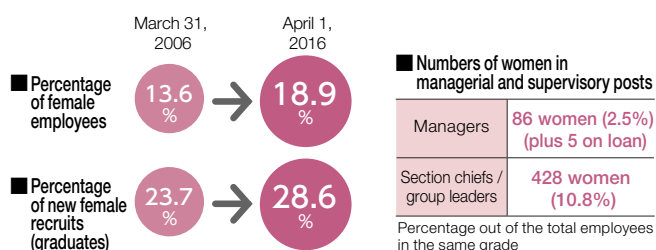
Promoting Women

As of April 1, 2016, 18.9% of the company's employees were women. Their average length of employment was 9.6 years. In FY 2016, 28.6% of the employees newly hired immediately after graduation were women.

In addition, the ratio of female employees to employees overall has been rising year by year—from 19.8% in 2014 to 20.2% in 2015 and 21.6% in 2016.

(1) Development of women managers

As of April 1, 2016, there were 86 female managers (2.5%, excluding those on loan) (plus 5 on loan) and 428 female section chiefs or group leaders (10.8%). The number and ratio of women in management positions in the Group overall was 166 (2.6%) in 2014, 200 (3.0%) in 2015, and 240 (3.4%) in 2016. We are working to encourage a corporate culture that actively encourages women to become managers. We aim to quickly boost these figures and achieve our goal of 500 by FY 2020.



(2) Expansion into Sales and Technical Divisions

As of April 1, 2016, women accounted for 8.1% of the Daiwa House Industry employees in sales posts (up 1.0% from the previous year), and 11.4% of those in technical posts (up 0.4% from the previous year). Continuing from last year, as a women's support program in the sales division, career training was held for women in sales positions by department and talks were given to managers on training women. In the engineering division, additional programs included holding information exchange meetings among female engineers by district in the housing construction department and holding interviews to anchor our female engineers upon returning to work from childcare leave.



Information exchange meeting for young women in sales

(3) Selected as a Nadeshiko Brand company (for second consecutive year) and as a New Diversity Management Selection 100 enterprise in FY 2015

Daiwa House Industry is the first company in the housing and construction industry to receive both the Nadeshiko Brand (METI/TSE) and New Diversity Management Selection 100 (METI) awards at the same time. It is our second consecutive year to earn the Nadeshiko Brand recognition.

We began promoting women's advancement in the company in 2005 by making changes in the human resources system and providing training for female employees by position and level. We also introduced productivity per hour as a component of performance evaluation at our business sites to promote improved working styles.

Additionally, we began a project run entirely by female employees to sell single-family houses to working couples, and started in-house recruitment of female employees working at clerical jobs to become follow-up service inspectors. We select individuals for promotion based on ability and inclination, regardless of gender and career path when newly hired. These policies and measures have expanded the range of work and opportunities for female employees and have also resulted in improved customer satisfaction. Such outcomes led to our New Diversity Management Selection 100 award.



Female follow-up service inspector, who switched from a different position



Co-creating a Brighter Future with Our Employees

(4) The Third D's Women's Forum

The Daiwa House Group is trying to accelerate change in our corporate culture to encourage further diversity. In 2013 we began organizing the D's Women's Forum, which aims to encourage women to play more active roles throughout the Group. The third annual forum was held in July 2015 and a total of 218 managers and female manager candidates from 26 companies attended the forum, along with 34 observers from management. The managers participated as advisors in the group discussions, which raised many ideas on how to further utilize the strengths of women in the Group's management and led to highly energetic exchanges.



D's Women's Forum

■ Women in the Daiwa House Group

| | |
|--------------------|-----------|
| Managers | 240 women |
| of which Directors | 12 women |

Promoting Post-Retirement Re-hiring

Following the revision of the Act on Stabilization of Employment of Elderly Persons, Daiwa House Industry raised its mandatory retirement age from 60 to 65, starting in fiscal 2013. Under the company's previous post-retirement re-hiring system, re-hired employees were on a limited-term contract, with a fixed salary. The new mandatory retirement age alone has already brought about greater employment stability to elderly personnel. Still, the company has also adopted a new system in which the performance of individual re-hired employees is evaluated and reflected in their salaries. This system is expected to further motivate elderly employees to produce results commensurate with their remuneration.

In fiscal 2015, the company launched the Active Aging Program for re-hiring personnel past the retirement age of 65. Promoted under the slogan, "Stay active all your life," this program enables elderly employees valued by the company to continue working on a renewable one-year contract without an age limit. The system was utilized by 11 of 30 individuals who had retired at the end of FY 2014 and by 37 of 52 who had retired at the end of FY 2015. As of April 2016, 48 senior employees are thus active in the company educating younger employees and transferring their skills and contacts.

The expanded employment of elderly personnel will not strain the employment situation of younger generations.

Promoting the Employment of Persons with Disabilities

Daiwa House Industry's rate of employment of persons with disabilities was 2.19% (as of April 2016), above the legal mandatory rate (2.00%). Instead of assigning employees with disabilities to specific types of work, the company assigns them to a wide variety of sections including sales, design, construction, and administration, in consideration of their aptitudes, as with employees without disabilities. The company is striving to realize a workplace environment in which employees with disabilities can work in a truly rewarding manner while enjoying the understanding of their healthier colleagues.

Consideration of diverse ways of working

Our Policy

A diverse range of working styles allows individuals to establish a proper work-life balance—a concept that Daiwa House Industry considers to be vital. We wish to enhance work-life balance by providing a range of work situations and roles that people can fill at the company. We want individuals to feel motivated to work and choose the working style that is right for their personal lives.

Management

Daiwa House Industry has systems in place to enable a diverse range of people to work at the company for many years. Our organizational system offers choice in job categories and allows employees to choose their working hours flexibly, even employees working shortened workdays. We also have a system to support child-rearing and a system to promote work-life balance.

Measures Being Taken

Promoting Work-Life Balance

As Daiwa House Industry proceeds on its way toward realizing the goals of its Medium-Term Management Plan, we are aware that it is necessary to secure and develop sufficient human resources, and it is therefore essential to assist employees in achieving a good work-life balance, by accommodating their diversifying ways of working.

Child Care-Related Support Systems

In addition to the systems we put in place earlier—a childcare leave of absence available until the child turns 3 years old and shortened work hours in preparation for giving birth and for raising a child until the child enters the third grade of elementary school—in FY 2015 we instituted a staggered work shift system available until the child enters the sixth grade of elementary school. This new system meets the needs of employees who want to work the same number of hours but in a way that allows them to handle their parenting duties. To encourage fathers to participate in child-rearing, in 2007 we began offering “Hello Papa” holidays—five consecutive holidays to which male employees are entitled from the day of the child’s birth. As of last year, 165 male employees had taken advantage of the system.

To encourage couples to have children, which helps to stem the declining birth rate in Japan, the company provides a one-time allowance for child birth: 1 million yen per child. In FY 2015, 667 births were eligible, raising the total since the introduction of the system to 7,254.

Support System for Nursing Care

Daiwa House Industry introduced a system of “reduced working hours for nursing care” in 2010 to help employees who provide nursing care, followed by a nursing care leave of absence system in 2012 that removed the upper limit on the number of days of leave. The creation of such systems has made it possible for employees to provide nursing care without being forced to quit their jobs. In 2015 we introduced a “staggered work shift for nursing care” system plus a “work shift for nursing care” that allows employees who are providing long-distance nursing care to travel back to their home areas up to four times a year to visit their parents. We offer a range of support choices for employees, depending on the type of nursing care they provide.

Work-Life Balance Promotion-Related Systems

Other systems include an accumulated paid leave system that allows employees to accumulate up to 100 days of unused paid leave, the ability to use paid leave in one-hour units, and a “Home Holidays” system that allows employees to use their annual paid holidays systematically to spend more time with their family at home or refresh themselves. We also have a preferential re-hiring system that gives priority to former employees who had resigned for such reasons as to get married, give birth, or provide nursing care.

Utilization of the Systems in Fiscal 2015

| | | | | | |
|--|---|-----------------|-----|--------|-----|
| Holidays (leave) relating to child care (e.g. child care leave) | | 292 employees | | | |
| Break-down | Long-term (1 month or longer) | Male | 2 | Female | 129 |
| | Short-term (e.g. "Hello Papa" holidays) | | 165 | | — |
| Nursing care leave | | 2 | | | |
| Reduced working hours for child birth and care | | 381 | | | |
| Reduced working hours for nursing care | | | | | |
| Staggered work shift (for childcare / nursing care) | | 87 | | | |
| "Home Holidays" | | 14,889 | | | |
| Paid holiday accumulation | | 140 (3852 days) | | | |
| Rate of obtainment of paid holidays | | 45.9% | | | |
| System to support taking care of parents | | 138 (246 times) | | | |



Elimination of Excessively Long Workdays

In an effort to change the corporate culture and raise productivity through the transformation of working styles, we introduced hourly productivity as a component of performance evaluation at our worksites in FY 2014.

The many measures we have introduced include a “lockout” system that keeps people away from work outside of the hours of 7:30 a.m. and 9:00 p.m., a system that requires advance approval for overtime work (blocking computer access without prior approval), a system for making overtime work “visible” by sending an alert to the computers of both managers and their subordinates, and the requirement of interviews with directors for those who put in excessively long hours.

To encourage employees to take their paid leave, in FY 2015 we began implementing a company-wide system of yearly planned vacation days. Also, we incorporated the taking of “home holidays” into performance evaluations. As a result, the number of days taken increased in FY 2015 by 9.7 points year-on-year to 45.9%.

Such measures were effective in reducing the number of hours worked per employee in FY 2015 to 2,213 hours (from 2,272 hours in FY 2014) and annual overtime to 378 hours (from 422 hours in FY 2014).

Conditions of Work and Social Protection

The company guarantees that employees on long-term sick leave due to ill health or injury unrelated to their work receive a monetary gift from the company, a sickness allowance from Daiwa House Industry Health Insurance Union, and an allowance of the same amount as the standard prescribed salary of the recipient concerned from the Employees’ Mutual Aid Association.

Employees whose personal property is damaged due to fire, flooding, earthquake or other disaster also receive an allowance.



Co-creating a Brighter Future with Our Employees

Human resource development

Our Policy

As stated in its Company Philosophy, the Daiwa House Group aims to “develop people through business.” We believe that human resources are the Group’s greatest assets and therefore adopt advanced measures and organize various educational programs for the employees.

Based on the founder’s counsel to “reflect on what businesses and products will be useful to people and that will make them happy,” we anticipate the needs of the times and train people to be bold in taking on challenges and not be constricted by preconceived notions. We want them to thoroughly execute their ordinary work duties, which is the meaning of “being complete in small things.”

We provide various types of training and believe in having people learn by doing. We feel that hands-on training helps individuals to develop and use their abilities and unique talents, which ultimately allows them to make useful contributions to society.

Management

Our management style promotes employees’ growth by linking personnel training to an evaluation system to periodically check on how much learning has taken place.

Our goal management system, employed at the managerial level, uses interviews with superiors to periodically set goals and perform evaluations in order to achieve organizational goals and promote the maturation of managers. Our evaluation and training system for chiefs and regular employees involves interviews at least once every quarter between superiors and subordinates. Superiors give feedback on areas where their subordinates are doing a good job or not. Together they come to a common understanding about areas that will require further training, which leads to the further maturation of the junior employees. The system is set up to allow junior employees to see their assessment results so that they may understand clearly which of their abilities are required by the organization.

Our human resource development methods are divided into on-the-job and off-the-job training. The two systems mentioned above are helping to train employees at all levels. For brand new recruits, we use an “OJT Elders” system that clearly identifies the instructor and provides organizational backing for training.

Regarding “Off-JT” training, as shown in the chart to the right, group training is conducted by position. Daiwa House Industry values employees who take on challenges with confidence and are proactive in volunteering, so some of the group training we offer is optional and requires an application to attend. Even our Off-JT education is aimed at developing autonomy of spirit in our employees.

For Greater Educational Effectiveness

To improve the effectiveness of training, Daiwa House Industry holds monthly HR development liaison council meetings. The Human Resource Center plays a key role in hosting these meetings. Discussions are held not only to share educational content and methods among the instructors from each department, but to consider how best to provide education that allows employees’ personalities and abilities to flourish.

Group companies hold similar meetings on a regular basis involving people in charge of education to exchange information in an effort to develop human resources.

Career Counseling

Sometimes, the innate talents of an employee or their intended career path do not match well and they are unable to make full use of their abilities. This kind of situation is undesirable for both the employee and the company. We promote in-house career counseling to eliminate such personnel mismatches and make it possible for individuals to revive their careers at any time.

Human Resource Development Structure

| Target | Grade-specific education | | Senior executive and future president training | Department/ job-specific training | Branch office education | Support for self-development |
|---|-------------------------------|--|--|---|---|--|
| | Entry-level employee training | Manager and leader training | | | | |
| Directors | | | External seminars for top management team | | | |
| Managers | | Training for newly appointed branch office managers and general managers | Daiwa House Juku | Department/ job-specific specialized training | “Being complete in small things” training, manners training, compliance training, human rights education training, CSR training, etc. | Foreign language courses Support for preparation for official qualification examinations Correspondence courses, etc |
| | | Training for newly appointed managers | Training for branch office manager candidates | | | |
| Mid-level supervisors and general posts | | Training for reinforcing the ability to anticipate problems | | | | |
| | | Training for OJT Elders | | | | |
| | | Training for team leaders | | | | |
| Entry-level employees | Follow-up training | | | | | |
| | On-site training | | | | | |
| | Basic training | | | | | |

Measures Being Taken

HR Development through OJT

OJT Elders

Managers (sales office managers, section managers, and other line supervisors) are responsible for providing on-the-job training in our system that is designed to train and support new employees throughout the organization. OJT Elders assist managers and serve as leaders for carrying out on-the-job training for the entire organization. For them to become influential for new recruits, they need to have character, knowledge, and experience. So, senior employees who are newly appointed as OJT Elders are asked to join a special training program for learning how to provide on-the-job training most effectively. They gain greater awareness of the training of new recruits and learn how to give guidance to and interact with new employees.

Training Support Patrol System

Staff from the Human Resource Center known as “round supporters” go around to each worksite to ensure that the OJT Elders system is functioning smoothly and that guidance and training is being provided consistently to new recruits. They provide support by interviewing such new employees and OJT Elders to check on how well the new employees are progressing and how their training and education are developing.

FA System, In-house Job Offer System

The company supports employees willing to take up new challenges, by instituting various systems that help them expand their horizons and work in a more motivating environment. Such systems include the FA (“free agent”) system, in which employees independently select a department or post of their choice and recommend themselves; and the in-house job offer system. In the last five years, 40 of the 179 candidates have changed posts thanks to the FA system, while a total of 57 employees have changed departments in response to 32 in-house open calls for new members.

Off-JT HR Development

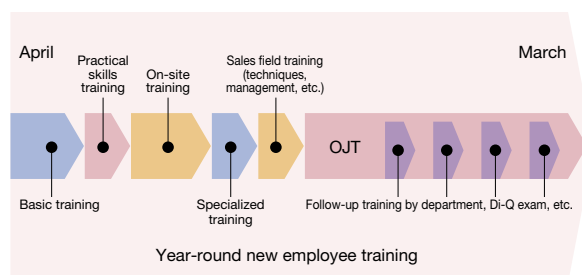
Entry-level employee training

New Employee Training

The first year for new recruits is viewed as an important period during which the foundation is built of their new chapter in life, not only as working adults but also as Daiwa House Industry employees. Therefore, the new recruits undergo an annual educational program following a preplanned curriculum. Following basic training of about one week, new recruits are assigned to their respective departments. Not only employees in construction-related posts but all employees in all job descriptions, from design to sales and administration, receive practical on-site training. In this manner, they acquire specialized knowledge about manufacturing and building construction through firsthand experience. After this, a training program is carried out roughly every three months. The new employees acquire practically applicable knowledge and skills, and their levels of assimilation are checked from time to time.

In July 2007, the company introduces a standardized qualifying examination (Di-Q Examination*) which tests employees' practical abilities against target levels that are required of the employees to operate as professionals.

* Di-Q Examination: An in-house examination that tests the practical skills that employees need for their respective posts to confirm their level of skill acquisition.



Summary of Training Programs

| | Target | Aim |
|---|-------------------------|--|
| OJT training | All positions | The acquisition of practical skills by learning how to view things and how to act on a fundamental level as working members of society |
| On-site training (Japan-based employees only) | Sales | To give even new salespeople a realistic feel for and the confidence to explain buildings by having them visit construction sites and production sites |
| | Engineering | To train engineers to be proficient in manufacturing by showing them the construction process from production to construction—start to finish—plus test runs |
| | Managerial | To give managers a realistic understanding of the buildings we build and sell by showing them how our products are manufactured |
| Sales field training (Japan-based employees only) | Engineering, Managerial | To reinforce the importance of seeing things from the customer's point of view by providing the experience of a salesperson |
| Group Training | All positions | To check on the understanding of basic principles and the level of learning at worksites |

Training for Mid-Career Recruits

Mid-career workers are given the chance to study the company's history, founding spirit, CSR measures, and so on to prepare them for their jobs, teaching them the company's approach and providing evaluation criteria for making decisions.

Manager and Leader Training

Training for Newly Appointed Managers

Newly appointed line managers (office managers, section managers, group leaders) and others are given this training to develop preparedness, leadership skills, practical knowledge and thinking skills to use in practice as persons in charge within the organization.

Training for Reinforcing the Ability to Anticipate Problems <Optional>

This training is for supervisors who are recommended by their superiors because they were able to put into practice things they learned from a course given upon their appointment to a post. These employees are considered to have the ability to teach many others what they learn. The aim is to give them knowledge and skills for applying to solving problems that occur on a regular basis.



Co-creating a Brighter Future with Our Employees

■ Training for Team Leaders <Optional>

This training is for employees with juniors working under them in their section. The training offers a chance to learn methods for bringing out the best in subordinates so that the team can function most effectively, providing leadership and communication skills and tips, particularly with respect to training subordinates.

■ Training for Newly Appointed Branch Office Managers and General Managers

This training is for newly appointed branch office managers and departmental managers. It offers a chance to learn how to fulfill one's role, become better prepared, and acquire evaluation criteria for making decisions that can be applied on the job.

Senior Executive and Future President Training

■ Training for Branch Office Manager Candidates

This training has been given since 2005, with the aim of nurturing candidates for branch office managers, plant managers, and others for upper-level management posts. An in-house open call is put out to motivate people to rise to leadership positions and to discover talented individuals. To date, a total of 426 people have completed this program.

■ Daiwa House Juku

Daiwa House Juku is a Groupwide training program for next-generation business leaders begun in May 2008. Its practical training in management skills involves drawing up strategies to address actual management issues. To date, a total of 291 people have completed the program, among whom 92 have become company executives.

Manners Training

■ “Being Complete in Small Things” and Manner Training

At Daiwa House Industry, we believe that the commitment of all employees in all workplaces to doing ordinary things, such as proper greetings and good manners, quite ordinarily is at the source of doing greater things and serving society through business operations.

Based on this idea, in July 2011, we commenced the “Being Complete in Small Things” and Manner Training Program that is carried out at each branch office with all member participation, including the branch office manager and other executives. For this program, staff from the company's Human Resource Center serve as instructors.

Co-creating a Brighter Future with Our Business Partners

Message from the Executive Officer in Charge 047

Promoting corporate social responsibility (CSR)
in the supply chain 049





Co-creating a Brighter Future with Our Business Partners

Message from the Executive Officer in Charge

Social issues

As the population of productive age drops due to the low birth rate and aging population, workers in the construction industry are decreasing in number every year and also aging with about one third of them being 55 years old or above.

While mechanization and automation are in progress in modern industry, most of the operations in the construction industry, such as those in buildings and other construction sites, are still performed by labor. The construction industry therefore has a higher rate of occupational accidents than other industries, and the number of casualties in the construction industry accounts for 14.4% of the total in all industries.

Workers in the construction industry being 55 years old or above

1 in 3 persons

Source: Ministry of Land, Infrastructure, Transport and Tourism, "Current Conditions and Recent Advances in the Construction Industry" (data in fiscal 2014)

Ratio of casualties in the construction industry to the total in all industries

14.4%

Source: Japan Construction Occupational Safety and Health Association, "Incidents of Occupational Accidents in the Construction Industry" (data in fiscal 2014)

Vision and strategy

What the Daiwa House Group aims to achieve

We will continue to construct quality buildings through mutual study, and realize co-existence and co-prosperity.

Business partners are vital for us. In our businesses, thousands or tens of thousands of materials, devices and instruments are used, and a very expansive value chain involving tens of thousands of people in construction and installation has been established. We cannot offer the quality we are proud of to our customers without cooperation of business partners.

Accordingly, the Daiwa House Group has set up a robust supply chain network with the Trillion Club, which consists of 238 members including material suppliers, the Confederation of Partner Companies, which consists of 4,572 members including partner subcontractors engaged in manufacturing and construction work, and the Setsuwa Club, which consists of 142 housing equipment manufacturers and sales companies. This network aims to ensure that we have the same direction and purpose when working together. In the efforts to meet the target, we will share with business partners our policy to perform procurement and construction activities based on safety (S) and quality (Q) as the fundamental premises and in consideration of the balance between the conditions on cost (C) and delivery time (D) and progress in the activities for the environment (E) and morals (M).

With trust and challenge as the keywords, the Daiwa House Group will create goods and services with real values together with business partners and seek co-existence and co-prosperity.

Risks and opportunities for the Daiwa House Group

We consider that business partners should have cooperative relations and enhance each other in the Daiwa House Group.

To this end, we evaluate the business conditions of each material supplier and point out any issues to be improved on an as-needed basis. This is because we believe that the strengthening of business management in the company leads to the establishment of a pleasant working environment for our employees, the improvement of safety and quality and eventually the satisfaction of our customers and our customers' customers. We do not ask our business partners to work for us unilaterally but also build relations in which we respect each other and make management efforts together through the leveling of operation and active supply of the latest information in order to improve competitive strength.

Risks

- Further shortage of site workers is expected in the future, and there is a concern that it causes problems as to quality and safety.
- Any occupational accident or illegal act involving our business partners can result in a delay or suspension of supply to our clients and also ruin our social credibility and a resultant decline in our corporate value.

Opportunities

- Mutual study and support and friendship sought through the supply chain network will enhance the construction system and human resources and contribute to the further improvement of safety and quality as well as cost reduction.

Goal and results

Important themes to address

Fair competition

The Daiwa House Group complies with laws, acts by high ethical standards and follows the principle of free competition to help the whole industry develop in a healthy manner. To this end, we provide thorough training to all the executives and employees to ensure that they can act and make judgments during work in accordance with the Principles of Corporate Ethics and the Code of Conduct, and seek improvement through the supervision of purchase duties and questionnaires toward business partners. In addition, as a mechanism to identify and address any problem at an early stage, we operate Partners Hotline, a system to receive reports from business partners, and make efforts to respond to all of the reported issues.

Responsible action toward all business partners (Promoting social responsibility in the value chain)

The Daiwa House Group has impact on the global environment, as well as a wide range of interested persons such as the employees of domestic and overseas business partners and local residents throughout the supply chain, which also include overseas people working in the origin of materials and processing plants, business partners and their employees and local communities around construction sites. We therefore formulated CSR Procurement Guidelines in July 2015, which specify comprehensive social and environmental standards to be followed by all business partners as to human rights, occupational safety, environmental conservation and other issues, and started to operate the guidelines.

Summary of efforts in fiscal 2015 (CSR self-assessment index)

While promoting improvement to build relations with business partners in which we cooperate and enhance each other, we responded to all of the reports made by business partners with regard to subcontracting law, and in the questionnaire survey for business partners about Daiwa House Industry employees' conduct in fiscal 2015, 72.2% of all respondents answered "no problem."

Response to reporting by business partners with regard to subcontracting law (rate of problem-solving)

FY 2015 results **100%**

Questionnaire survey for business partners about Daiwa House Industry employees' conduct (Percentage of respondents who stated "no problem")

FY 2015 results **72.2%**

State of management and improvement based on business partners' and Daiwa House Industry's criteria for purchasing duties

FY 2015 results **58.74 pts**

Appropriateness of duties contracted to business partners based on in-house criteria

FY 2015 results **74%**

Takuya Ishibashi

Director and Senior Managing Executive Officer
Head of Production and Procurement





Co-creating a Brighter Future with Our Business Partners

Promoting corporate social responsibility (CSR) in the supply chain

Our Policy

Daiwa House Group procures materials and undertakes construction work in its business, affecting the global environment, overseas personnel who work in material producing countries and at processing sites, our business partners and their employees, local communities around construction sites, and many other related entities throughout the supply chain. To satisfy expectations from society and eliminate any adverse influences, we believe that cooperation from our business partners is indispensable in addition to efforts made by our Group. To continue sustainable business into the future with our partners, both our Group and our partners need to behave responsibly and acquire support from society, while achieving financial soundness.

Daiwa House Group Principles of Corporate Ethics and Action Guidelines were established in 2004, indicating the Group's policy that its employees should establish appropriate relationships for achieving co-existence and co-prosperity with business partners. Safety standards have also been established in each process that involves business partners, including production and construction that require construction companies to pay particular precaution. We also recognize that it is helpful for the enhancement of safety and quality to support business management and excellent technicians at business partners, and have promoted seminars and certification systems based on this recognition.

We established the Business Partner Code of Conduct in 2006, indicating our comprehensive policy to our business partners, including human rights and legal compliance. Subsequently, we also established guidelines concerning chemical substances and biodiversity, before reorganizing several preceding standards under the CSR Procurement Guidelines in July 2015.

CSR Procurement Guidelines

These guidelines consist of three policies listed below, indicating codes that we want our business partners to observe concerning social and environmental responsibility. The Business Partner Code of Conduct and the Corporate Activity Guidelines indicate preferable organization status for partners to continue business with Daiwa House Industry. The Guidelines for Products specify our control policy concerning construction materials and other chemical substances, biodiversity concerning wood procurement, and other materials/issues that involve high risks in our supply chain but can be audited toward the upstream.

- | |
|--|
| (1) Business Partner Code of Conduct Seven principles concerning social & environmental responsibility 1) Establish a relationship of trust with customers 2) Secure legal compliance 3) Considerations for occupational safety and health 4) Fair business activities 5) Environmental conservation 6) "Co-creating a Brighter Future" with local communities and 7) Respect for human rights |
| (2) Corporate Activity Guidelines Twenty specific requirements concerning social & environmental responsibility |
| (3) Guidelines for Products Standards for social & environmental responsibility concerning construction materials and other products that our business partners procure, and delivery to Daiwa House Industry, consisting of the two guidelines below: 1) Chemical Substance Management Guidelines [Basics] 2) Biodiversity Guidelines [Wood Procurement] |

* Check the detailed CSR Procurement Guidelines on the following website page:
http://www.daiwahouse.com/sustainable/csr/pdfs/csr_procurement_guidelines.pdf

* Scope of application: All business partners that have transactions with our company, including primary suppliers and primary subcontractors

Management

Our company supports the operation of supply chain networks that consist of our continuous business partners, including material suppliers and construction subcontractors. Through these networks, we have collected requests from partners, and have shared rules to be observed by partners of our business, thereby deepening mutual communication. With respect to risk information at business partners, we operate questionnaire surveys and a Partners Hotline (whistleblowing system for business partners), thereby investigating and identifying problems at business partners (e.g. issues between primary and secondary subcontractors), in addition to ethical and compliance problems of our Group employees.

To promote CSR-oriented procurement, we established the CSR Procurement Subcommittee in 2010, consisting of representatives from Procurement, Construction and other related departments. Through this subcommittee, we have established a system for collaboration with order placement personnel at individual worksites, and have promoted related guidelines to business partners. In addition to presenting policies and standards, we have also established supply chain management for achieving co-existence and co-prosperity by operating various training systems for construction subcontractors and other partners, by providing financial assistance to engineers/technicians who satisfy specified conditions under the "subsidies for nurturing human resources with specialized skills" system and the "excellent engineer/technician certification" system, and through other measures.

Application of the CSR Procurement Guidelines

Under the CSR Procurement Guidelines, we present our purpose and an overview of the system to business partners, and ask them to submit a letter of consent.

Among the Guidelines for Products, the application of the Chemical Substance Management Guidelines is a prerequisite for executing contracts with our company for centralized procurement. For example, our business partners are requested to survey and report chemical substances contained in their products. Even suppliers for distributed procurement are also requested to observe the Guidelines in their design documents and other procurement activities.

We have also conducted business partner surveys every year since fiscal 2011 concerning the application of the Biodiversity Guidelines [Wood Procurement], and disclosed the results. Business partners are requested to conduct surveys concerning the legitimacy and sustainability of wood that they procured in the previous fiscal year, and take improvement measures based on the survey results.

In the future, we plan to monitor items in the Corporate Activity Guidelines, in addition to ongoing monitoring of the Guidelines for Products.

Related subject: P95 Harmony with the natural environment

■ CSR-related policy and management for business partners

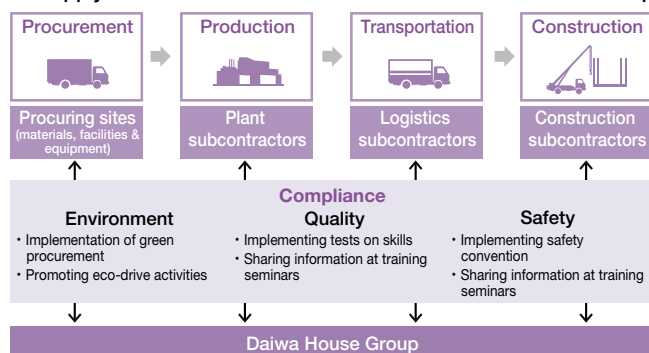
| Date of implementation | Item | Contents |
|------------------------|---------------------|--|
| February 2006 | Management | Started the annual questionnaire survey toward business partners |
| October 2006 | Policies | Business Partner Code of Conduct took effect (Collected letters of agreement from partners) |
| July 2009 | Management | Started the operation of a Partners Hotline |
| October 2010 | Policies Management | Chemical Substance Management Guidelines took effect Started chemical substance survey for centralized procurement (at the time of contract) |
| October 2010 | Policies | Biodiversity Guidelines took effect (Collected letters of consent from partners) |
| January 2011 | Management | Started annual wood procurement survey |
| July 2015 | Policies | CSR Procurement Guidelines took effect (Collected letters of consent from partners) |

I Measures Being Taken

Operation of Supply Chain Networks

We have developed a network that supports the supply chain. Through this network, we have been providing support for the organizational operation of the supply chain that covers: companies from which the materials are procured; companies from which we acquire facilities and equipment; companies from which we procure office supplies and machines; and companies that work with us in construction work. This network also promotes efforts concerning the environment, quality, safety, and other aspects within the supply chain. With regard to environmental aspects, we have applied procurement standards for chemical substances, and have collected letters of consent for biodiversity-oriented wood procurement. With regard to quality, we have applied procurement standards, and have held tests and seminars concerning technical skills. With regard to safety, we have conducted safety convention and seminars. Through the promotion of these initiatives, we try to ensure that the buildings we provide satisfy our customers. The largest organization within our supply chain network is the Confederation of Partner Companies (an organization of partner subcontracting companies). For the Confederation members, we established the Code of Action for Business Partners in fiscal 2006. Through this, we have been gaining assent from our business partners to promote CSR from the perspectives of human rights, legal compliance, and environmental considerations. We also call on them to give consent to the CSR Procurement Guidelines.

■ Supply chain in the business activities of the Daiwa House Group



■ The Trillion Club (238 companies):

Aiming at enhancing our economic presence together with our business partners, the Trillion Club promotes its activities rapidly and efficiently by taking full advantage of regional characteristics and facilitating information sharing, through the two categories of promotional activities toward improved material quality, stringent on-time delivery, development of new construction materials, and improvement/promotion of technologies.

■ The Confederation of Partner Companies (4,572 companies):

The Confederation of Partner Companies, consisting of 83 branches nationwide, was formed by our partner subcontractors engaged in manufacturing and construction/installation work. Its activities have focused on the improvement of safety, quality, technology and work efficiency, as well as the promotion of environmental conservation efforts. The Confederation members have been enhancing their mutual trust by promoting the sharing of information through the information site "WEB Ren."

■ The Setsuwa Club (142 companies):

The Setsuwa Club, which is composed of housing equipment manufacturers and sales companies we have had dealings with, has enhanced cooperation and collaboration among the member companies, by participating in exhibitions and various other activities and promoting the sharing of information on equipment technology. The Club has four branches in the Kansai, Kanto, Chubu and Kyushu regions.

Monitoring of Supply Chain

To identify risk factors in our supply chain, we check and monitor primary subcontractors' work progress in construction sites and plants, using our checklist that includes such items as workplace safety, labor relations, and waste disposal. If there is any problem, we will take correction measures in a timely manner, and take action to prevent recurrence by reviewing the system concerned and providing education to the employees of the construction subcontractor in question.

With regard to wood procurement, which involves particularly high environmental and human rights risks among other materials that we purchase, we conduct an annual monitoring survey of business partners placed under the responsibility of the Purchase Department, which accounts for most of the wood procurement of Daiwa House Industry, the Product Development Department, the Design & Construction Promotion Department, the Rental Apartment Promotion Department, and five Group companies. For a business partner that fails to satisfy our requirement standards, we conduct a survey interview and take corrective actions.

Materials Suppliers

(1) Promotional status of the CSR Procurement Guidelines

The CSR Procurement Guidelines set out comprehensive social and environmental standards – including those for human rights, occupational safety, and environmental conservation – that all our primary suppliers are required to adhere to. Chemical substance management and biodiversity conservation present a significant challenge to the entire value chain of Daiwa House Industry, a provider of residential housing constructed from wooden materials. We consider these two issues as our top priorities, and in 2010 we developed the CSR guidelines for chemical substance management and for biodiversity conservation separately, as references for our supplier's CSR activities. Based on these guidelines, we have set numerical targets for our suppliers, and make public the results achieved. We have not received any reports so far on forced labor or child labor at our business partners or suppliers. In cases where there is any claim of forced labor or child labor, we will order the business partner/supplier concerned to take remedial action immediately, based on the CSR Procurement Guidelines.

(2) Application of the criteria for selecting suppliers

We evaluate our business partners, based on our Criteria for Selecting Suppliers. For a new business partner, evaluations are made in terms of quality, pricing, delivery time, management, and environmental elements, based on our Material Supplier Management Policy. With regard to the business partners with which we have continuous dealings, we make similar assessments of them. Depending on the evaluation results, we conduct quality audits and order improvements, thereby ensuring a stable supply of materials of proper quality and fair price.



Co-creating a Brighter Future with Our Business Partners

Working with Construction Subcontractors

Since our founding, Daiwa House Industry has sought to create win-win relationships with our construction subcontractors. With the aim of enhancing the technical skills of our business partners, we established the Confederation of Partner Companies in 1986 to facilitate mutual study and friendly relations. With a membership of 4,572 companies (as of April 1, 2016), the Confederation comprises 83 branches nationwide, and has three working groups for business promotion and four working groups for functional enhancement.

(1) Assistance in human resources training

We seek to reinforce our housing construction system by providing our business partners engaged in housing construction with subsidies for developing and securing engineers and other human resources. For this purpose, we have established guidelines for providing business partners engaged in housing construction with subsidies for nurturing human resources with specialized skills. We have also created an excellent engineer/technician certification system for our construction-related business partners, with the aim of ensuring a quality construction system.

(2) Work safety in construction sites

■ Safety patrols

To prevent industrial accidents and maintain and enhance work environments, we develop an annual plan to ensure the safety of both workers and equipment, based on which we patrol housing construction sites every month. Participants in patrols are business partner employees, our branch office manager, our sales office manager, and those responsible for construction.



On-site patrol

■ Consultative meeting to promote occupational safety and health

After every safety patrol, we hold a consultative meeting to promote occupational safety and health, with the participation of business partners and their construction workers. In the meeting, the findings of the safety patrol of the day are reported. In addition, reports by our Safety and Health Committee and patrol and other reports by our business partners engaged in construction are made to promote the safety of the work environment.



Consultative meeting to promote occupational safety and health: After patrol, information being shared regarding the status of work safety

■ Safety education support

We develop an annual plan to promote safety education for our employees. Our safety education programs include position-based safety education, safety education for mid-career workers, training seminars to prevent scaffolding accidents, and training seminars to prevent heavy machinery-related accidents. To enhance our business partners' awareness of work safety, we also hold training seminars for business owners, and various other education programs, including those designed for construction workers, newcomers, forepersons, and safety supervisors.



Safety and health training

■ Nationwide safety convention

In preparation for the National Safety Week (July 1 to 7), we hold a safety convention at business worksites nationwide in June every year to enhance the safety awareness and knowledge of our employees and business partners, under the slogan: "Watch out for invisible hazards surrounding you - Safety management achieved by all employees." In the convention, lectures on safe work are provided, and awards are given to business partners, their employees, and our employees who have provided a special distinguished service in terms of work safety.



Safety convention

■ Industrial accident prevention

Under the "Basic Policy to Promote Safety and Health at Work" issued each fiscal year, a safety and health promotion plan is developed. Individual business worksites throughout the nation set numerical targets for reducing potential risks at work in terms of health and safety, and promote improvement activities by reviewing the actual results each month. In fiscal 2015, however, serious work-related accidents occurred, including slips/falls and harm done by a third party. Deeply reflecting on these incidents resulting from failure to ensure thorough safety management, we have set safety targets for fiscal 2016.

Our supply chain network largely consists of construction subcontractors, material suppliers, and facilities/equipment suppliers. From the perspective of "With Business Partners" stated in the Daiwa House Group Principles of Corporate Ethics and Code of Conduct, we have provided support to the operation of the three organizations independently managed by our business partners: the Trillion Club, the Confederation of Partner Companies, and the Setсуwa Club. Individual organizations have made consistent efforts to secure superior quality in accord with the spirit of co-existence and co-prosperity, by setting goals and addressing high priority themes to achieve the goals.

| Safety targets for fiscal 2016 | (No. of incidents) |
|--|--------------------|
| ① Incidents resulting in death | 0 |
| ② Incidents caused by a third party | 0 |
| ③ Heavy machinery-related incidents | 0 |
| ④ Slip/fall incidents resulting in an absence of at least four workdays ... | 0 |
| ⑤ Heat stroke incidents resulting in an absence of at least four workdays... | 0 |

As one of our key initiatives for fiscal 2016, we plan to establish a safety management section in each worksite that has been promoted to a branch, and provide their staff with on-the-job training. We continuously strive to facilitate improvement activities for the prevention of recurrence by implementing the PDCA cycle based on a safety-and-health promotion plan and by making exhaustive investigations into the causes of incidents.



Safety aisle

Co-creating a Brighter Future with the Local Residents

| | |
|--|-----|
| Message from the Executive Officer in Charge..... | 053 |
| Community co-creation activities | 055 |
| Support for community building | 059 |
| Contribution to society through businesses ("Asu Fukaketsuno" businesses) | 060 |





Co-creating a Brighter Future with the Local Residents

Message from the Executive Officer in Charge

Social issues

Local communities, education, social welfare, the natural environment ... the issues facing society are becoming increasingly more serious and complicated. Their solutions are greater than what any single government, business, NPO or NGO, or community-active resident can do on their own, therefore the various stakeholders in the community need to work together to solve the woes of the world.

Cause of worsening human relations
"Less contact in communities"

54.3%

Source: "2007 White Paper on the National Lifestyle," Cabinet Office.

Reason for volunteering
"I wanted to serve my community"

51.6%

Source: "2014 Survey of Social Contributions by Residents," Cabinet Office.

Vision and strategy

What the Daiwa House Group aims to achieve

Help solve issues in local communities through dialogue and cooperation that build "relationships"

The Daiwa House Group has 93 worksites across Japan's 47 prefectures and, because we are committed to creating value for individuals, communities and lifestyles, we develop business activities in close cooperation with customers' local residents, business partners, governments and even competitors. Moreover, we consider ourselves a part of the local communities that host our operations and are always looking for ways to contribute to them through our business and social contribution activities. This desire of ours to serve these communities has guided us to positioning and implementing these social contribution activities as "community co-creation activities."

Our community co-creation activities are intended to solve social issues in our hosting communities. To be successful with this, we emphasize our "relationships" with community stakeholders, by talking with them, providing them not only with financial support but also wisdom, and working with them on solving the issues at hand. We often cite "blending into the community" as the first step of that process. This is because working unselfishly with the community as a part of the community is how stakeholders can understand us and we them. Moreover, since the activities we undertake differ according to the circumstances of each local community, worksites spearhead activities, while our head office sets the policy and builds the foundations for promoting them.

Also, since the purpose of our community co-creation activities is to solve "problems afflicting local communities," the process is expected to have a secondary effect of enhancing management of the worksite that implements the activity. Being involved in solving community issues and interacting with diverse stakeholders who have a different sense of values are viewed as an opportunity for personal growth for our employees. Moreover, building good relations that enable us to talk with community residents both makes our business understood by more people and us more aware of changes in the community.

The Daiwa House Group keeps in mind the all-important practice of coexisting and working with local communities when planning and implementing community co-creation activities in

the 3 areas of "environmental protection," "educational support for the next generation" and "welfare services." As a corporate-citizen that strongly believes in harmony, the Daiwa House Group seeks to enable spiritually rewarding lifestyles and communities by contributing to local communities from a mid- to long-term perspective.

Risks and opportunities for the Daiwa House Group

Constructively developing and activating local communities both makes the areas where we do business more interesting and stimulates the market, therefore we view these practices as critical to our growth as a business group. And, new opportunities to grow come when our workforce engages in these practices out of their own personal volition.

Risks

- Unless issues afflicting a local community are resolved, the community becomes less interesting to buyers and shrinks as a market.
- Changes in the local market, social environment or other elements cannot be addressed unless identified and properly analyzed.

Opportunities

- Positive reactions to local communities we develop and relationships based on trust lead to smooth business.
- Growth is the result when our employees take a personal interest in addressing the issues of local communities.

Goal and results

Important themes to address

Active involvement in, and collaboration with other parties for local community development (Community involvement)

The Daiwa House Group sometimes cannot pinpoint and solve the issues of a local community by itself. But, problems can be accurately identified and more effective results produced by cooperating with local organizations, NPOs and NGOs in the area. In 2015, 64.9% of our worksites implemented community co-creation activities in cooperation with local organizations and 60.6% worked with NPOs and NGOs.

Investment in local community development (Social investment)

In our mind, capital investment alone is not enough to develop a local community. It is important to provide the know-how we have amassed through business, our human resources and other forms of support only the Daiwa House Group can, if to be successful. As an indicator of the human resource investments we made in local communities in 2015, personnel costs of employees involved in community co-creation activities reached 137.11 million yen. We additionally think of community co-creation activities as an opportunity for employees to grow personally and, therefore, strongly encourage their participation. The status of community co-creation activities is one parameter we use to evaluate management performance of our worksites, as we have a system in place to reflect the progress of activities in worksite evaluations.

Summary of efforts in fiscal 2015 (CSR self-assessment index)

In 2015, our Group implemented 2,510 community co-creation activities in total, which is a large increase from the 2,046 activities of the previous year. Moreover, 60.6% of the activities implemented by our worksites were done in cooperation with NPOs or NGOs, which is far higher than the 27.7% of the proceeding year. These numbers represent both quantity and quality improvements in our 2015 activities.

Number of community co-creation activities implemented by the Daiwa House Group

FY 2015 results **2,510 cases**

Percentage of our worksites that implement community co-creation activities in cooperation with NPOs or NGOs

FY 2015 results **60.6%**

Percentage of our worksites that implement community co-creation activities in cooperation with local organizations

FY 2015 results **64.9%**

Percentage of ordinary income expensed for social contribution activities (Averaged over past 5 years)

FY 2015 results **1.62%**

Percentage of our workforce that donated to causes

FY 2015 results **21.9%**

Percentage of workforce that took leave for volunteer activities

FY 2015 results **23.5%**

Tamio Ishibashi

Executive Vice President
Head of CSR
Head of Information Systems
Joint Head of Marketing Support Department
Head of TKC Department





Co-creating a Brighter Future with the Local Residents

Community co-creation activities

Our Policy

With branch offices located all over Japan, the Daiwa House Group is destined to form ties with the local communities already within the framework of its business operations. In other words, we cannot run our business without winning confidence from local communities. In view of this, we have defined our local social contribution activities as “community co-creation activities.” In pursuing them, we comply with our Principles of Community Co-creation Activities, which express our basic attitude and ideas about such activities. We carry out our community co-creation activities while engaging in dialogue with the local residents to identify local issues, to work together with them toward finding optimal solutions, and to ultimately win their lasting confidence.

Community co-creation activities in the three areas of next-generation education, environmental preservation, and support for social welfare

The Daiwa House Group plans and implements community co-creation activities primarily in 3 areas that are closely related to our field of business — “educational support for the next generation,” “environmental preservation” and “welfare services.” Through these activities, we talk with residents, NPOs and other groups to identify local issues and then work with them to solve the problems. These activities are in effect contributions from us to the sustainable development of the local communities that host our operations.

Principles of Community Co-creation Activities

1. As a responsible corporate citizen, the Daiwa House Group shall aim at building a society in which every person can enjoy true abundance, always striving to achieve and maintain great harmony with local communities.
2. The Daiwa House Group shall engage in dialogue with its stakeholders to understand local issues, and take action together with them while making effective use of available resources.
3. The Daiwa House Group shall encourage its individual employees to actively participate in its community co-creation activities, considering them as opportunities for personal development.

Management

Community Co-creation Promotion Committees at All Worksites

Every worksite of Daiwa House Industry has a Community Co-creation Promotion Committee that promotes community-level activities. These committees share know-how amongst themselves at meetings of the Community Co-creation Promotion Committee, in an effort to improve their activities. They also share information on successful activities with persons in charge of CSR promotion at Group companies. Everything that Community Co-creation Promotion Committees do is geared at contributing to the sustainable development of the local communities that host our operations.

CSR Awareness Survey

Daiwa House Industry conducts surveys to see how aware employees are of community co-creation activities. By probing the effectiveness of activities and activities of personal interest, the survey identifies employee awareness, which is then used to improve activities.

The results of this survey are used to upgrade efforts, with a particular focus on “educational support for the next generation.”

Applying Survey Results to Worksite Evaluations

At Daiwa House Industry, community co-creation activities are viewed as an important component of business operations and are, therefore, one parameter we use to evaluate management performance of our worksites. Because we strongly desire to harmoniously coexist with the local communities that host our operations, community co-creation activities give us a different aspect for analyzing worksites in addition to performance based on financial figures.

Measures Being Taken

In 2015, 2,510 community co-creation activities were implemented across the Daiwa House Group, which is 22.7% more than in the previous year. Of that number, 1,668 activities were conducted by Daiwa House Industry, which is a 25.2% increase from the preceding year.

In order to solve community issues and improve our activities content-wise, we not only emphasized proactive dialogues with governments, NPOs and residents, but also encouraged worksites to plan and implement activities that employees would be happy to continue. (Of course, whatever they plan must be in line with the underlying principles we have set for our community co-creation activities.) As a result, many of our worksites had their Community Co-creation Promotion Committee spearhead cooperative activities in cohort with local residents. This brought an increase in both the number of activities and the percentage of projects done in cooperation with NPOs and NGOs, which shot up 30.2 percentage points from last year to 60.6%.

We also added a new system for governing volunteer leave in 2015 that allows employees to take off work a “half a day” at a time. Because this environment makes it easier for employees to volunteer, the percentage of our workforce that took leave for volunteer activities increased 9.5 percentage points over the previous year, to 23.5%.

■ Daiwa House Group's community co-creation activities in fiscal 2015

Assistance to disaster-affected areas

37 cases (1.5%)

International cooperation

231 cases (9.2%)

Humanitarian assistance

189 cases (7.5%)

Environmental preservation

157 cases (6.3%)

Social welfare

245 cases (9.8%)

Local community services (clean-up)

655 cases (26.1%)

Local community services (other than clean-up)

554 cases (22.1%)

Educational assistance

442 cases (17.6%)

2,510 cases

■ Fiscal 2014

Assistance to disaster-affected areas

55 cases (2.7%)

International cooperation

246 cases (12.0%)

Humanitarian assistance

155 cases (7.6%)

Environmental preservation

123 cases (6.0%)

Social welfare

219 cases (10.7%)

Local community services (clean-up)

424 cases (20.7%)

Local community services (other than clean-up)

407 cases (19.9%)

Educational assistance

417 cases (20.4%)

2,046 cases

■ Fiscal 2013

Assistance to disaster-affected areas

23 cases (1.8%)

International cooperation

139 cases (11.1%)

Humanitarian assistance

145 cases (11.5%)

Environmental preservation

148 cases (11.8%)

Social welfare

113 cases (9.0%)

Local community services (clean-up)

230 cases (18.3%)

Local community services (other than clean-up)

193 cases (15.3%)

Educational assistance

267 cases (21.2%)

1,258 cases

| | | FY 2013 results | FY 2014 results | FY 2015 results |
|---|-------------------------------------|-----------------|-----------------|-----------------|
| Number of cases of community co-creation activities | Daiwa House Industry branch offices | 645 cases | 1,160 cases | 1,576 cases |
| | Daiwa House Industry Head Office | 135 cases | 98 cases | 92 cases |
| | Daiwa House Group companies | 478 cases | 788 cases | 842 cases |
| | Total | 1,258 cases | 2,046 cases | 2,510 cases |
| Leave obtained for volunteerism | | 991 days | 2,001 days | 3,582.5 days |
| Rate of obtainment of leave for volunteerism* | | 7.3% | 14.0% | 23.5% |
| Total amount of Endless Donations | | ¥10,651,754 | ¥10,521,326 | ¥10,578,790 |

* The rate of obtainment of leave for volunteerism is calculated by dividing the total number of holidays obtained for volunteer activities by the total number of employees at the end of the fiscal year.

TOPICS Opportunities to report successful community co-creation activities (Iwate Branch)

The Iwate Branch made it possible for members of their Community Co-creation Promotion Committee to share information throughout the branch, on the firm belief that it is important toward their coexistence with the local community for site employees to understand the significance of community co-creation activities. Knowing that it was first necessary to listen to what the community has to say, committee members made the effort to visit municipal offices and other entities to collect information.

On their visit to the Civic Cooperation Promotion Department of Morioka City, they met with the National Sports Festival Promotion Office and Yuinet-Seinan urban planning and development group. They eventually implemented cooperative activities with them, aimed at "reducing waste to zero" and "planting flowers" at the train station and sports center.

Yuinet-Seinan greatly appreciated the cooperation of Daiwa House Industry because they understand how important it is to work with the business sector on urban development projects.

To announce successful cooperative projects like this and explain the company's thoughts on community co-creation activities, Daiwa House Industry created a Community Leader Training Seminar. It is hoped that these and the other activities reported at the seminar in 2015 will lead to other community projects promoted by cities like Morioka.



Flower planting activity



Presentation at the Community Leader Training Seminar



Co-creating a Brighter Future with the Local Residents

Community Co-creation Activities in the Area of Next-generation Education

I Cooperation in Quest Education Program

Since fiscal 2007, Daiwa House Industry has been cooperating in the Quest Education Program (organized by Educa & Quest) as a career education support program for junior high and high school students. In this program, students from about 80 schools intern at a company as part of their school curriculum. Broken up into teams, they explore and formulate proposals for a “mission,” such as new product development, that the hosting business assigns to them, over the course of 1 year. By interacting with our employees, these interns see first-hand how businesses think and operate, all the while seeking an answer to an assignment that “has no correct answer.” (In fiscal 2015, 172 teams submitted their proposals to Daiwa House Industry.) As the final step, the teams present their proposals at the Quest Cup before an audience of people from the hosting businesses. In 2015, after all was said and done, the team from Ikueinishi High School in Nara Prefecture that interned at Daiwa House Industry stood at the top of the 1,486 teams.

Our employees also visit schools across Japan to speak about the social significance of work and how to face up to challenges on the job, to help ready the young at heart for what’s to come.



Employees interacting with students



Presentation being given by Grand Prix winner Ikueinishi High School

I “Dreams Come True” School

In 2015, Daiwa House Industry conducted the “Dreams Come True” School as an educational support activity at 5 junior high schools. This learning program gives students an opportunity to enhance their ability to detect and solve problems, work as a team and contemplate about work and jobs, based on the concept that “children should be given opportunities to play a central role in finding solutions to society’s problems.” Daiwa House Industry has been implementing the program since 2008, in cooperation with the non-profit organization (NPO) Japan Academy of Entrepreneurship (JAE).

In the program, concretely, our staff members visit junior high schools to discuss with students the meaning and rewards of working in society, and hold lectures and comment on projects planned by students, encouraging their proactive learning.

Community Co-creation Activities in the Area of Social Welfare

I Activities of the Okinawa Branch

The Okinawa Branch had wanted to do something for the children in the community, so, since fiscal 2014, they have donated toys, fabric softener and other useful items that would benefit the children at the child welfare facility, Ishimine Children’s School indirectly.

Then, in 2015, they planned interactive events between the children and branch staff in order to bring fun and joy to the children directly.

This included a wood shop during summer break where employees helped the kids make planters and a craft class in December where Christmas wreaths were made and followed by a Christmas party. Though the children held back at first, they warmed up to the staff and told them to come again when it was time to leave. The staff from the Okinawa Branch were energized by the children’s liveliness.

This activity placed importance on learning and will be continued in order to bring joy to more children.



Making planters in a summer wood shop



Making Christmas wreaths in a winter craft class

I Assisting with Events at Welfare Facilities

The Hokusetsu Branch places importance on its relationship with the local community, and tries to get everyone in the office involved in community co-creation activities. They discovered that the social welfare corporation, Ikeda Satsukikai was having trouble planning and managing events, when talking with community residents about activities that all branch staff could partake in.

Every year, Ikeda Satsukikai plans a summer festival with stalls, Karaoke contest and dancing for residents and their families. It is a rather big event, so a shortage of manpower is always a problem. Wanting to help out the community anyway possible, the call went out for volunteers, which got many from the branch there to help run the event.

Those who participated for the first time were moved by the smiles on the residents’ faces and regarded the opportunity to “talk and interact with the residents” as a positive experience. The activity was a success also because the branch staff saw for themselves what it means to interact with people in the community.

Going forward, the Hokusetsu Branch will look to implement more activities that will bring them closer to the local community through cooperative projects with other elements in the community.



Scene at the summer festival



Branch staff serving food

Community Co-creation Activities in the Area of Environmental Protection

I Efforts to Bring Back a Near-threatened Species of Water Lily

When a group of employees at the Tohoku Plant learned that the pygmy waterlilies in the nearby Keshonuma Wetlands (Osaki City,

Miyagi Prefecture) had been designated a “near-threatened species,” they visited the Ecopal Keshonuma NPO with hopes of bringing back the natural beauty, and teamed up with them for the cause.

In October 2015, employees from the plant transplanted pygmy waterlilies grown by Ecopal Keshonuma. They carefully picked the thin stems from the mud, and separated the roots in preparation for their eventual return to nature.

The 2 pygmy waterlilies that were rescued by the NPO from the wetlands at the start of the project have increased to about 7,000 in number. As the first step to restoring the wetlands, a portion of them will be transplanted to the wetlands and monitored to see how they take.



Project participants



Volunteers transplanting pygmy waterlilies

Donations and Fund-raising

I Donations

In 2005, Daiwa House Industry introduced a system that encourages employees to make donations to various causes, thus enabling them to take part in the company's community co-creation activities in a casual and continuous manner.

On the dedicated page of the company's intranet, employees can make a monthly donation in the amount of their choice. The registered amount is then automatically transferred from their salary each month as a donation.

The company has two types of donations: an “Endless Donation,” in which employees contribute a fixed amount of money on a monthly basis, and a “Heart Donation” that is collected after a disaster and sent to support the affected areas.

I Endless Donation

As of fiscal 2015, over 3,200 employees have registered as donors to our Endless Donation. Previously, we selected beneficiaries from employee-recommended organizations. In fiscal 2015, we started publicly calling for applications from organizations themselves. In February 2016, the Endless Donation Committee (composed of outside experts and Daiwa House Industry employees) did the final screening and selected beneficiaries on the basis of projects presentations and interviews between them and Daiwa House Industry. In the future, instead of simply giving out financial assistance, we hope to actively collaborate with beneficiary organizations in their projects in an effort to improve various societal issues.



A candidate beneficiary adamantly making their case for donations to the Endless Donation Committee

I Heart Donation

Emergency donations are collected from employees following an event that has caused serious damage to society.

■ Heart Donations (actual amount donated in FY 2015)

| Event | Donation by Daiwa House Group | Beneficiary |
|-----------------------------|-------------------------------|----------------------------|
| Earthquake in central Nepal | ¥9,680,636 | Japanese Red Cross Society |
| Storms in East Japan | ¥8,299,568 | Japanese Red Cross Society |
| Total | ¥17,980,204 | |

■ Endless Donations (actual amounts donated in FY 2015)

| Beneficiary organizations | Total amount |
|--|-------------------|
| After School (NPO) | ¥1,500,000 |
| Smile of Kids (NPO) | ¥1,020,000 |
| Mamekko (Child Support NPO) | ¥800,000 |
| Angel Net (Child Support NPO) | ¥1,500,000 |
| APIS (Assault Prevention Information Space, NPO) | ¥220,000 |
| Gajumarunoie (Mother Support NPO) | ¥790,000 |
| Total | ¥5,830,000 |

Column

Support for Osaka Symphony Orchestra

Since fiscal 2006, Daiwa House Industry has been supporting Osaka Symphony Orchestra as its principal corporate sponsor. Established in 1980, Osaka Symphony Orchestra carries out various activities, including periodic concerts, theme-based concerts, and the production of original CDs. Daiwa House Industry's active mécénat is particularly centered on the orchestra's concerts.



Osaka Symphony Orchestra



Co-creating a Brighter Future with the Local Residents

Support for community building

Our Policy

A single organization or group can only do so much on their own to solve issues local communities face. At Daiwa House Industry, we believe we can make a bigger impact on issues by acting as a pipeline between governments, local communities, NPOs and other stakeholders.

In our community co-creation activities, we encourage our entire workforce to think of ways for communities to grow, become self-reliant and prosper, and to translate those thoughts into action.

Management

Sharing Information on Activities

Communications and coordination between worksites are being promoted via an original system for reporting community co-creation activities that helps worksites to understand the state of cooperation with NPOs and the like, and gives them a venue for sharing information throughout the company.

Of the reported information, exemplar activities are published in our “Chiikikyosei Dayori” online newsletter, as one way to improve the quality of our community co-creation activities.

Measures Being Taken

Events for Homeowners

In Hikarigaoka Eco Town in the SMA-ECO City of Sagami-hara, the residents sign an agreement on townscape preservation, under which they are required to keep and care for trees and plants to maintain a green townscape. As the new town development promoter, Daiwa House Industry organizes gardening seminars on a permanent basis, hoping that the residents will enjoy gardening in general, in addition to their townscape-creating duty. We also carry out other regular environment-related events targeting homeowners, to help cultivate their sense of community and environment.

In Tama New Town Higashiyama, we invited homeowners to a workshop on effective ways to use one of the two vacant lots that are reserved for community assembly halls. Six members of the management board attended and settled upon using the space for rental farming and fruit orchards. In March 2016, the Higashiyama Agri Club was launched and immediately began projects spearheaded by residents. At first, there were 12 households in the club, but membership has increased to 16 households as of May 2016. Their work is helping to build a sense of community and to activate the subdivision.



Monthly class taught by a farming expert from the local area



Barbequing vegetables harvested from the farm

Interactive Events at Disaster Relief Housing Estates

One of the issues surrounding life in public housing that is used in disaster restoration is community-building within the housing complexes and with nearby residents. Because of that, the Sendai Branch not only constructs public housing but also stages events intended to build a sense of community.

At a recent event, both renters and nearby residents got a lot of fun out of planting a cherry tree to commemorate the opening of the housing complex, making mochi and snacking on a light lunch.

These efforts were recognized with the Disaster Public Housing Community Award that Miyagi Prefecture gave the Sendai Branch in November 2015 for their disaster relief housing in Masuzawa.

Community Building through the Production of a Hometown Folding Screen

In May 2015, Daiwa House Industry and two district associations of local residents in Hayama Town, Kanagawa Prefecture, completed a Hayama hometown folding screen. After that, Daiwa House Industry helped launch a preservation and historic society together with the district associations to teach children about life and livelihoods in their satoyama.

Another activity of the preservation and historic society was to make a “Hometown Carta” from the folding screen in cooperation with a local elementary school, which was finished in March 2016.



Hometown Folding Screen



Hometown Carta

Contribution to society through businesses ("Asu Fukaketsuno" businesses)

Our Policy

Contributing to Society through the "Asu Fukaketsuno" Businesses

Since its establishment, Daiwa House Industry has always cherished and adhered to the principle of serving society through its business operations. As exemplified by its inaugural product, The Pipe House, born out of the desire to provide housing highly resistant to natural disasters, Daiwa House Industry, as a pioneering industrialized housing provider, has created numerous products that effectively respond to the challenges facing society. Going forward, we will continue to offer next-generation products and services that greatly contribute to the formation of a sustainable society, by squarely addressing important societal issues such as population problems (population explosion in worldwide terms and birthrate decline and aging in developed countries), climate change, and disaster reduction.

"Asu Fukaketsuno (indispensable for tomorrow)" technologies and services for co-creating new values for individuals, communities, and people's lifestyles



Narrow-space inspection robot:
moogle®

* "moogle" is a registered trademark
of Daiwa House Industry Co., Ltd.



Dream Solar Wakayama City



Original ICT-based energy
management system: D-HEMS

A

A: Anzen & Anshin (Safety and Comfort)

Energy-absorbing
anti-seismic wall
D-NΣQST



Su

Fu: FUKushi (Welfare)

Robot Suit® HAL
for care support (lumber type)

* "Robot Suit HAL" is a registered
trademark of CYBERDYNE Inc.



Fu

Ka

Ke: KEnko (Health)

Health promotion
through the health
club business



Ke

Tsu

Tsu: TSUshin (Information- Communication Technology)

No: NOgyo (Agriculture)

Launch in 2012 of
agri-cube, a plant
cultivation unit, to
industrialize agriculture

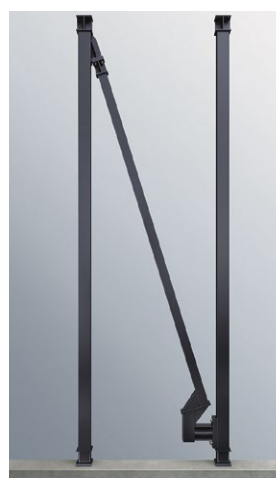


No

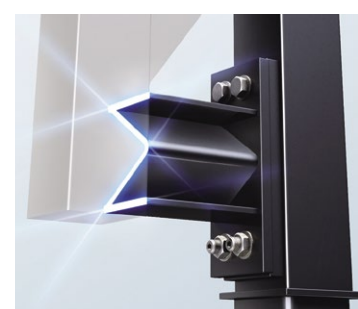
A: Anzen & Anshin (Safety and Comfort)

Energy-absorbing Anti-seismic Wall: D-NΣQST

D-NΣQST (pronounced "D-next") is standard equipment in xevos, Daiwa House Industry's highest-grade single-family house featuring sustained anti-seismic resistance, larger open interior spaces, and wider wall openings. The key to the wall's sustained anti-seismic resistance is the built-in Σ-shaped device. The wall's unique interior structure enables the wall to gently move vertically in response to strong vibrations, thereby effectively absorbing seismic energy. It is strong enough to withstand a series of earthquakes of level 7 on the Japanese seismic scale. It also alleviates the breadth of sways caused by an earthquake, containing the movement quickly and thereby minimizing damage to the outer walls and the building structure itself.



Energy-absorbing anti-seismic wall:
D-NΣQST



Σ-shaped device effectively absorbing
seismic energy

Large-scale Life-size Simulation at "E Defense"

In 2006, Daiwa House Industry was the first private corporation to carry out a life-size seismic experiment of two xevos (a seismic-resistant house and a seismic-regulating house) simultaneously, using the 3-D Full-Scale Earthquake Testing Facility (popularly known as "E-Defense") of the National Research Institute for Earth Science and Disaster Prevention (NIED) in Miki City, Hyogo Prefecture. In 2013, Daiwa House Industry conducted a life-size seismic experiment of xevos, demonstrating the house's safety in the face of repeated huge earthquakes.



Large-scale earthquake tests in 2006 and 2013 at the
3-D Full-Scale Earthquake Testing Facility
("E-Defense"), the world's largest facility of its kind,
built by the National Research Institute for Earth
Science and Disaster Prevention (photo taken in 2013)



Co-creating a Brighter Future with the Local Residents

Small-diameter Steel Pipe Pile: D-Tech Pile

Daiwa House Industry has developed the D-Tech Pile construction method, which realizes safety-assured construction on relatively soft ground.

The D-Tech Pile has been approved to bear the “Eco” mark as an environmentally responsible product featuring safety and reduced waste soil generation.



Non-bendable D-Tech Brace

D-Tech Brace is an energy-absorbing construction brace that does not bend under the compressing power of an earthquake. It minimizes sways caused by repeated earthquakes, controlling damage to pillars, beams, and other structural parts, as well as internal and external walls, thereby enabling safety-assured long-term use.



Application example: D Project, Hachioji

Advanced Complex-structured Beam: D-Tech PC-Beam

The D-Tech PC-Beam is a complex structured beam combining factory-manufactured pressed concrete (PC) and a steel frame. It ensures the stable quality of factory manufacturing, on-site labor saving, shorter construction periods, and reduction in environmental burdens, while at the same time realizing a large open interior space.



Application example: D Project, Kita Hachioji, Building A (logistics facility)

Reinforcement of anti-crime performance and awareness

Based on the idea that anti-crime performance should be a basic feature of housing units, Daiwa House Industry has been working as a pioneer in the homebuilding industry in implementing tangible measures in that aspect. For example, ahead of the revision of the Housing Quality Assurance Act in April 2006 (the addition of an item concerning crime prevention to the mandatory indication of housing unit functionality), in May 2003, Daiwa House Industry adopted anti-crime specifications for all single-family houses it builds, actively using building components bearing the “CP” mark,* proof of the high anti-crime performance required for the mention of crime prevention measures in the indication of housing unit functionality. The company is also active in raising the anti-crime awareness of house owners and tenants and in improving the anti-crime preparedness of communities by encouraging appropriate exterior designs.

* Daiwa House Industry promotes the use of components bearing the “CP” mark especially for ground-floor openings, designated as sections for priority crime prevention measures. For example, components bearing the “CP” mark were used in 7,541 of the 8,848 sets of front doors of the single-family houses that Daiwa House Industry completed in fiscal 2015 (about 85%).



Combined effect of three factors: housing featuring reinforced anti-crime measures + community + anti-crime awareness of residents

Generalization of rental housing featuring reinforced anti-crime measures

In 2010, Daiwa House Industry commenced the sale of rental housing units featuring reinforced anti-crime measures, believing that high-level crime prevention performance should be a basic feature of housing units. At present, such rental housing units account for almost 90% of the total rental units built by Daiwa House Industry. By providing rental housing units with a home security system including emergency personal assistance, special anti-crime devices for front doors and windows, and more as standard equipment, Daiwa House Industry ensures safety and security in the living environment especially of women living alone, frequently absent double-income families, and children having to house-sit alone.



Rental apartment building featuring reinforced anti-crime measures, Sejour WIT-S

Housing Estate with High-level Security Assurance

In an effort to create safe and comfortable towns, security cameras were installed at four entrances of housing complex “SMA-ECO Town Hidamari-no-Oka.” For ready-built housing, we installed systems that transmit e-mails with the visitor’s image attached when the intercom operates. When you push the intercom at the time of returning home, you will be able to inform your family members away from home about who is at home. Moreover, sensor cameras are installed in our model houses that give notices automatically.

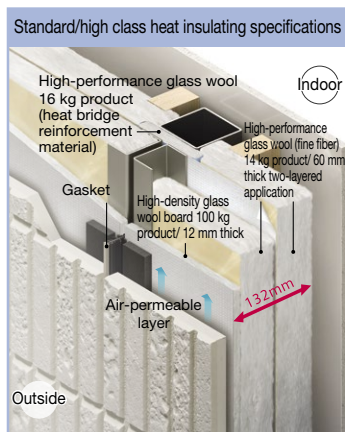


Sensor camera installed at a model house

Su: Speed & Stock

External Thermal Ventilation Wall

This innovative external wall ensures the safety of a housing unit and maximizes its service life. The wall provides an external barrier, composed of a high-density fiber-based insulating material and an air-permeable layer, thereby minimizing the risk of condensation inside the wall and water leakage due to rainwater permeation. Being in a position to lead the housing industry, Daiwa House Industry released in 2006 the steel framed single family house “xevo,” which has this technology equipped as standard, and also released in 2014 “xevo Σ” which can withstand multiple earthquakes. The brand has since been Daiwa House Industry’s main product in the single-family housing segment.



- * For “xevoΣ”
- * External joints are partially sealed.

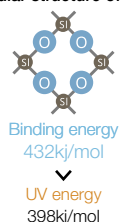
Building Protection Mechanism

“KIRARI+” protects the coloring layer from ultraviolet radiation and prevents color fade-out for a long period of time. As an external wall coating, “KIRARI+” is intermolecularly linked by stronger energy than those of ultraviolet radiation, showing excellent weatherability.

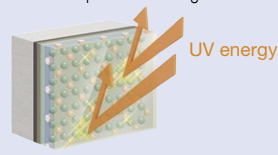
By the photocatalytic effect which utilizes the force of light and water, stains decompose when ultraviolet radiation hits and the stains drain easily with rainwater.

* Adopted into “xevoΣ”

Molecular structure of KIRARI+



Since the intermolecular bond energy is stronger than ultraviolet radiation energy, bonds will not break even when ultraviolet radiation hits, and the beauty of the external wall is kept over the long term.



Expansion of Housing Renovation Business

Our housing renovation business, which commenced as Daiwa House Reform Co., Ltd. in April 2013, has entered its fourth year. The company’s mission, expressed under the slogan “Heart One Reform,” is to realize the evolution of each housing unit in the optimal manner at the time of its renovation project within the lifecycle of the occupants and the surrounding environment. The company promotes assured renovation centering on housing inspection and diagnosis.



“Reform Salon” deployed nationwide

Narrow-space Inspection Robot: moogle

“moogle” is an inspection robot that can thoroughly check on narrow, dark and difficult to move spaces including narrow and elevated aisles such as bridges, inaccessible piping, and common ducts.

Locations that usually can’t be seen will be displayed on the personal computer monitor, therefore “moogle” is utilized in on-site surveys and seismic-resistance evaluations before conducting home renovation services including underfloor inspections, diagnosis work, etc.

Building owners, customers considering home renovation, and customers considering purchase of an existing house may also check crack widths of the concrete foundation in real-time.



moogle

Fu: FUKushi (Welfare)

Friendly Design

“Friendly Design” is Daiwa House Industry’s original concept of a universal design that is also aesthetically pleasing. A large number of items designed based on this concept have been adopted to furnish the “+ child first” House produced by Mr. Masato Ochi, a member of the team promoting the Ikumen Project (encouraging fathers to play an active role in child-rearing) of the Ministry of Health, Labour and Welfare of Japan. The house enchants and inspires visitors for its innovative originality.



“+ child first” House



Co-creating a Brighter Future with the Local Residents

Silver Age Research Center

Daiwa House Industry's Silver Age Research Center conducts specialized studies and investigations about health care and nursing facilities for the elderly. Drawing on Daiwa House Industry's achievements as the industry's best performer and homebuilding-related know-how accumulated over many years, the research center compiles proposals to respond to the needs of medical institutions, nursing care companies, and local communities. The center has been involved in the construction of 4,979 health care and nursing facilities (as of the end of March 2016), thereby contributing to local communities.



Sanda Rehabilitation Hospital

Development of Care-giving Businesses

I Proposals for housing units for the elderly that ensure security, comfort, and health care and nursing services

Based on the basic concept of "aging in place,*" we propose construction projects of housing units for the elderly (service apartment buildings for the elderly), in which services supporting elderly persons' autonomous lives are provided in partnership with health care and nursing facilities.

* "Aging in place" refers to a situation in which elderly people stay in a familiar environment (their community, their own home, etc.) while remaining in good health and enjoying a fulfilling lifestyle.

I Robotics-based Business

Daiwa House Industry sells and offers diverse welfare devices including desktop type communication support system "comuoonSE" which supports hearing-impaired people's hearing, urine-suction robot "Humany" used for nursing care at home, disinfectant towel dispenser "Purus" for nursing care facilities, "Watch Over Sensor" that supports nursing of those with dementia, non-weight bearing lift "POPO," as well as cooling vest "D-wind" that is expected to improve various working environments.

"comuoon" is a trademark of Universal Sound Design Inc.

"Humany" is a trademark of Unicharm Corporation.

"Purus" is a trademark of Purus Corporation.

"Watch Over Sensor" is a trademark of King Tsushin Kogyo Co., Ltd.

"D-wind" is a trademark of Prop Co. Ltd.

"POPO" is a trademark of Moritoh Corporation.



Desk top type communication support system "comuoonSE"



Urine-suction robot "Humany"



Disinfectant towel dispenser "Purus"



Watch Over Sensor



Cooling vest "D-wind"



Non-weight bearing lift "POPO"

Ka: KAnkyo (Environment)

Daiwa House Industry's "Efforts for the environment" are introduced in detail in "Environment" (page 72-123). Furthermore, we have published "Environmental Report 2016" containing information on the environment excerpted and re-edited from this report.



Related subject:

P73 "Co-creating a Brighter Future with the Environment"
Message from the Executive Officer in Charge

Ke: KEnko (Health)

Proposing a slow lifestyle through forest-side housing development

Since 1971, Daiwa House Industry has developed forest-side towns at 14 locations across Japan, from Hokkaido to Kagoshima Prefecture. These new towns are complete with infrastructure including water supply and drainage systems, and even hot springs in most of them. We perform maintenance and administrative duties to provide house owners with security and comfort-assured lives. The houses have been purchased not only as holiday houses but also as principal residences.



A line of houses at Royal City Aso Ichinomiya



Gardening seminars and other events are regularly held for house owners.

Contributing to people's health enhancement through the management of fitness clubs

Daiwa House Group operates the Sports Club NAS at 72 locations across Japan. It provides a full range of fitness programs that help members and users achieve their various objectives such as slimming down, completing a full marathon, and mental & physical relaxation. NAS is in the business of maintaining and enhancing people's mental and physical health through the joy and pleasure of sports and other physical activities. NAS also organizes timed walking events for senior citizens and cooperates in a muscular strength program for the elderly in Musashino City, Tokyo. Moreover, we hold seminars on physical activities for the purpose of helping elderly people stay in good health in several communities including Saitama City and Shiki City, Saitama Prefecture; and Chigasaki City, Kanagawa Prefecture, to encourage elderly people to stay physically active, contributing to their health enhancement and supporting their continued autonomy.

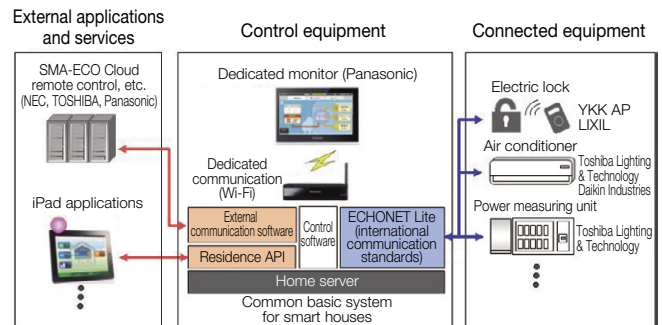


A scene from a muscular strength enhancement program

Tsu: TSUshin (Information-Communication Technology)

Development of the common basic system of smart houses

We are actively working on the generalization of the common basic system for smart houses, which can be utilized not only for energy and power conservation but also various daily services that ensure security, comfort, welfare and health.



Conceptual illustration of Daiwa House Industry's common basic system for smart houses

Development and Generalization of Smart Houses

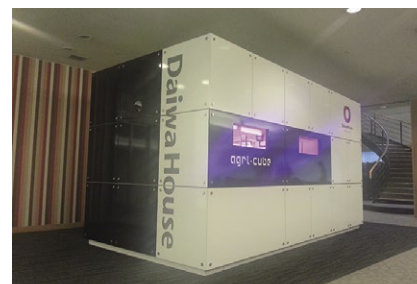
D-HEMS is a highly generally applicable home energy management system containing ECHONET Lite, an international communication protocol for home electric appliances and equipment, and Residence API, an application development tool. This system constitutes a basic technology that realizes practical utilization of our "Smart Eco" smart houses.



No: NOgyo (Agriculture)

Promotion of agriculture business to pursue safe, comfortable and healthy lifestyles

While ensuring food safety and with the aging of agriculture workers, Daiwa House Industry sells "agri-cube" plant cultivation units that can readily grow crops. "agri-cube" packages contain all the equipment required for growing vegetables and can be installed in a single car parking space. Therefore it is possible to stably produce crops in all kinds of facilities such as commercial facilities and nursing care facilities.



Agri-cube installed on the second floor of the Tokyo Head Office



Co-creating a Brighter Future with the Local Residents

TOPICS Community Development by the Daiwa House Group

With the slogan to be a “Group that co-creates value for individuals, communities and people’s lifestyles,” we are promoting advanced community development in various places including SMA-ECO Town Harumidai, which received the MLIT Minister’s Prize in the Eco-Products Category at the 10th Eco-Products Awards. We also are developing the Midorigaoka and Miki Aoyama Housing Complex Restoration Project to redevelop the community in Miki City, Hyogo Prefecture, which shows the diversification of our community development activities. In addition, the Sustainable Community Development Promotion Committee, which is a cross-sectional organization in our Group, has formulated “Community Development Vision” to enhance the activities.

We will continue to unite the efforts of the entire Group for community development under the themes of “solution of social problems” and “creation of new values.”

8HEARTS



Community Development Vision

Community Development Vision is a summary of the attitude and approach of the Daiwa House Group to community development. It consists of three components: the “Vision” of the community development we seek; the “Mission” and role we should fulfill; and the “Value” on which we place importance.

Vision・・・Community value into the future

We do not consider completion of buildings to be the end but aim to develop communities in a way to bring their values into the future

Mission・・・Working together for Design & Management

We will work together with people and communities to design a valuable community, and enhance the value of the community with those who live and work there based on our reliable management capacity to bring it into the future.

Value・・・8HEARTS - Eight values for people and regions -

Our community development focuses on “for the benefit of people” and “for the benefit of regions,” which are the two main objectives. We will create **safety**, **health** and **comfort** as the values for people, as well as **environmental**, **economy** and **identity** as values for regions. Then, we will create **communication** and **sustainability** as values for the future.

Case of Community Development

SMA-ECO Town Harumidai, SMA-ECO Town Hidamari-no-Oka, SECUREA Toyota Kakimoto

We keep creating new values for society through the planning of towns such as SMA-ECO Town Harumidai, which realized Japan’s first net zero energy town, SMA-ECO Town Hidamari-no-Oka, where the proceeds from the sales of electricity generated in a photovoltaic power plant (approximately 100 kW) in the town are used for the maintenance of single-family houses and other purposes and SECUREA Toyota Kakimoto, where electricity is interchanged between single-family houses.



SMA-ECO Town Harumidai

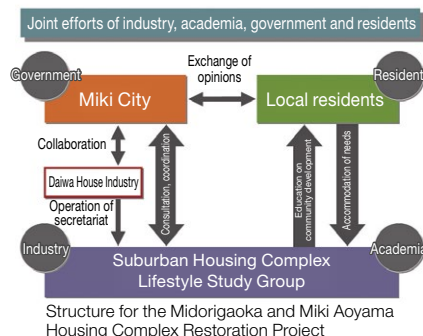
Related subject: P92 “Prevention of global warming” TOPICS

Case of Community Restoration

Midorigaoka and Miki Aoyama Housing Complex Restoration Project

In Japan, many of the suburban housing complexes developed during the period of high economic growth are 50 years old or older, and they face various challenges including the aging of the residents and increases in solitary households and empty houses.

To solve these challenges, Suburban Housing Complex Lifestyle Study Group has been established in “Midorigaoka Neopolis,” which was developed by Daiwa House Industry. This collaboration of industry, academia, government and residents works for early realization of a “multi-generation recycling-oriented community” in which various generations can live comfortably for a long time.



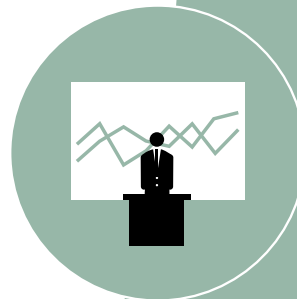
A strength of the Daiwa House Group is that it develops various business fields necessary for community development, ranging from housing-related fields including houses, housing complexes and condominiums and business-related fields including commercial, office and distribution facilities, to service-related fields including energy, financial and fitness businesses. This strength was utilized in our proposal made for the Safe & Eco-smart Model City Block Development Project, which is a public-private partnership (PPP) project of Toyama City, and we were selected as the operator of the complex development of public facilities and housing blocks. We will continue to be committed to community development with values “for the benefit of people” and “for the benefit of regions.”

Community Development by the Daiwa House Group: <http://www.daiwahouse.com/businessfield/community>

Co-creating a Brighter Future with Our Shareholders

Message from the Executive Officer in Charge..... 067

Returning benefits to our shareholders and investor relations ... 069





Co-creating a Brighter Future with Our Shareholders

Message from the Executive Officer in Charge

Social issues

After Japan's Stewardship Code ("Principles for Responsible Institutional Investors") was introduced in February 2014, the thought that shareholders and investors should give attention not only to financial aspects but also to non-financial aspect of companies, namely, the Corporate Social Responsibility (CSR) efforts, has been widely spread. Therefore, there is a need to inform shareholders and investors of companies' sustainability on a medium-to long-term perspective by showing management in which financial and non-financial aspects are combined.

Furthermore, not only addressing CSR efforts, but also effectively delivering the "contribution to corporate value" of these activities will become more and more expected.

Institutional investors who announced their acceptance of Japan's Stewardship Code

over 200

Source: Financial Services Agency, Publication of the list of institutional investors who have signed the "Principles for Responsible Institutional Investors" <<Japan's Stewardship Code>> - To promote sustainable growth of companies through investment and dialogue (updated March 24, 2016)

Vision and strategy

What the Daiwa House Group aims to achieve

Creating values to shareholders as well as to the society

Daiwa House Group, centering on the housing business, is operating various businesses including construction and development of commercial facilities, logistics centers, nursing care facilities, etc., and in this background, we hold the vision "contributing to society." We consider that it is important to communicate the kind of businesses Daiwa House Group is operating and the reason to conduct these businesses for Daiwa House Group to be better understood.

Daiwa House Industry will seek to improve "shareholders' value" through securement of a stable financial base, pursuing business growth, passing on profits created by business activities to shareholders, as well as raising earnings per share by funding in growth investment in an aim to maximize corporate value in the medium-to long-term of five to ten years. Also, the creation of "value to society" with addressing social issues will contribute to the improvement of "shareholders' value," making effective use of non-financial capital of intangible assets vital.

In the 4th Medium-Term Management Plan (fiscal year ending March 2014 through fiscal year ending March 2016), Daiwa House Industry increased capital for the first time in 37 years and enhanced its financial base, and aggressively continued to make growth investments. As a result, Daiwa House Industry considers that it has been able to respond to the shareholders' expectations by achieving a performance greatly exceeding the original plan, raising earnings per share, and passing on profits linked to performance. Owing to the shareholders' understanding of and placing trust in the business strategy envisioned by Daiwa House Group, we realize that we were able to show an example of "shareholders' value" improvement and creation of social value.

Daiwa House Group will seek to deepen dialogues with shareholders about information needed without being bound by

conventional contents and methods to deliver the information. We will fully exercise fiduciary responsibility and accountability to shareholders and aim to secure sustainable growth.

Risks and opportunities for the Daiwa House Group

Daiwa House Group considers that increasing the number of shareholders who understand our Group's businesses and strategies, and own our stocks for the long term will lead to proper price formation. If information would not be disclosed timely and appropriately, and the primary corporate value of Daiwa House Group would not be understood, financial capital for sustainable growth may be affected.

Risks

- We may lose current shareholders who may stably hold stocks in the long run as well as potential shareholders if we cannot effectively communicate Daiwa House Group's information about financial / non-financial aspects.

Opportunities

- Comments and requests obtained through constructive dialogue with shareholders will be an opportunity to examine better management.

Goal and results

Important themes to address

Enhancement of transparency

In May 2015, Daiwa House Industry instituted the "Corporate Governance Guideline" to clarify actions to be taken and exercise fiduciary responsibility and accountability to shareholders. Moreover, Daiwa House Industry has publicly announced as stated below the policy demonstrating the way to respond to shareholders. From this time forward, Daiwa House Industry will expand delivery of the Group's integrated thinking and ESG (environment, society and governance) information, and enhance transparency of information on financial / non-financial capital in order for shareholders to assess medium-to long-term corporate value.

<Policy on Promoting Constructive Dialogue (Engagement) with Shareholders>

The company does the following to engage in constructive dialogue with shareholders, contributing to the sustainable growth of the company and increases in corporate value over the medium to long term.

- (1) Taking the requests and interests of shareholders into consideration, to the extent reasonable, the Directors, including external directors, and senior management have a basic position to engage in dialogue (management meetings) with shareholders.
- (2) The Officer in charge of IR cooperates with departments within the company to facilitate constructive dialogue.
- (3) The company strives for disclosure that enables judgements on corporate value over the medium to long term, augmenting corporate value through dialogue (engagement) with shareholders.

- (4) In addition to individual meetings, the Officer in charge of IR arranges management briefing sessions, facility tours and other activities to enhance IR activities.
- (5) Through dialogue with shareholders, the Officer in charge of IR communicates Company perspectives, provides feedback about shareholder opinions and requests to Directors and senior management and provides feedback in timely and appropriate manner to outside Executives, sharing an awareness of any issues from an independent and objective standpoint.
- (6) To prevent external leaks of important undisclosed internal information (insider information), the Officer in charge of IR cooperates with the person responsible for information management to manage information thoroughly based on Regulations on Insider Transactions.

(Article 44, Item 3 of Corporate Governance Guidelines)

Summary of efforts in fiscal 2015 (CSR self-assessment index)

To deliver information widely and accurately to shareholders and investors needed in assessing medium-to long-term corporate value, Daiwa House Industry has improved information disclosure through annual reports and CSR reports. Accordingly, the external assessment agency's rating of our annual report was raised from B+ to A-, and the GRI guidelines response rate of CSR reports also increased from 60.6% to 68.4%.

External assessment of the Annual Report

FY 2015 results **A- (AR2014)**

External assessment of the IR website

FY 2015 results **Below 4.5**

GRI Guideline responsiveness in the CSR Report

FY 2015 results **68.4%**

Takeshi Kousokabe

Representative Director and
Senior Managing Executive Officer, CFO
Head of Administration Division,
Management Administration General Manager





Co-creating a Brighter Future with Our Shareholders

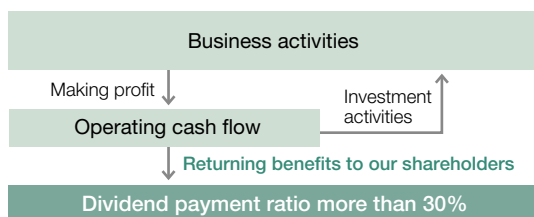
Returning benefits to our shareholders and investor relations

Our Policy

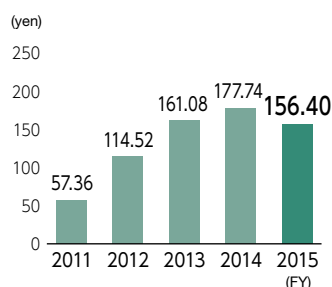
Basic Policy

Daiwa House Industry returns part of the profit it makes from its business activities to its shareholders. In so doing, the company's basic policy is to strive to increase shareholder value by improving earnings per share (EPS) by maximizing medium- to long-term corporate value through such measures as investment in real estate, overseas business expansion, merger and acquisition, and investment in research and development, plant and equipment, and other growth-oriented targets. We strive to maintain a stable dividend payment, setting our target dividend payment ratio at 30% or above of the current term net profit that is attributable to the parent company's shareholders, and remunerating our shareholders in line with the company's business performance. Our approach to acquiring our own shares is to take action at an appropriate timing in consideration of the market situation, capital efficiency, and other factors.

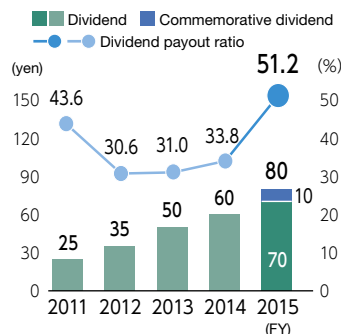
Concepts of profit sharing



Current term net profit per share



Dividend & dividend payout ratio



Basic Policy for Investor Relations (IR)

In the spirit of the company's Management Vision, "Co-creating a Brighter Future (with our shareholders)," we maintain close two-way communication with our shareholders. To ensure that the company's dialogue with its shareholders contributes most effectively to its sustainable growth and medium- to long-term corporate value enhancement, the company's management team and the officer in charge of IR usually represent Daiwa House Industry in person at meetings with shareholders, which we view as precious occasions for accurately and smoothly communicating the company's management strategies and plans.

Management

Through IR activities, we at Daiwa House Industry aim to obtain trust from shareholders and investors, as well as appropriate evaluation by the market. To this end, inputs and requests that we receive through dialogue are reported to directors and other managers, in addition to biannual reporting meetings to outside executives. Through these occasions, we share the recognition of requirements from an independent and objective perspective, and incorporate such inputs into management, thereby pursuing the maximization of corporate value.

Measures Being Taken

Quarterly financial results briefing session for institutional investors and analysts by teleconferencing

Semiannual management briefing session for institutional investors and analysts by the top management team

Proactive participation in an IR conference organized by securities firms

Individual meetings with institutional investors in and outside Japan; reception of telephone interviews

Guided tours of project sites for institutional investors

On-line corporate information meeting for individual investors

Facility tours for individual investors

Communication of Information via printed media introducing the preferred shareholders' system; contribution of articles to IR journals

Exhibited special benefits to shareholders at the relevant fairs

Provision of IR tools



Scenes from the management briefing session

Information Disclosure on the “Investor Relations” Page of our Official Website

We at Daiwa House Industry pursue timely and appropriate information disclosure to all stakeholders, including shareholders and institutional investors, through our official website. In addition to performance information required by law, we also disclose the summaries of financial results explaining the company's financial status in detail, as well as monthly flash reports of orders. We also publish the content of presentations and Qs & As at the quarterly financial results briefing session for institutional investors and analysts and at the biannual management briefing session in Japanese and in English. Video clips are also accessible on the website sharing presentations at conferences organized by management team and at corporate briefings targeted at individual investors. These efforts are all aimed at facilitating public understanding of our management policy and business initiatives.

Communication with Institutional Investors

To promote public understanding of our Management Vision, business strategies, and policy for returning benefits to shareholders, we held IR sessions with 948 institutional investors and analysts in total in fiscal 2015. With respect to overseas IR, our top management team visited and had interviews with investors in the UK, Europe, North America, Singapore and Hong Kong. We will continue with these activities, honestly accept inputs and requests received through dialogue with investors and shareholders, as well as evaluations in capital markets, and incorporate those evaluations into our management.

Communication with Individual Investors

An online corporate briefing was held for individual investors. A total of 285 participants logged in on the day of the event. Diverse questions were received from participants concerning growth drivers in our major business segments, overseas businesses and new businesses, measures for returning benefits to shareholders, and other topics, and the online meeting served as a lively platform for opinion exchange. Just as in last year, we continued to organize facility tours in Tokyo and in Nara, for the purpose of helping individual shareholders deepen their understanding of our business activities.

• Tokyo tour

Date: Friday, March 4, 2016

Venues: Try-IE-Lab (single-family house experience facility)

Living Salon

D's TETOTE (nursing care and welfare equipment exhibition hall)

• Nara tour

Date: Friday, March 11, 2016

Venues: Central Research Laboratory

Daiwa House Industry D-Room

(rental housing simulation facility) Plaza Hall

Nobuo Ishibashi Memorial Museum

Shareholders who participated in the tours evaluated that the philosophy of the founder had been inherited to date, and that they deepened their understanding of Daiwa House Group and liked the company all the more. We intend to continue improving our IR activities in the future, incorporating feedback from our shareholders into our programs.



Redesigned IR page website



Nobuo Ishibashi Memorial Museum in Nara







TRY-IE-Lab in Tokyo



Co-creating a Brighter Future with Our Shareholders

External Evaluation of Daiwa House Industry's IR

■ Inclusion of Daiwa House Industry in SRI (socially responsible investment) indices

| | |
|---|--|
|  <p>MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM</p> | <p>In 2015, Daiwa House Industry was selected for the third consecutive year following 2013 to be in the Dow Jones Sustainability Asia Pacific Index (DJSI Asia Pacific). DJSI was jointly developed by the American publisher Dow Jones and the Swiss survey and rating firm Robeco SAM in 1999. Listed on the DJSI Asia Pacific are corporations in Japan, Asia, and Oceania selected for their economic, environmental, and social achievements analyzed under various items and thus for their sustainable growth potential. Daiwa House Industry was selected mainly because of its wide-ranging efforts for the environment through its business activities that were highly evaluated as sustainable.</p> |
|  <p>FTSE4Good</p> | <p>FTSE4Good is the SRI index developed in 2001 by the FTSE, a joint venture between Pearson (which owns the <i>Financial Times</i>) of the UK and the London Stock Exchange Group. The FTSE carries out its original negative screening (selection control) when setting up a listing, evaluating corporations in terms of environmental sustainability, social issues and relationship with stakeholders, and human rights. Daiwa House Industry has been selected for these indices since 2006.</p> |
|  <p>2015 Constituent MSCI Global Sustainability Indexes</p> | <p>MSCI Global Sustainability Indexes are representative stock indices developed by MSCI, USA, which provide exposure to companies with high Environmental, Social and Governance (ESG) performance. MSCI is a global company that calculates and provides stock indices for investors. Daiwa House Industry has been selected for these indices since 2011.</p> |
|  <p>MS-SRI モーニングスター社会的責任投資株価値指数 Morningstar Socially Responsible Investment Index</p> | <p>MS-SRI is the Morningstar Socially Responsible Investment Index of Japanese corporations. It was developed by Morningstar Japan K.K. and the non-profit organization the Center for Public Resources Development. Since the index's publishing on July 22, 2003, Daiwa House Industry has continuously been one of its component issues.</p> |

Recognition by Other Major External Parties

■ Ranked 55th in the CSR Corporate Ranking

Daiwa House Industry was ranked 55th in the latest edition (March 5, 2016 issue) of the CSR Corporate Ranking published by the Japanese economic journal *Toyo Keizai* every year. TOYO KEIZAI Inc. published this ranking after examining and assessing the 1,325 companies that were mentioned in the 2016 edition of *CSR Kigyo Soran* (CSR Compendium) in terms of the utilization of human resources, the environment, corporate governance, and impact on society.

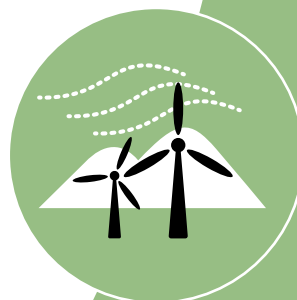
■ Ranked 31st in NICES

Daiwa House Industry was ranked 31st in the latest edition (published on November 27, 2015) of NICES, which Japan's premier economic newspaper, *The Nikkei* (formerly *The Nihon Keizai Shimbun*), conducts every year. NICES is a comprehensive evaluation in which corporations are assessed from the stakeholders' perspectives under four items: investors, consumers/society, employees and potential.

Co-creating a Brighter Future with the Environment

| | |
|---|-----|
| Message from the Executive Officer in Charge | 073 |
| Long-Term Environmental Vision | 075 |
| Action Plan for the Environment (Endless Green Program 2018) ... | 077 |
| Identification of materiality (priority issues)..... | 079 |
| Action Plan for the Environment (Endless Green Program 2015) ... | 083 |
| Prevention of global warming (Energy / Climate change) | 085 |
| Harmony with the natural environment (Preservation of biodiversity).... | 095 |
| Conservation of natural resources (Longer durability / Waste reduction / Water resource conservation) | 103 |
| Prevention of chemical pollution | 109 |
| Environmental management | 115 |
| Supply chain management in our entire business | 118 |
| Eco communication | 119 |
| Cooperation with government agencies, external organizations, etc. ... | 121 |
| Assessment by third parties | 122 |
| Action Plan for the Environment (Endless Green Program 2015) Main Results and Self-assessment | 123 |

* See the Environmental Report 2016 for detailed environmental data. (in Japanese only)





Co-creating a Brighter Future with the Environment

Message from the Executive Officer in Charge

Contributing to the emergence of a sustainable society by solving environmental challenges and co-creating value with our stakeholders

Global environmental challenges

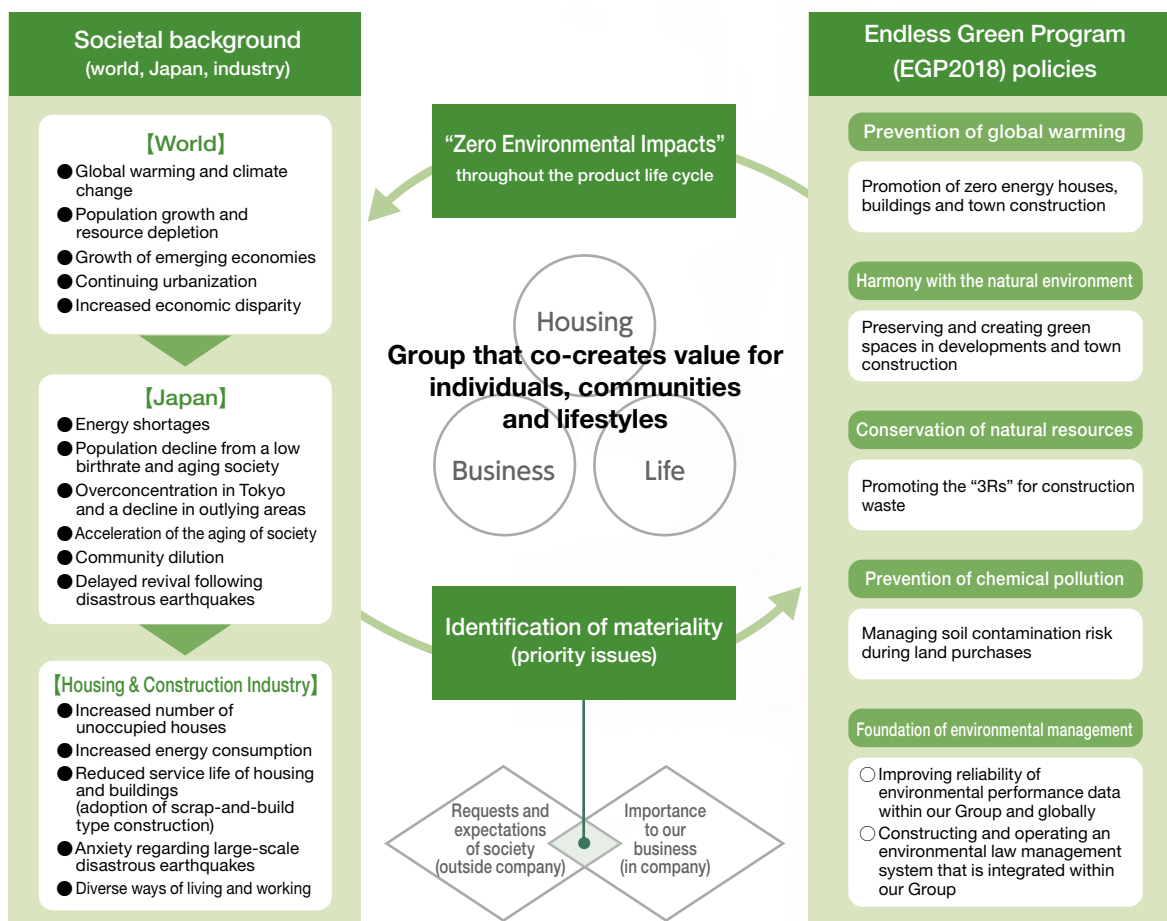
The global community has had to contend with a variety of challenges in recent years. These include economic disparity, poverty, and food scarcity. But among the most salient is the abnormal weather caused by climate change that has become increasingly frequent in various parts of Japan and around the world in the recent past. Clearly, this can be considered an urgent challenge. In an effort to solve this issue, the global community adopted major environmental frameworks in 2015: the Paris Agreement of the United Nations Framework Convention on Climate Change (COP 21) and Sustainable Development Goals (SDGs) adopted by the United Nations. In the Paris Agreement, an overarching agreement was reached to limit the increase in the mean world temperature to no more than 2 degrees Celsius above the level seen before the Industrial Revolution. As a concrete long-term goal, the objective is to achieve zero emissions of greenhouse gasses attributable to human activity. As for the SDGs, the primary goal for 2030 is to achieve a sustainable global society; in addition, 17 goals and 169 targets address health and welfare, energy, climate change, and social peace. No matter the framework, the long-term goal is to implement global environmental initiatives in an international setting. For us as corporate citizens, we are compelled to ensure our environmental initiatives accord with this long-term vision going forward.

Formulating and implementing a long-term environmental vision and action plan

We formulated our “Sustainable Vision” in order to address these goals and to contribute to the improvement of human life around the world. Following the roadmap for the sustainable growth of the Daiwa House Group, we intend to take on limitless challenges for the benefit of society and individuals alike. Regarding environmental issues, we reviewed our existing Medium- to Long-Term Environmental Vision 2020 in order to address our goals as the Daiwa House Group; consequently, we have built on our long-term environmental vision by formulating Challenge ZERO 2055 with an eye to our 100th anniversary in 2055. With this initiative, we are taking steps to reduce our environmental impacts to zero. Through this Long-Term Vision, we have charted a course to 2055 that identifies our long-term goals in four priority areas: prevention of global warming, harmony with the natural environment, conservation of natural resources, and prevention of chemical pollution. Our goal is to meet the challenge of achieving “zero environmental impacts” throughout the product life cycle from procurement, production, and transportation to construction, habitation, renovation, and demolition.

We also formulated the Endless Green Program 2018, a new environmental action plan launched in fiscal 2016 that incorporates the technique known as “backcasting” as a means of achieving the plan’s long-term environmental goals. With this

■ The process of creating value through environmental management



action plan, we intend to accelerate our environmental initiatives by promoting environmental management integrated within our Group around the globe using the life cycle approach to ensure corporate profitability can coexist with a healthy environment.

Co-creating value with our stakeholders

“We will carry forward the Japanese spirit of greater harmony to pursue businesses that contribute to society.” This founding principle of the Daiwa House Group has inspired us to become the sustainable company that society demands.

The houses and buildings we offer utilize natural resources such as wood and metal as well as chemical substances such as paint and other interior materials. Because these structures remain in use for many years after construction, they consume vast amounts of electricity and other forms of energy. Furthermore, the large-scale developments and town planning projects that we undertake can have a considerable impact on the ecosystem and natural environment.

In order to reduce these environmental impacts, it is essential that we extend our environmental initiatives throughout the supply chain, which includes our business partners and customers.

In July 2015 for example, as one initiative in the procurement phase, we formulated our CSR Procurement Guidelines. We stipulated wide-ranging procurement standards regarding social and environmental criteria and promoted them together with our business partners. As part of our Endless Green Program 2018, we are scheduled to accelerate our initiatives in the procurement phase.

On the other hand, an examination of the CO₂ emissions attributable to Japan's household sector and business sector reveals that they have increased by about 70% over the past quarter century, as we have fallen behind in adopting countermeasures. The adoption of “smart” practices and devices (that generate energy and increase energy efficiency) will be necessary in the new housing and buildings to be constructed in the future. Working together throughout our company and in collaboration with industry, we will promote the ZEH (Zero Energy Home) and ZEB (Zero Energy Building) initiatives. We will also promote energy-efficient renovations for existing houses and buildings, which are lagging in the introduction of smart practices and devices; moreover, we intend to enhance both safety and the comfort of our customers even as we reduce the quantities of energy consumed.

As a leader in the construction and real estate industries, the Daiwa House Group is committed to meeting its responsibilities. Together with our various stakeholders, we are contributing to the emergence of a sustainable society through our environmentally symbiotic housing, buildings and town planning.

Tatsushi Nishimura

Representative Director and Senior Managing Executive Officer
Executive Officer in charge of the Environment





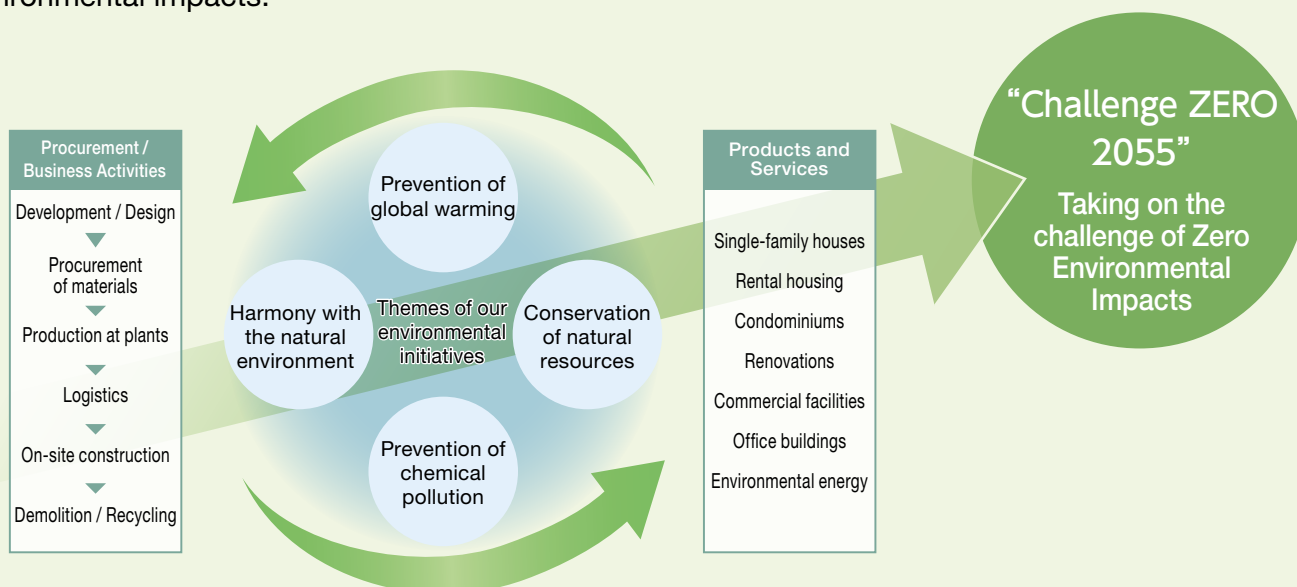
Co-creating a Brighter Future with the Environment

Long-Term Environmental Vision

Five years have passed since we formulated our current Medium- to Long-Term Environmental Vision 2020. External circumstances related to the environment (including COP 21 and SDGs) have changed greatly, and vision is necessary to accommodate these realities. We reviewed our vision because we had achieved our targets for some indices in fiscal 2015, which was ahead of schedule. For our new Long-Term Environmental Vision, we identified 2055 as the target year, as that year will mark the 100th anniversary of Daiwa House Industry Co., Ltd. We aim to contribute to the emergence of a sustainable society as a Group that co-creates value for individuals, communities, and lifestyles under our Group management vision. We formulated this vision through three phases (procurement/ business activities / products and services) to encompass four environmental themes: prevention of global warming, harmony with the natural environment, conservation of natural resources, and prevention of chemical pollution.

Long-Term Environmental Vision “Challenge ZERO 2055”

As a Group that co-creates value for individuals, communities, and lifestyles, the Daiwa House Group contributes to the emergence of a sustainable society and is addressing the challenge of zero environmental impacts.



[Prevention of global warming (Energy / Climate change)]

Challenge 1

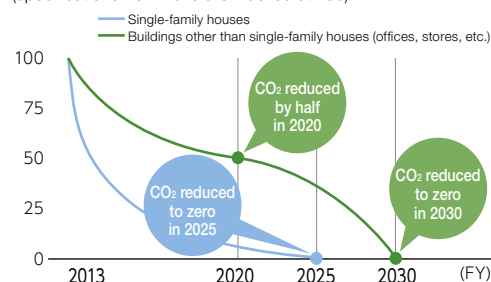
To contribute to the emergence of a carbon-free society, we are targeting **zero CO₂ emissions throughout the product life cycle** by promoting thorough energy-efficiency measures and utilizing renewable energy.

Action 1

We are targeting net zero CO₂ emissions during usage for the average new single-family houses by 2025 and for new buildings by 2030. At the same time, we are targeting zero CO₂ emissions (zero energy) town planning by promoting power generation using renewable energy sources and the supply of low-carbon electricity.

CO₂ emissions during inhabitation and usage

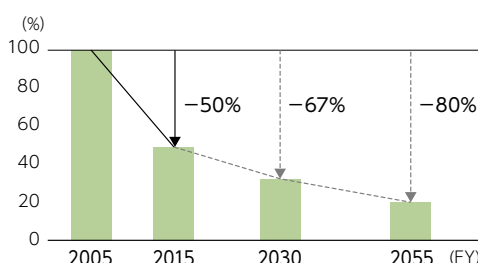
(specifications from 2013 are indexed at 100)



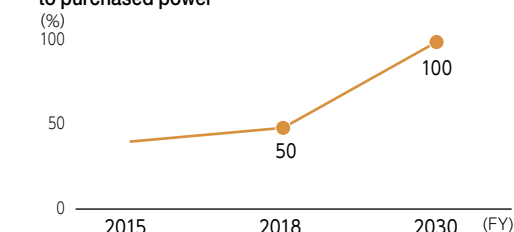
Action 2

Our goal is to reduce CO₂ emissions (per unit of sales) from all facilities and all business processes to about one-third that of the fiscal 2005 level by 2030 and to one-fifth by 2055. Furthermore, our goal is to achieve net zero electricity consumption by 2030 by supplying electricity produced from renewable energy sources that exceeds the total amount of electricity purchased across our entire Group. Our goal is to achieve net zero CO₂ emissions for our entire Group by 2055.

■ CO₂ emissions per unit of sales



■ Ratio of power generation using renewable energy sources to purchased power*



* Power generated using renewable energy sources by our Group ÷ Power purchased by our Group

[Harmony with the natural environment (Preservation of biodiversity)]

Challenge 2

In order to preserve and improve our natural capital, our Group shall achieve **no net loss of green space** by ensuring **zero deforestation** through material procurement and by developing communities filled with greenery.

Action 1

Minimize the loss of our natural capital associated with development and improve the quantity and quality of green space by collaborating with our customers when we construct housing, buildings, and towns. Achieve the objective of no net loss* of green space.

* The concept of offsetting a loss of biodiversity in one location by increasing biodiversity in another location, resulting in no net impact.

Action 2

Regarding the building materials used to construct houses and buildings, focus on zero wood procurement that leads to deforestation by 2030 and zero deforestation associated with material procurement across all our business by 2055.

[Conservation of natural resources (Longer durability / Waste reduction / Water resource conservation)]

Challenge 3

To contribute to the emergence of a resource-recycling society, we shall pursue the **sustainable use of resources** by constructing houses and buildings that are more durable and by pursuing the goal of zero waste emissions.

Action 1

Extend the durability and increase the variability of our new houses and buildings, and work to create a market in which safe, high-quality houses and buildings are appropriately evaluated and circulated.

Action 2

Achieve zero waste emissions (recycling and reuse) throughout the life cycle of houses and buildings and throughout our supply chain by 2030. Achieve zero waste emissions for all our other businesses by 2055.

[Prevention of chemical pollution]

Challenge 4

We shall institute appropriate management of chemical substances throughout the life cycle of houses and buildings in addition to **minimizing the risk (ultimately to zero)** of adverse impacts on the health of people and ecosystems.

Action 1

Identify the risk of chemical substances in the life cycle of houses and buildings, promote reduced use of toxic chemicals, employ substitutes, and appropriately manage chemical substances with using a preventive approach. Continue to minimize the risk (ultimately to zero).

Action 2

Continue working on minimization of the risk (ultimately to zero) through strict management of soil contamination risk, including conducting investigations and applying countermeasures from initial land transaction through the construction process, employing the same standard to the company's own land holdings.



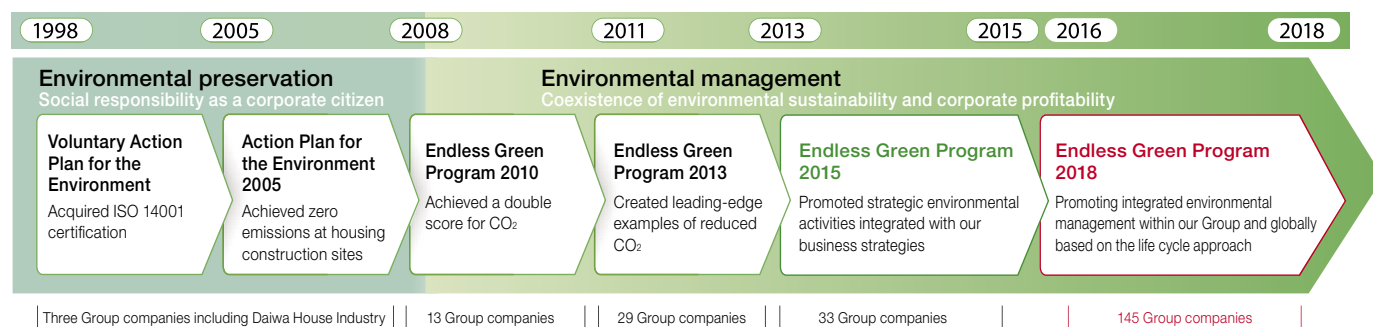
Co-creating a Brighter Future with the Environment

Action Plan for the Environment (Endless Green Program 2018)

About every three years, the Daiwa House Group formulates a plan with concrete targets. Known as the Endless Green Program (EGP), it is implemented on a schedule under the Medium-Term Management Plan toward achieving the goals of the Long-Term Environmental Vision.

In our Endless Green Program 2018 recently formulated for implementation in the period fiscal 2016 to 2018, we are accelerating our environmental initiatives under the concept of promoting integrated environmental management within our Group and globally based on the life cycle approach to ensure that corporate profitability can coexist with environmental sustainability.

History of the Action Plan for the Environment

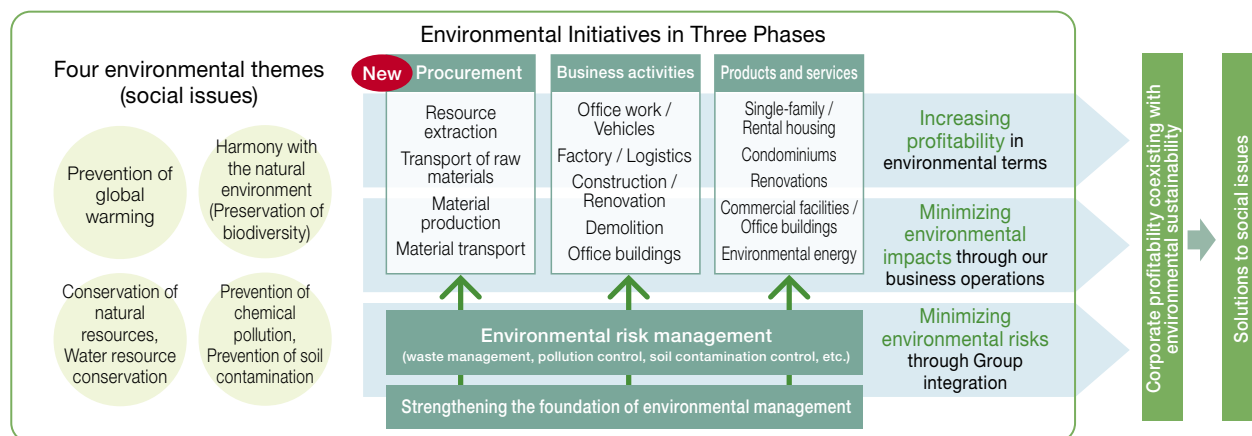


The Daiwa House Group has identified four environmental themes (social issues) associated with its business that hold a high degree of interest for stakeholders as well. Initiatives will be promoted in the three phases of Business Activities; Products and Services; and Procurement (a new phase).

In the Business Activities, we promote manufacturing that demonstrates a high degree of productivity with regard to resources and energy efficiency. This is achieved with efficient facilities and equipment infrastructure as well as with innovative business processes at each stage of the operational process. In

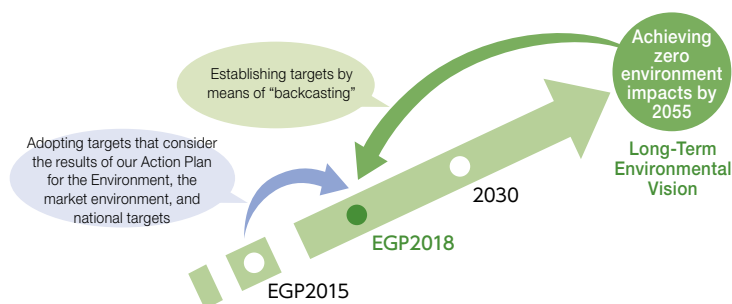
this way, we are reducing environmental impacts. In the domain of Products and Services, we are strengthening initiatives supporting global warming prevention and the preservation of biodiversity through development and dissemination, including the promotion of eco-friendly houses and buildings. Furthermore, in the relatively new phase of Procurement, we are implementing collaboration on joint ownership and improving environmental policy initiatives with our suppliers with the goal of procuring raw materials having low environmental impacts.

Overall Action Plan for the Environment



Establishing targets through “backcasting”

In identifying the targets for our four themes introduced above, we applied the technique of “backcasting” for the Long-Term Environmental Vision we formulated as our objective for 2055, when we will mark our 100th anniversary. We have identified the period from 2025 to 2030 as our milestones, and have identified the levels to be attained after three years.



Policies of Endless Green Program 2018

| Environmental Theme | Phase | Degree of Improvement | Policies |
|--|-----------------------|--|---|
| Prevention of global warming | Procurement | Implementation | Supporting energy efficiency among suppliers and formulating a certification system for energy-efficient building materials |
| | Business activities | Continuous improvement | Incorporating smart innovations in new facilities Continuing improvements to energy-efficient operations in existing facilities and the systematic updating of facilities |
| | Products and services | Priority improvement | Promoting the construction of zero energy houses, buildings and towns Expanding the power generation business by adopting renewable energy (wind, sun, water, biomass) |
| Harmony with the natural environment (Preservation of biodiversity) | Procurement | Continuous improvement | Promoting sustainable wood procurement |
| | Business activities | Maintenance and management | Promoting environmental greenery in Daiwa House Industry and its Group facilities |
| | Products and services | Priority improvement | Promoting the preservation and creation of green spaces in development and town planning |
| Conservation of natural resources, Water resource conservation | Procurement | Implementation | Identifying risks to resources and water from primary building materials |
| | Business activities | Continuous improvement (natural resources) Maintenance and management (water) | Promoting the application of the "3Rs" (reduce, reuse and recycle) to construction waste Promoting the adoption of water-saving devices |
| | Products and services | Continuous improvement (natural resources) Maintenance and management (water) | Promoting the adoption of resource-recycling products (exhibiting greater durability and longer service life and conserving resources) Promoting reproduction building materials Promoting the adoption of water-saving devices |
| Prevention of chemical pollution, Prevention of soil contamination | Procurement | Maintenance and management (chemicals) Continuous improvement (soil) | Strengthening the management of chemical substances in the procurement of building materials Strengthening the management of soil contamination risks during land purchases |
| | Business activities | Maintenance and management | Reducing the release and transfer of PRTR-listed hazardous chemicals during the production stage; reducing VOC emissions |
| | Products and services | Continuous improvement | Further improving indoor air quality in residential facilities Expanding the response and solution to soil contamination incidents |
| Strengthening the foundation of environmental management / Environmental risk management | | | Improving the reliability of environmental performance data within the Group and globally Devising and implementing an environmental law management system within the entire Group |

Targets of Endless Green Program 2018

| Environmental Theme | Indicator | EGP2018 | | Long-Term Environmental Vision | | |
|---|---|------------------------|------------------------|--|---|---|
| | | 2015 results | 2018 targets | 2030 | 2055 | |
| Prevention of global warming | CO ₂ emissions per unit of sales (compared with fiscal 2005 level) | -50%* | -53% | 67% decrease in CO ₂ emissions per unit of sales compared with the fiscal 2005 level | 80% decrease in CO ₂ emissions per unit of sales compared with fiscal 2005 levels ↓ Net zero CO ₂ emissions | |
| | CO ₂ emissions (compared with fiscal 2005 level) | -30%* | -33% | | | |
| | Ratio of renewable energy power generation to electric power purchased | 37%* | 50% | Renewable energy power generation exceeds electric power purchased | | |
| | Contribution to CO ₂ reduction | 3,700,000 t* | 3,900,000 t | Net zero CO ₂ emissions during usage of new buildings (2025 for single-family houses, 2030 for buildings) | Zero CO ₂ emissions from town planning | |
| Harmony with the natural environment (Preservation of biodiversity) | Ratio of C-ranked wood in procured wood | 4.7% | 0% | Zero deforestation resulting from wood procurement as a building material for houses and buildings | Zero deforestation arising from material procurement for all business segments | |
| | Surface area of green spaces | 724,000 m ² | 910,000 m ² | Expansion of green spaces | No net loss of green space (green space lost ≤ green space created) | |
| | Compliance rate with self-standards for biodiversity conservation (development) | 100% | 100% | Determining quantity of green space lost | | |
| Conservation of natural resources, Water resource conservation | Construction waste emissions (production; compared with fiscal 2012 level) | | -9.3% | -14.0% | Zero waste emissions during the life cycle of houses and buildings | Zero waste emissions across all business segments |
| | Construction waste emissions (new construction; compared with fiscal 2012 level) | | -19.5% | -15.0% | | |
| | Recycling rate | Production | 98.7% | ≥95% | | |
| | | New construction | 93.5% | | | |
| | | Civil engineering | 99.3% | | | |
| | | Demolition | 96.5% | | | |
| | | Renovation | 78.7% | ≥85% | | |
| | Ratio of houses certified under the Long-Life Quality Housing Certification System | | 89.9% | 90% | Prolonged life of houses and buildings | |
| | Adoption rate of pre-engineered buildings | | 48% | 60% | | |
| Water consumption per unit of sales (compared with fiscal 2012 level) | | -26.8% | -30% | Minimizing the risk (ultimately to zero) | | |
| Prevention of chemical pollution, Prevention of soil contamination | Release and transfer of PRTR-listed substances (compared with fiscal 2012 levels) | -39.5%* | -40% | | | |
| | Reduction of VOC emissions (compared with fiscal 2013 levels) | -12.8%* | -7% | | | |
| | Compliance rate with self-standards for indoor air quality of residential facilities | 68% | ≥100% | | | |
| | Serious risks of soil contamination during land purchases | Zero | Zero | | | |
| Strengthening the foundation of environmental management / Environmental risk management | Improving the reliability of environmental performance data within the Group and globally | | | | | |
| | Devising and implementing an environmental law management system it within the entire Group | | | | | |

* Results from EGP2015 in fiscal 2015 differ from EGP2018 because of differences in calculation methods, scope, and standard fiscal year.

Customers

Employees

Business partners

Local residents

Shareholders

Environment

Governance



Co-creating a Brighter Future with the Environment

Identification of materiality (priority issues)

During the formulation of the Endless Green Program 2018, new Action Plan for the Environment, the Daiwa House Group newly extracted the materiality in consideration of the importance to our business and the demands and expectations of society regarding our environmental initiatives. We identified the priority issues with reference to the opinions of experts.

For the Endless Green Program 2018, we compared our action levels for the priority issues and other issues identified and determined critical improvement themes and relevant policy.

Process for identifying materiality

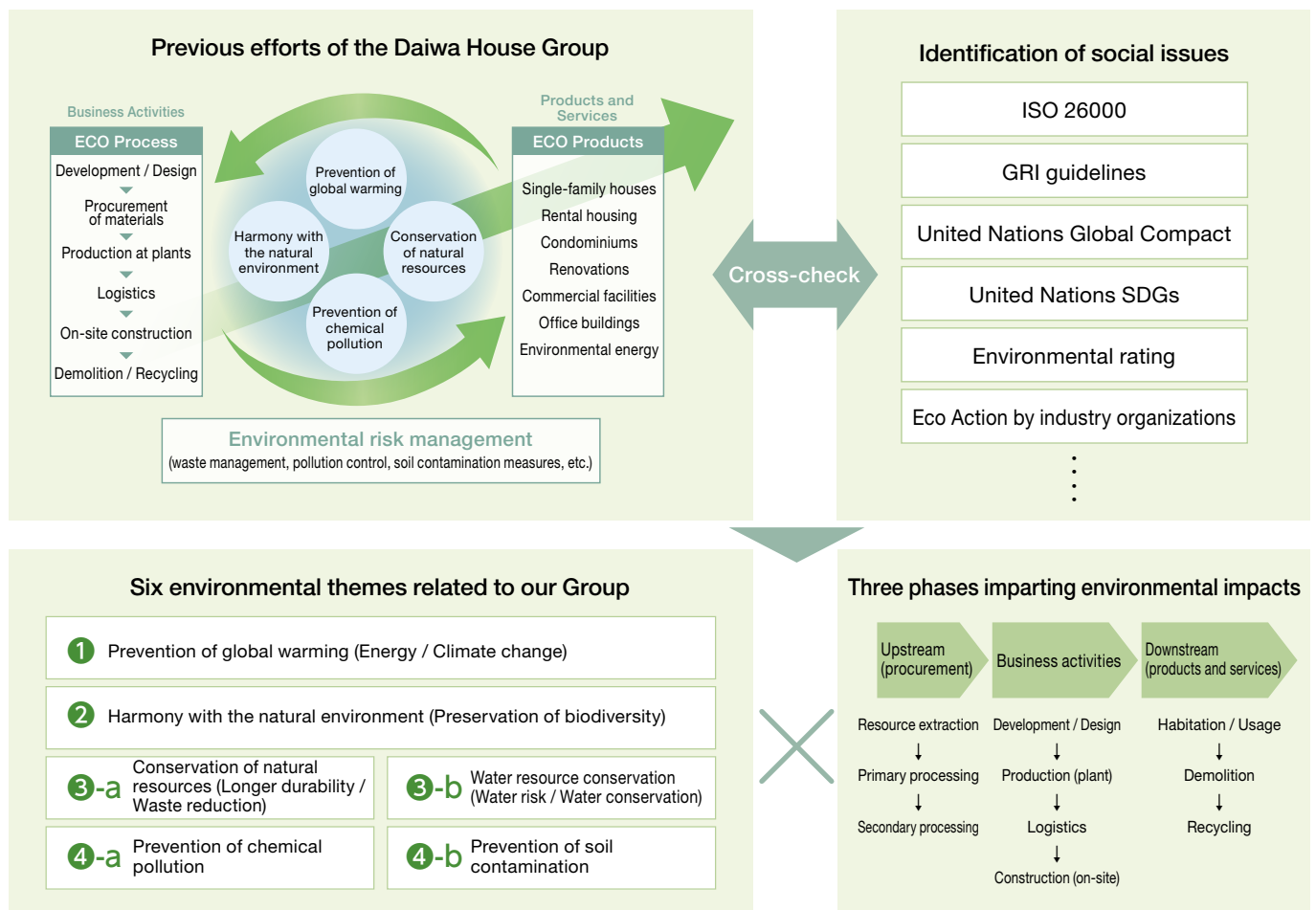


STEP 1

Identify and arrange the issues

Regarding the focal themes of our environmental initiatives that we have identified as a foundation for our Group, we cross-checked them against various international codes, assessment items of the main SRI indices, and policies of industry organizations and the like. Moreover, we extracted another six themes. In addition, we

classified them into three phases as either upstream (procurement) or downstream (products and services) mainly as business activities in relation to the scope of their impact on our business. We identified 18 themes (6 themes × 3 phases) in total based on our life-cycle approach.

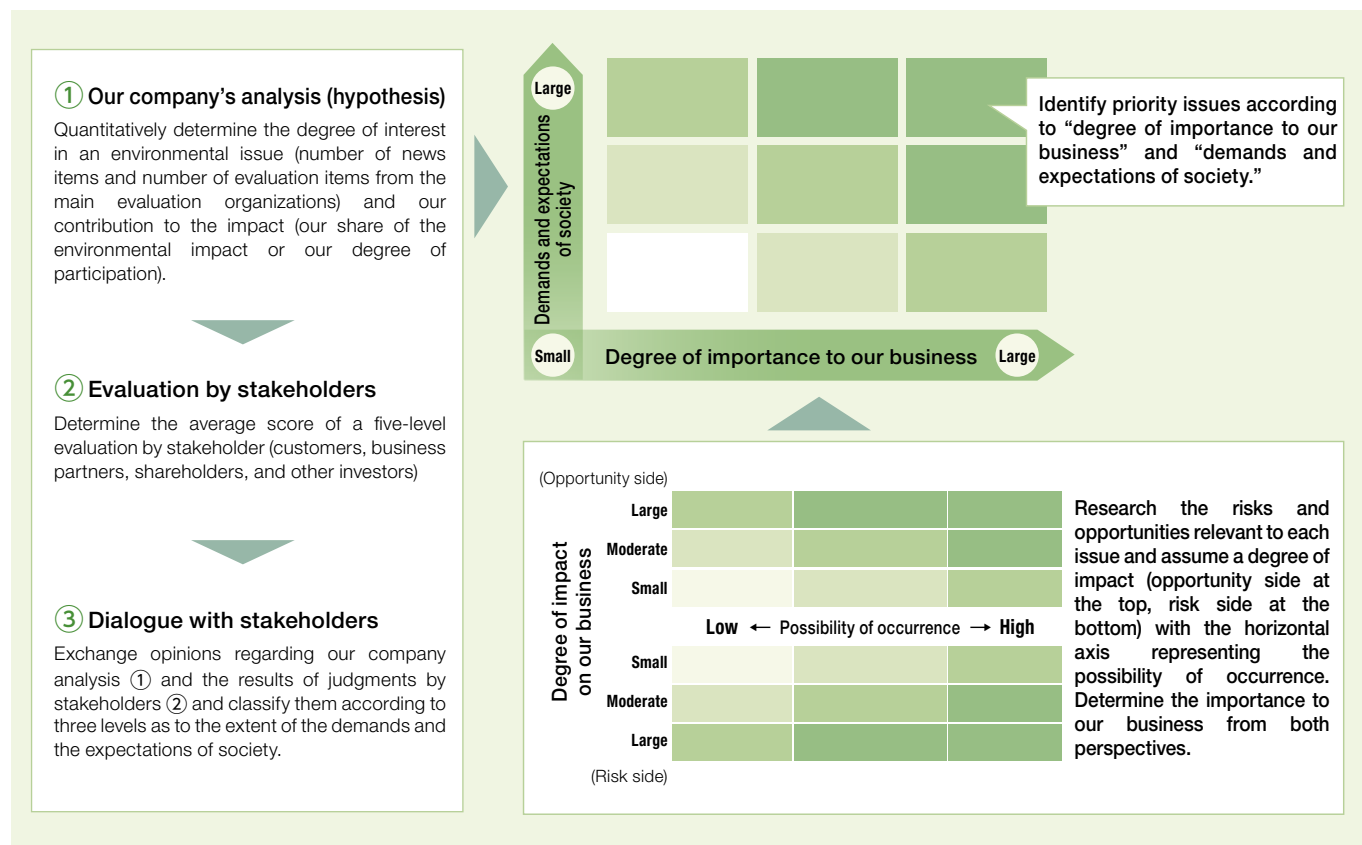


STEP 1

Extract the priority issues

Regarding the 18 themes that we identified in Step 1, we employed the perspective of “corporate profitability coexisting with environmental sustainability” to identify priority issues using a two-axis assessment; larger or smaller demands and expectations

of society; and the degree of importance to our business. Furthermore, when assessing the demands and expectations of society, we reconciled any gap with our hypothesis through direct dialogue with stakeholders.



Holding of stakeholders' meeting

- Date:** Thursday, January 28, 2016
- Venue:** Daiwa House Industry Co., Ltd. Head Office 2nd-floor conference room
- Theme:** Important environmental issues our Group should address
- Participants:** Two customers (housing and buildings), one business partner, one shareholder and one investor



Opinions:

- The company should make a greater effort to develop and adopt products that help to prevent global warming because doing so will contribute to improved corporate competitiveness.
- Town planning that emphasizes preservation of biodiversity is regarded as having added value now, but it will also lead to improved property values over the long term. In the future, this approach will become commonplace.
- As the illegal felling of tropical forests was criticized at the COP 21 climate change conference, the company should make efforts to reduce raw material procurement risk by taking the initiative with regards to the supply chain in the future.
- Extending the service life of buildings and increasing their durability present business opportunities for Daiwa House Industry, as such initiatives contribute to resource conservation and help to improve property values for customers.
- The discovery of any soil contamination can lead to considerable expenses during the demolition or sale of a used building. The company should properly manage this risk when procuring land.



Co-creating a Brighter Future with the Environment

STEP 2

Confirmation of validity (Experts' dialogue)

in TOKYO
2016.2.29

Regarding the important issues we identified in Step 1, we have evaluated the validity through direct talks with experts, including the process for identifying materiality. We welcomed the opinions of these experts, especially the latest findings from a particularly long-term viewpoint and global perspective.

Experts' dialogue

| Date and time: Monday, February 29, 2016, 13:00–16:00

| Venue: Daiwa House Industry Co., Ltd. Tokyo Head Office 2nd-floor conference room

| Theme: Important environmental issues our Group should address

| Experts:

Main viewpoints covered



Toshihiko Goto

Chief Executive Officer, Sustainability Forum Japan



Hidemi Tomita

Senior Project Principal, LRQA Japan

- When we consider the materiality of the Medium-Term Action Plan for the Environment, one can say that the specific process and content have been carried out appropriately for the most part. Of course, it will be necessary to conduct regular reviews in the future because the materiality might change with respect to the long-term environmental vision, just as CO₂ reduction targets are being reviewed every five years according to the terms of the Paris Agreement signed at COP 21.
 - Regarding the water issue overseas, regional characteristics have resulted in social risk. Attention is necessary for points whose risks and issues must be identified, as they will greatly change if the business focus is shifted overseas in the future.
 - Regulatory factors are considered risks currently, but they can also be regarded as opportunities when viewed from a long-term perspective. So, recognizing factors from a perspective of increasing the company's competitiveness reveals that one's point of view is important for taking advantages of opportunities.
-
- In terms of the process, I formed the impression that it was carried out effectively. In the future, I suggest the analysis should be undertaken by subdividing every business in order to measure the relevance to the business.
 - While it is important to involve external stakeholders, I suggest that you must involve more internal people from within the company in the discussions when identifying issues and considering solutions.
 - Regarding extending the service life of houses and maintaining property values, I felt that the issues of "resource conservation" × "products" should be high in importance from the perspective that Japanese housing should be afforded particularly high relevance.
 - Formally determining materiality is necessary, but it is also important to apply it to the Medium-term Action Plan for the Environment and to specifically indicate the types of initiatives required. I hope that you will connect with these initiatives and strategically promote them.



Tatsushi Nishimura

Representative Director and Senior Managing Executive Officer
Executive Officer in charge of the Environment
Daiwa House Industry Co., Ltd.

Our response

We received a number of opinions this time, including a process for identifying and for reviewing materiality, but we felt that it was still unsatisfactory in terms of the process. It will be necessary to further improve this area in the future.

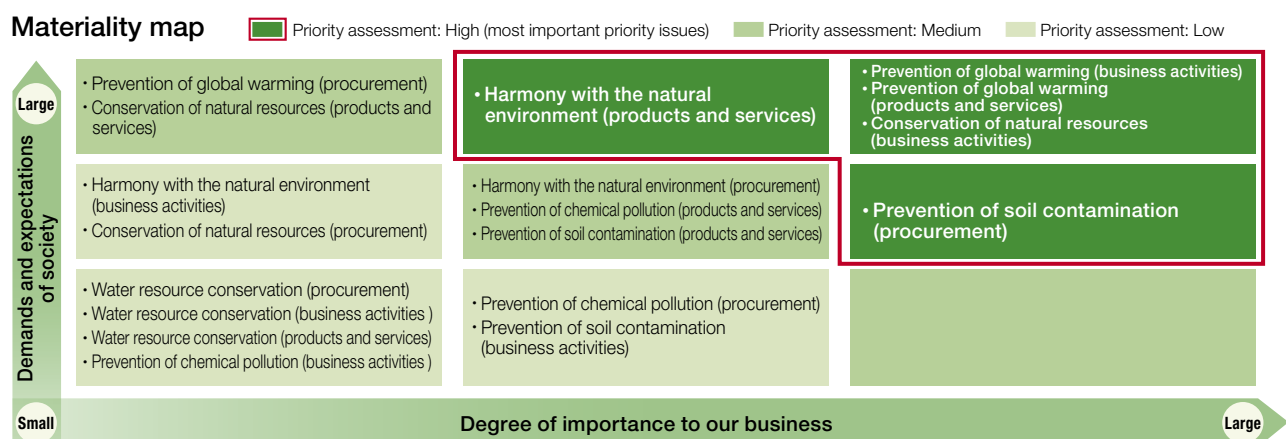
In particular, the business of our Group diverges into many branches with differing business models, so it is necessary to analyze the various business supply chains when pursuing important issues. In terms of the various regulations, we came to understand that these regulations are linked to a contribution to society as well as to improved corporate profitability from the seizing of business opportunities; they do not represent only negative risks.

We welcome the opinions of a variety of stakeholders and we will continue to review materiality and steadily implement our new Action Plan for the Environment (EGP2018) in response to these opinions from now on.

STEP 3

Identification of materiality (priority issues)

In keeping with “confirmation of validity” in Step 2, we conducted the final review in the company mainly with the Executive Officer in charge of the Environment and the relevant departments. We identified the most important priority issues (framed in red in the table below) by sorting out the importance in line with the results of an assessment according to the “materiality map” from the perspective of both our company and our stakeholders.



STEP 4

Incorporation into the Action Plan for the Environment (Endless Green Program 2018)

Regarding the priority issues that were identified in Step 3, we decided to incorporate the relevant policy for each theme in consideration of our action level.

We identified prevention of global warming (products and services) and harmony with the natural environment (products and services) — issues of high priority for both society and our company — as well as our own initiatives that had not been sufficiently addressed as Priority Improvement Themes. We intend

to actively implement improvements. Moreover, we have identified Continuous Improvement Themes and Maintenance and Management Themes for other issues equally as follows. Regarding the new phase of procurement that we have adopted this time, we will promote our initiatives as Implementation Themes with respect to the prevention of global warming, conservation of natural resources, and water resource conservation, which we have not yet been able to address.

| Environmental Theme | Phase | Relevant Policy | Assessed Priority | Our Action Level |
|---|-----------------------|------------------------------|-------------------|------------------|
| Prevention of global warming (Energy / Climate change) | Procurement | ● Implementation | Medium | None |
| | Business activities | ● Continuous improvement | High | High |
| | Products and services | ● Priority improvement | High | Medium |
| Harmony with the natural environment (Preservation of biodiversity) | Procurement | ● Continuous improvement | Medium | Medium |
| | Business activities | ● Maintenance and management | Low | Low |
| | Products and services | ● Priority improvement | High | Medium |
| Conservation of natural resources (Longer durability / Waste reduction) | Procurement | ● Implementation | Low | None |
| | Business activities | ● Continuous improvement | High | High |
| | Products and services | ● Continuous improvement | Medium | High |
| Water resource conservation | Procurement | ● Implementation | Low | None |
| | Business activities | ● Maintenance and management | Low | Low |
| | Products and services | ● Maintenance and management | Low | Medium |
| Prevention of chemical pollution | Procurement | ● Maintenance and management | Low | Medium |
| | Business activities | ● Maintenance and management | Low | Medium |
| | Products and services | ● Continuous improvement | Medium | High |
| Prevention of soil contamination | Procurement | ● Continuous improvement | High | High |
| | Business activities | ● Maintenance and management | Low | Medium |
| | Products and services | ● Continuous improvement | Medium | Medium |

● Priority improvement: Applies to themes with a priority assessment of High and an action level of Medium, indicating aggressive improvement is needed.

● Continuous improvement: Applies to themes with a priority assessment of High and an action level of High, or a priority assessment of Medium and an action level of High or Medium, indicating we will undertake continuous improvement.

● Maintenance and management: Applies to themes with a priority assessment of Low and an action level of Medium or Low, indicating we will work to maintain the current levels.

● Implementation: Applies to themes of No Action Taken, indicating new steps will be undertaken.



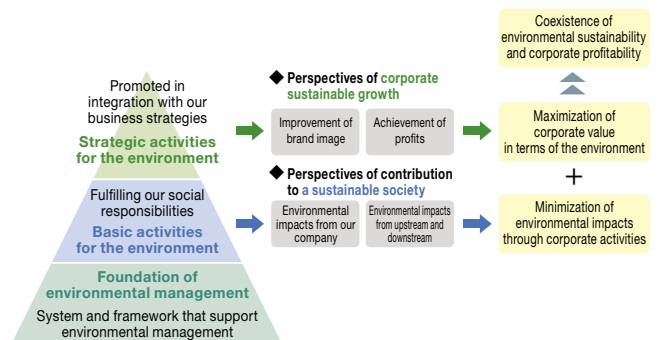
Co-creating a Brighter Future with the Environment

Action Plan for the Environment (Endless Green Program 2015)

To achieve its Environmental Vision, about every three years the Daiwa House Group develops and implements the Endless Green Program, which includes specific goals and plans in line with the time frame of the Medium-Term Management Plan.

The Endless Green Program 2015, spanning the period fiscal 2013 to 2015, sets goals based on the concept of “corporate profitability coexisting with environmental sustainability.” It also emphasizes “strategic activities for the environment,” which are promoted through integration with our business strategies, including environmentally conscious efforts in the development of homes, buildings, and towns. We also encourage all employees of the entire Group to engage in “basic activities for the environment,” which are designed to fulfill our social responsibilities. Efforts are further made to enhance the foundation of our environmental management, including systems and frameworks that support the aforementioned activities.

■ Framework of the Action Plan for the Environment



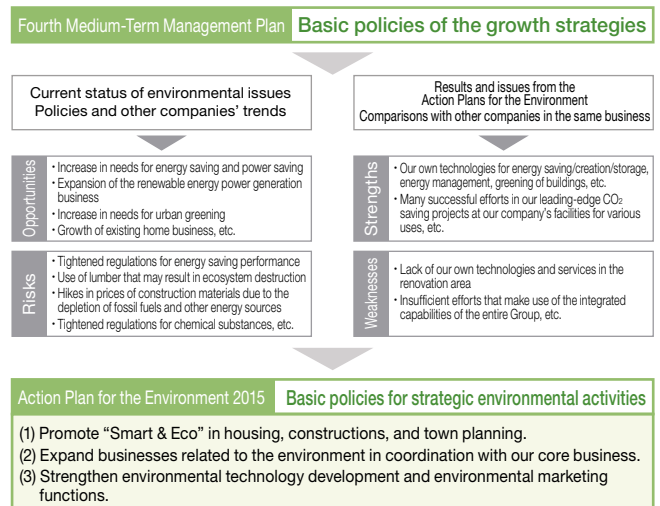
Strategic activities for the environment

As one of our growth strategies, placing greater emphasis on creating “smarter” and more eco-friendly houses and buildings, and expanding eco-friendly business

We identified opportunities and risks in terms of our environmental business based on social and environmental issues, policies, trends involving other companies, and other factors related to the growth strategies of our Medium-Term Management Plan. We also identified our strengths and weaknesses from results as well as issues from the Action Plans for the Environment implemented in the past in addition to making comparisons with other companies in the same industry. We then analyzed the identified results to determine the basic policies and focal themes for strategic activities for the environment; moreover, we established goals in line with the management plan in each business area.

As the population of Japan continues to decline, the new housing and construction market can be expected to continue shrinking. For the Daiwa House Group, it is essential that we add greater value to housing and construction while enhancing and expanding a wide range of related business areas in order to maintain growth.

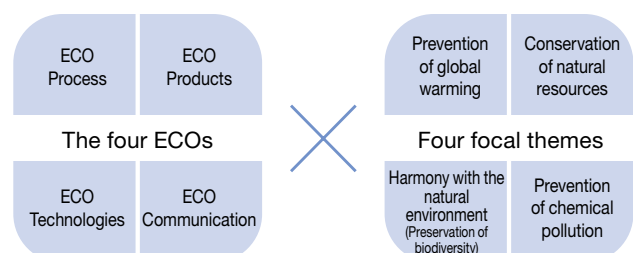
In environmental terms, zero energy houses and buildings will add significantly greater value across all business segments. We will focus our efforts on addressing issues related to a carbon-free society while contributing to the emergence of a society committed to recycling and living in harmony with nature, all of which are regarded as growth segments. As for our wide range of related business areas, we are promoting our environmental energy business to address social issues such as environmental energy while maintaining our existing home business segments.



Basic activities for the environment

Continuous promotion of four ECO efforts according to three phases

We are accelerating our efforts in both the “ECO Process” aspect, in which we seek to reduce the environmental burden by increasing the efficiency of our business activity process, and in the “ECO Products” aspect, in which we develop and promote housing and construction that are considerate toward the environment. We are also promoting the research and development of “ECO Technology,” which will become the foundation for next-generational environmental technologies, as well as giving efforts toward “ECO Communication” to effectively spread information on our environmental efforts. To promote



these strategic environmental initiatives, it is important to ensure the successful implementation of basic initiatives for the environment. We promoted the four ECOs and the four focal themes from the perspective of corporate social responsibility.

In formulating our basic policies, we divided our initiatives into the following three phases in order to differentiate between those that are being implemented at an advanced level and those that require further improvements, taking into account the impacts that our company might have on society and demands from stakeholders as well as gaps between the current level of efforts and medium- and long-term goals: priority themes, continuous improvement, and maintenance and management. We also identified goals for these groups.

| Themes | ECO products | ECO process |
|---|--|--|
| Prevention of global warming | ● Increase in contribution to reducing CO ₂ emissions | ● CO ₂ emissions reduction |
| Conservation of natural resources | ● Increase in the durability of housing ● Increase in resource recycling-oriented products | ● 3Rs of waste (reduce, reuse, recycle) |
| Harmony with the natural environment (Preservation of biodiversity) | ● Town planning in harmony with nature | ● Continuation of wood procurement assessment ● Implementation of the guidelines for procurement assessment by the entire Group |
| Prevention of chemical pollution | ● Increase in chemicals for which indoor air quality management is required ● Management of chemical substances by the entire Group | ● Promotion of improvement activities involving the entire Group |

● Priority themes: Themes that need to be further addressed
● Continuous improvement: Issues that have been addressed and have already reached a high level but need continuous efforts to ensure further improvement
● Maintenance and management: Issues that have been addressed and have already reached a high level and will be addressed to maintain the current level

Action Plan for the Environment 2015 Basic policies for basic activities for the environment

- (1) Promote measures against global warming in both products & services, and in our business activity process.
- (2) Promote development and town planning that protect biodiversity.

Foundation of environmental management

Expansion to include overseas Group companies and supply chains, and the establishment of a system that encourages the development of human resources and the participation of all employees

In order to implement strategic and basic environmental activities steadily and efficiently, it is essential that we strengthen the foundation of environmental management, including promotion systems and plans. Throughout the three-year implementation period of the Endless Green Program 2015, our efforts are being focused on sharing our environmental policies with major Group companies located in other countries and raising awareness of the environmental impacts of their operations. This is based on an understanding that our stakeholders, in their assessment of the corporate environmental management, have recently emphasized environmental initiatives involving cooperative efforts among the members of our Group and supply chains.* We also promoted cooperation with our business partners — including affiliates engaged in the manufacture and construction of houses and buildings, material procurement companies, and affiliates providing facility maintenance services — in energy-efficiency initiatives, the development of environment-friendly products, and other activities.

The development of human resources is also essential for promoting environmental management, as it is for business management. We will therefore develop leaders with environmental knowledge and executive skills through the Group's efforts at jointly promoting information-sharing among companies and departments. In order to introduce ingenuity and creativity through a bottom-up approach that ensures all employees are voluntarily engaged in environmental initiatives, we are providing improved environmental education and training programs with the aim of further promoting their efforts.

* A network of organizations involved in activities from supplying products and services to delivering them to consumers

Action Plan for the Environment 2015 Basic policies for the foundation of environmental management

- (1) Expand environmental activities globally to business partners.
- (2) Raise all employees' awareness of participation in environmental management.

Report on the Results of the Endless Green Program 2015

| | | | |
|--|---|---|---------------------|
| Focal theme 1 Prevention of global warming |  | Utilize wind, sun and water to the maximum and promote the development of zero-energy-loss towns. | For details p. 85. |
| Focal theme 2 Harmony with the natural environment |  | Pass on the rich natural environment to future generations in the spirit of our key phrase, "Greening will change communities." | For details p. 95. |
| Focal theme 3 Conservation of natural resources |  | Remain dedicated to a society committed to recycling while promoting the achievement of zero emissions, resource conservation, and extended service life. | For details p. 103. |
| Focal theme 4 Prevention of chemical pollution |  | Strengthen the management of chemical substances to reduce risk. Minimize the risk to humans and the ecosystem. | For details p. 109. |

Related page P153-154 Results in the Action Plan for the Environment (EGP2015) and Self-assessment (in Japanese only)



Co-creating a Brighter Future with the Environment

Focal theme 1

Prevention of global warming (Energy / Climate change)

In addition to minimizing our CO₂ emissions working toward the goal of maximizing the

Policy and Concept

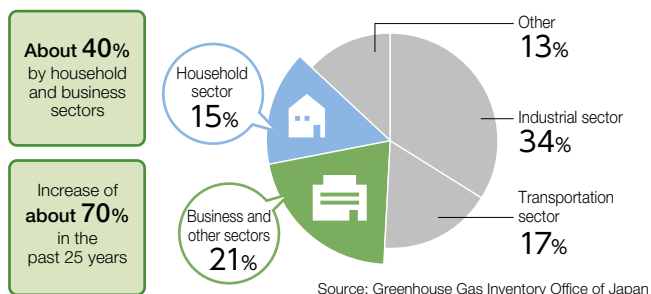
Social issues

**Responding to increased CO₂ emissions from homes and businesses in Japan:
Japan announces a new reduction target after signing the Paris Agreement at the COP 21 meeting.**

At the 21st Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 21) held in December 2015, the parties signed the Paris Agreement as a new international framework to address the need to reduce greenhouse gas emissions in these sectors have also advocated the goal of a 26% reduction in greenhouse gas emissions by 2030 relative to fiscal 2013, and an 80% reduction by 2050.

If we look at CO₂ emissions in Japan by sector, households and businesses account for approximately 40% of the entire amount. CO₂ emissions in these sectors have increased by approximately 70% in the past quarter of a century. After the Great East Japan Earthquake, the issue of power supply and demand has also become a prolonged problem.

Ratio of CO₂ emissions in Japan by sector (Fiscal 2014)



Expectations of stakeholders

Development and spread of energy-saving houses and buildings

Use and spread of power generation by renewable energy sources

Promotion of the improvement of the energy saving performance of existing houses and buildings

Business processes with reduced CO₂ emissions

Risks and opportunities for the Daiwa House Group

Risks

- Long term** ● Regulate business activities by strengthening control of CO₂ emissions and increase relevant investments.
- Short term** ● Initial cost of houses and buildings increase as a result of the Energy Conservation Act for buildings.

Opportunities

- Long term** ● The environmental real estate market expands as a result of strengthened control of CO₂ emissions.
- Short term** ● Responding to customer demand for energy efficiency and electricity conservation results in higher added value of housing and buildings and expansion of our business domains.

What the Daiwa House Group aims to achieve

Contributing to the emergence of a carbon-free society through maximum application of efficient wind, sun and water power while developing zero-energy-loss towns

By utilizing wind, sun and water power to the maximum, our Group is engaged in developing zero-energy-loss towns, thus contributing to the emergence of a carbon-free society and increased energy efficiency. Houses and buildings are inhabited and used over a long period of time and generate significant CO₂ emissions throughout their life cycles. It is therefore even more important that new houses and buildings incorporate energy efficiency, energy generation, and smart features.

To this end, we are promoting a new initiative for effective and broad expansion throughout towns and regions in addition to zero-energy-loss individual buildings that convert wind, sun and water into energy for use in daily life.

In the future, we will achieve a carbon-free society by enabling towns and local communities to generate their own power and share power flexibly among houses, buildings, and towns. In addition, we will offer the means for sharing the power plants using renewable energy sources among local residents.

Development of zero-energy-loss towns utilizing energy from wind, sun and water (conceptual illustration)



as a corporate citizen, we are promoting the development of “zero-energy-loss towns” by generation of energy from wind, sun and water.

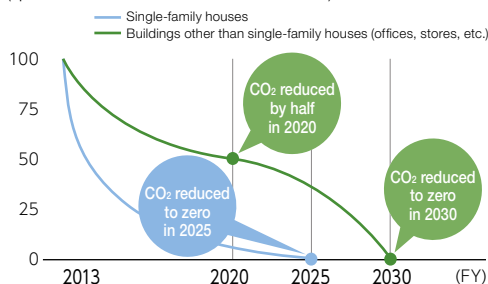
Long-Term Environmental Vision “Challenge ZERO 2055”

Adopting the goal of zero CO₂ emissions throughout the product life cycle by contributing to the emergence of a carbon-free society by incorporating thorough energy-efficiency measures and utilizing renewable energy

Action 1 Developing houses, buildings and towns generating zero CO₂ emissions

Our goal is to achieve net zero CO₂ emissions throughout the service life of the average newly constructed building. We intend to achieve this goal by 2025 for single-family houses and by 2030 for other buildings. At the same time, we are promoting power generation using renewable energy sources and the supply of low-carbon electricity while developing zero-energy-loss (zero CO₂ emissions) towns.

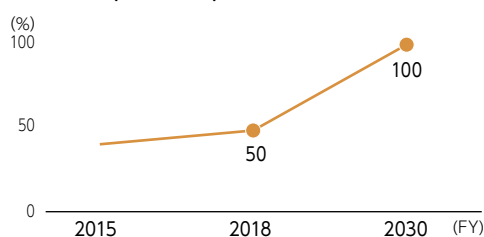
CO₂ emissions during inhabitation and usage (specifications from 2013 are indexed at 100)



Action 2 Net zero CO₂ emissions of our Group

Our target is to reduce our CO₂ emissions (per unit of sales) to one-third of fiscal 2005 levels by 2030 and to one-fifth by 2055 across all facilities and business processes. Furthermore, we intend to achieve net zero electricity consumption by supplying electricity produced from renewable energy sources in excess of the amount of energy purchased throughout our Group by 2030. In 2055, we aim to achieve net zero CO₂ emissions throughout our Group.

Ratio of power generation using renewable energy sources to purchased power*1



*1 Power generated using renewable energy sources by our Group ÷ Power purchased by our Group

Summary of Initiatives in Fiscal 2015 (Main initiatives of our Long-Term Vision)

Action 1

Housing

Our Smart xevo Eco Project for energy self-sufficient houses aims to enhance quality of life.



xevoΣ Grande

Introducing xevoΣ Grande

We have introduced a highly insulated single-family house that incorporates environmental features, resulting in an energy bill of zero.

Energy self-sufficient houses have been designed and started construction.
(SECUREA Toyota Kakimoto)

Construction

We are promoting the Smart Eco Project, a zero energy building (ZEB) demonstration project within our facilities.



Royal Home Center Tsushima Branch

ZEB demonstration within our facilities (Royal Home Center Tsushima Branch)

We have incorporated what we have learned from a demonstration project undertaken within our facilities to develop the D's SMART Series. This product offers packages of environmentally friendly technologies for buildings serving diverse purposes.

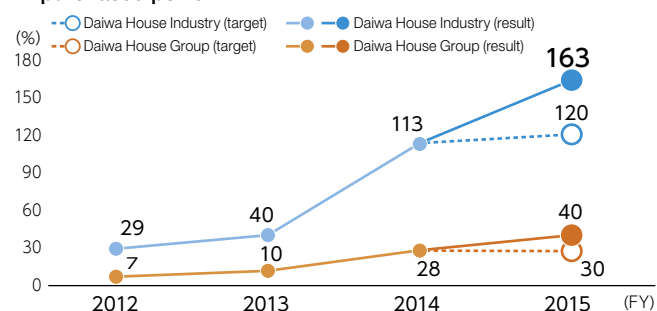
By merging state-of-the-art technologies with natural features, we have constructed 30 ZEB structures (including ZEB-Ready and Nearly-ZEB structures).

Action 2

Energy generation

Power generated using renewable energy sources in excess of the electricity we purchased

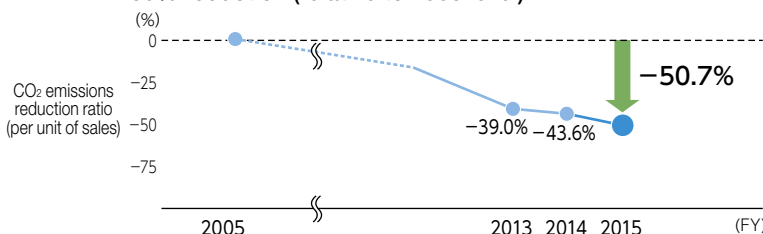
Ratio of power generation using renewable energy sources to purchased power*2



*2 Power generated using renewable energy sources by our Group ÷ All power purchased by Daiwa House Industry or our Group

Energy-saving

CO₂ emissions reduction per unit of sales resulting from our Groupwide energy efficiency project
50% reduction (relative to 2005 level)





Co-creating a Brighter Future with the Environment

Implementation report on the Endless Green Program 2015

Focal theme 1

Prevention of global warming
(Energy / Climate change)

Contribution to reducing CO₂ emissions through our products and services

Basic Concept

Contributing to the emergence of a society committed to renewable energy and minimized energy consumption

The Daiwa House Group is supporting the emergence of carbon-free society by promoting the development of zero-energy-loss towns across Japan. This initiative seeks to generate energy by utilizing wind, sun and water energy sources to the maximum. While energy consumption can be minimized through the smart use of natural wind and sunlight, the objective is to achieve a balance between the amount of energy generated and the amount consumed throughout the year.

Moreover, our goal is not only to remain with a zero energy balance; we are also working to develop energy self-sufficient houses, buildings, and towns. We remain dedicated to providing society with added value that contributes to new lifestyles.

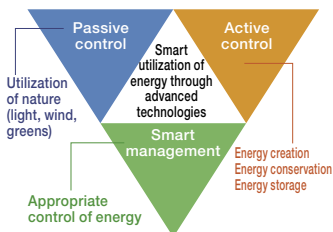
Using energy generated by wind, sun and water to the maximum to develop zero-energy-loss homes, buildings and communities

Contributing to the emergence of a carbon-free society by developing zero-energy-loss towns across the country

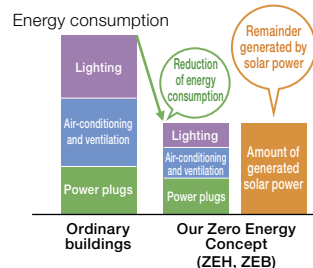
Priority strategies

- 1 Developing energy self-sufficient houses and launching the Smart Cities and Towns initiative across the country
- 2 Utilizing expertise acquired in-house; from ZEB to energy self-sufficient buildings
- 3 Widespread adoption of renewable energy and expansion of the electricity retailing business

Our Zero Energy Concept (ZEH, ZEB)



Simulating the Zero Energy Concept



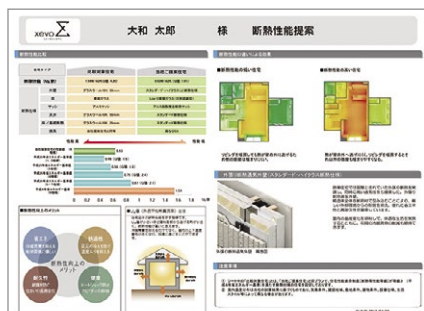
Offering customer proposals using our Guidelines for Design for the Environment (for construction of commercial and office buildings)

In 2009, we developed Guidelines for Design for the Environment, which we continue to employ. The Guidelines provide explanations of environmental features and layout points and supports proposals for environment-friendly architecture by the employees in charge of design. In addition, we have standardized the level of detail in the proposal. Moreover, by using the Design for Environment Assessment Sheet through three design reviews, we are able to confirm whether the design adheres to the concept of the D's SMART Series environment-friendly building. We also conduct a quantitative analysis of environment-friendliness. Using these systems, we can more smoothly incorporate in our customers' buildings the expertise we have gained from our company's facilities when we complete our verification. Our Group companies Daiwa Lease and Fujita have adopted similar methods for their assessments.

Management

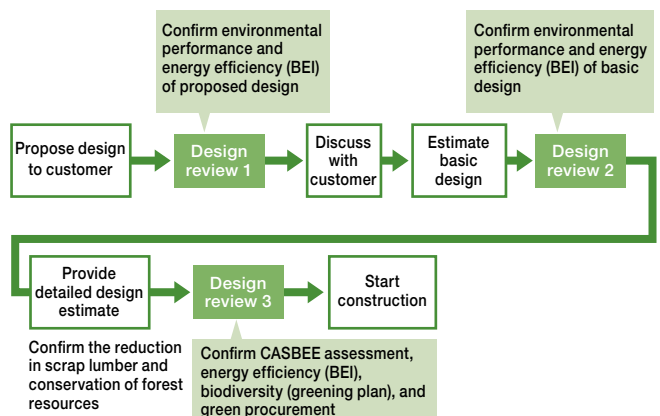
Using "eco navigators" to promote our environment-friendly houses (single-family housing business)

Daiwa House Industry utilizes the concept of the "eco navigator" to simulate energy usage and promote its environment-friendly houses. Annual energy costs are calculated after family makeup and living patterns have been entered, allowing us to clearly outline to our customers the expected energy savings of such buildings. In March 2016, we added new features that include an enhanced scope of calculation and a rough estimate of the ZEH electricity use. We will continue to develop proposals offering even greater detail.



Simulation sheet used by eco navigator

Operational flow of "Guidelines for Design for the Environment"



Priority strategy 1

Developing energy self-sufficient houses and launching the Smart Cities and Towns initiative across the country

Daiwa House Industry aims to develop energy self-sufficient housing with zero CO₂ emissions and a zero energy bill while also improving quality of life. In fiscal 2014, we introduced and promoted the widespread adoption of SMA-ECO Zero Energy single-family houses provided with solar power generation systems, energy-efficient fixtures and appliances, high levels of thermal insulation in exterior walls, and home energy management systems, all included as standard features.

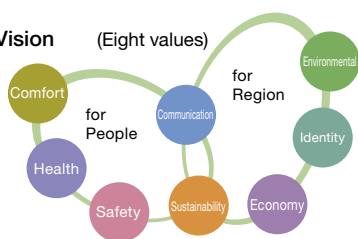
In fiscal 2015, we formulated our approach and guidelines for community development, which we compiled as our "Community Development Vision." We completed two representative projects*1 reflecting the development of net zero energy towns by presenting the environment as one aspect of the value proposition. Furthermore, we offered a new element of added value by allocating the profits from sale of the community's excess solar power to housing maintenance and services and the like.

In the future, we intend to launch new added-value proposals for developing houses and communities — such as the combination of demand response and incentive distribution mechanisms — that merge services and environmental energy. We are also utilizing our proprietary systems*2 to promote community-wide power conservation.

*1 SMA-ECO Town Harumidai and SMA-ECO Town Hidamari-no-Oka
*2 Patent Nos. 5796041, 5830061

Community Development Vision

Vision: Community value into the future
Mission: Working together for Design & Management
Value: Eight values for people and regions



Priority strategy 2

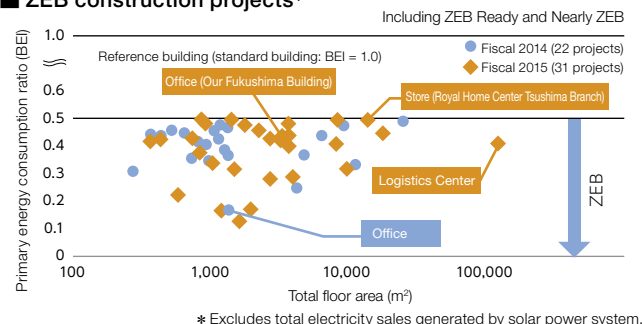
Utilizing expertise acquired in-house; from ZEB to energy self-sufficient buildings

Daiwa House Industry is promoting the Smart-Eco Project with the concept of "intelligent energy use through advanced technology." As a validation project at our company facilities, we introduced and marketed the "D's Smart Series" of innovations that are packaged with environmental technologies in diverse applications for buildings. In short, we are promoting the adoption of the ZEB. Taking advantage of the D's Smart Office release in fiscal 2011, we developed six applications for offices, stores, factories, logistics centers, nursing facilities, and medical facilities. In fiscal 2015, our D's Passive Light, a natural lighting system that improves comfort and conserves some of the energy typically required for illumination, won the Energy Conservation Award; moreover, our ZEB projects (including ZEB Ready and Nearly ZEB) have increased to 31 (including 22 projects last year). In the future, we will make use of

the knowledge we have gained from this initiative to develop new technologies and further drive the evolution of the ZEB technology we have developed as of this writing. In addition, as the ZEB evolves, we will further popularize the concept of energy self-sufficient buildings.

Related page P122 Major awards and recognitions from external groups for FY 2015

ZEB construction projects*

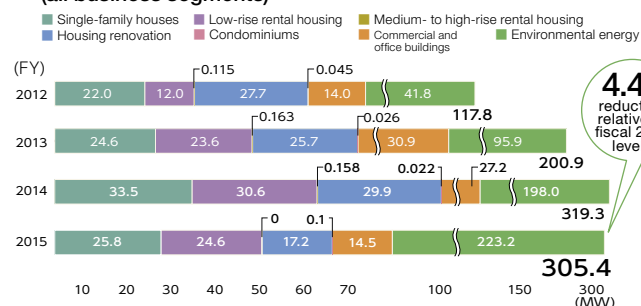


Priority strategy 3

Widespread adoption of renewable energy and expansion of the electricity retailing business

With the goal of utilizing wind, solar and water power to the maximum, the Daiwa House Group is promoting the adoption of renewable energy across all its business segments, including single-family houses, rental housing, condominiums, and commercial buildings. Above all, we are emphasizing the installation of solar power generation systems. In fiscal 2015, we installed a total capacity of 305.4 MW in all business segments, despite a nationwide stagnation in installed capacity due to a decline in rates offered under the renewable energy feed-in tariff program (FIT) and an extension of the scope of the power output restrictions from electric power companies. In addition, we expanded the supply territory of our electricity retailing business (intended for corporations) to include all of Japan with the goal of contributing to a stable supply of energy. We plan to triple the amount of power supplied in fiscal 2018 relative to fiscal 2014 levels.

Change in the capacity of installed solar power systems (all business segments)



Checks & Actions

Goals and Achievements

😊: Goal for fiscal 2015 achieved
😞: Goal for fiscal 2015 not achieved (improved from the previous year)
😡: Goal for fiscal 2015 not achieved (worsened from the previous year)

| Management indicator (KPI) | Scope | Fiscal 2014 results | Fiscal 2015 goal | Fiscal 2015 results | Self-assessment |
|--|----------------------|---|---|---|-----------------|
| Contributed to CO ₂ emissions reduction | Daiwa House Group | 3.902 million tons (1.6 times FY 2012 level) | 4.2 million tons (1.7 times FY 2012 level) | 3.712 million tons (1.5 times FY 2012 level) | 😡 |
| Smart & Eco product ratio | Daiwa House Industry | 38.5% | ≥45% | 42.0% | 😞 |

See pp. 155–158 for detailed data. (in Japanese only)

We have focused on strengthening our ability to introduce innovations. These include expansion of xevoΣ single-family houses as well as energy-efficient houses and buildings across all business segments, but installations of solar power generation systems, which had been on an upward trend until the preceding fiscal year, decreased as a result of a decline in the rates offered under the renewable energy feed-in tariff system (FIT) and other factors. As a result, our contribution to reduced CO₂ emissions fell below the target.

All business segments worked to offer energy-efficient housing and buildings with reduced CO₂ emissions, but the adoption rate for our solar power systems declined after having increased until the preceding fiscal year. Our Smart & Eco product ratio also fell below the target. In the future, we will make efforts to contribute to the environment in a comprehensive manner by including building performance and building facilities performance that go beyond solar power generation.



Co-creating a Brighter Future with the Environment

Implementation report on the Endless Green Program 2015

Focal theme 1

Prevention of global warming
(Energy / Climate change)

CO₂ emissions reduction in business activity processes

Basic Concept

Promoting energy efficiency and power generation using renewable energy sources at levels exceeding electricity purchased

The Daiwa House Group is contributing to the emergence of a carbon-free society by reducing CO₂ emissions from business processes while promoting its renewable energy generation business.

The Group plans to reduce the energy consumption by introducing leading-edge energy-efficiency technology in new construction; by updating the facilities of existing buildings with extensive operational improvements; and by systematically and aggressively promoting its renewable energy generation business in order to generate more electricity than our Group purchases. Going forward, we intend to accelerate our efforts to ensure our Group generates more power than it purchases.

Promoting extensive energy efficiencies and generating more power using renewable energy sources than we purchase to support a carbon-free society

- Reducing CO₂ emissions
- Promoting our renewable energy generation business

Priority strategies

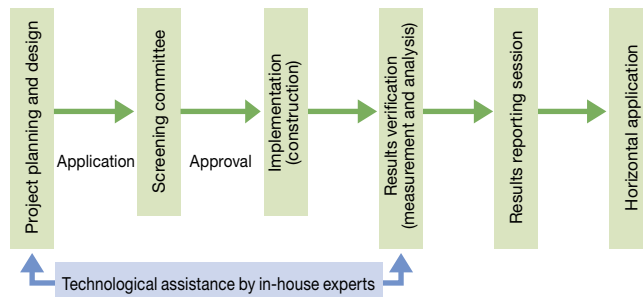
- 1 Continue our operational improvements and scheduled facilities updates.
- 2 Increase the adoption of renewable energies

Management

Employing our Environmental Management Budget to develop examples of leading-edge technology

The Daiwa House Group has introduced advanced energy-efficiency technologies in our company's and Group's facilities while promoting the commercialization of the Smart-Eco Project and its horizontal application through demonstrations and testing. As the supporting system, we have introduced the Environmental Management Budget System. In addition to the public subsidy, we contribute to our in-house budget for leading-edge projects that meet our internal standards, such as the introduction of innovative environmental technologies. This system is intended to maximize project outcomes. Under this system, the phases of planning, design, review, implementation, results verification, reporting sessions, and horizontal application are combined into a single cycle. Expert in-house staff provide technological assistance for planning, design, and results verification. Great benefits have been derived from our horizontal application of environmental technologies.

Operational flow of the Environmental Management Budget system

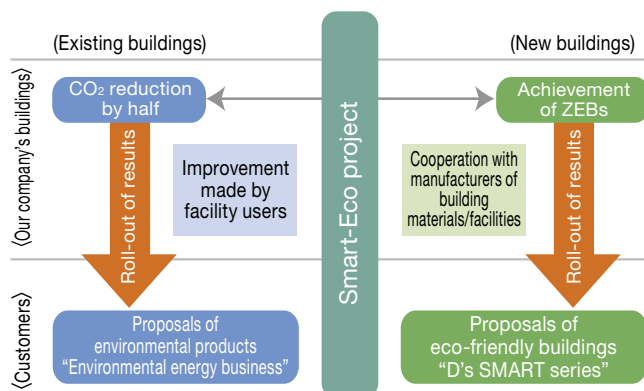


Formulation of Energy-Efficient Facilities Investment Guidelines

In order to promote systematic energy-efficiency initiatives in our company's and Group's facilities, the Daiwa House Group formulated internal Energy-Efficient Facilities Investment Guidelines. These guidelines call for annual energy-efficiency investments equivalent to 15% of energy costs.

Accommodating the Chlorofluorocarbons Emissions Control Act

We conduct regular inspections in compliance with the Chlorofluorocarbons Emissions Control Act. This initiative enables us to minimize leaks of chlorofluorocarbons, which have a strong greenhouse effect, from commercial air conditioners, freezers, and refrigerators managed by our company.



Priority strategy 1

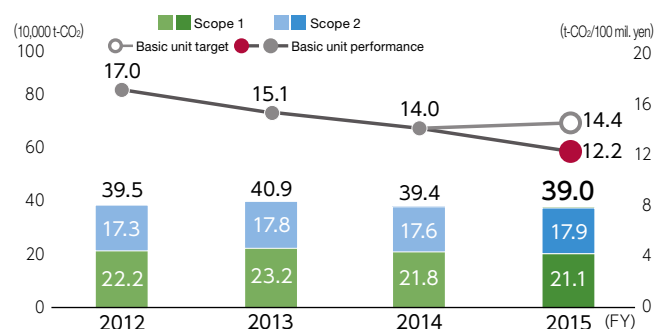
Continue our operational improvements and scheduled facilities updates.

CO₂ emissions from facilities—including offices, commercial buildings, and resort facilities—owned and operated by our Group account for at least 60% of our total CO₂ emissions. In response, we have identified “top runner energy-efficient workplaces” for each building application and have implemented intensive energy-efficiency measures. We have rolled out these innovations horizontally to other workplaces after having tested and confirmed the results. Currently, a total of 13 locations — two offices, five commercial buildings, three resort facilities, and three production plants — have been selected as best-in-class “top runner” workplaces.

Moreover, our commercial facilities and manufacturing segments that maintain many local sites and consume large amounts of energy are participating in our Group Energy Saving Joint Working Group. This Joint WG implements effective measures to improve energy efficiency throughout the Group and helps employees improve their energy-efficiency skills by sharing information on the challenges and successes of individual companies; providing mutual diagnoses of energy-efficiency efforts; and organizing study tours of facilities demonstrating the most advanced energy-efficiency innovations both inside and outside the Group.

In fiscal 2015, as a result of our having invested 9,400 million yen — equivalent to 12.1% of our energy costs — into energy efficiency, we achieved a 12.2 t-CO₂/100 million yen reduction in CO₂ emissions per unit of sales (representing a 12.9% year-on-year reduction).

■ Trend in CO₂ emissions and basic unit

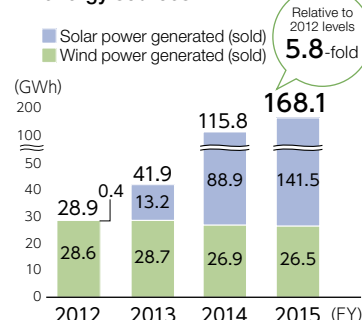


Priority strategy 2

Increase the adoption of renewable energies

The Daiwa House Group is promoting the introduction of wind and solar power systems in our own facilities and on idle land with the goal of generating enough power using renewable energy sources to exceed our total purchase. Following the 2012 introduction of the feed-in-tariff (FIT) system, we entered the mega-solar business on a full-scale basis. In fiscal 2014, we managed to generate sufficient renewable energy to exceed the total power purchased by the Group for the first time. In fiscal 2015, we introduced 30 new power plants, including the large-scale 21 MW DREAM Solar Wakayama City Power Plant as well as a floating solar power plant developed on a reservoir. We currently operate solar and wind power plants in a total of 117 locations. As of the end of fiscal 2015, the total output of the renewable power plants operated by our Group was 162 MW. Annual power generation of these facilities totaled 168 GWh, which represents 163% of our Group's total power consumption of 103 GWh.

■ Trend in Groupwide power generation by renewable energy sources



Solar power plant (Daiwa Energy)



Floating solar power plant on reservoir (Daiwa Lease)

Checks & Actions Goals and Achievements

😊: Goal for fiscal 2015 achieved
 😞: Goal for fiscal 2015 not achieved (improved from the previous year)
 😞: Goal for fiscal 2015 not achieved (worsened from the previous year)

| Management indicator (KPI) | Scope | Fiscal 2014 results | Fiscal 2015 goal | Fiscal 2015 results | Self-assessment |
|---|-------------------|---------------------------------------|---------------------------------------|---------------------------------------|-----------------|
| CO ₂ emissions reduction per unit of sales | Daiwa House Group | 43.6% reduction (relative to FY 2005) | 42.0% reduction (relative to FY 2005) | 50.7% reduction (relative to FY 2005) | 😊 |
| Total CO ₂ emissions (after offset by power generation using renewable energy sources) | Daiwa House Group | 25.1% reduction (relative to FY 2005) | 22.0% reduction (relative to FY 2005) | 30.6% reduction (relative to FY 2005) | 😊 |
| Capacity of power generation using renewable energy sources | Daiwa House Group | 101.5 MW | ≥120 MW | 162 MW | 😊 |
| Ratio of power generation using renewable energy sources | Daiwa House Group | 113% | 120% | 163% | 😊 |
| Note: Upper row indicates Daiwa House Industry's power purchase ratio, lower row is our Group power purchase ratio. | | 28% | 30% | 40% | 😊 |

See pp. 159–160 for detailed data. (in Japanese only)

By focusing on energy-efficiency initiatives in various companies and in each segment, we were able to achieve our goal of largely reducing CO₂ emissions per unit of sales. Regarding newly constructed company facilities, we undertook a leading-edge project to significantly reduce CO₂ emissions by implementing the Smart-Eco Project at our offices, production plants, and commercial buildings. Furthermore, we achieved our goal of favorable power generation using renewable energy sources with CO₂ emissions offsets increased to 71,000 tons equivalent, and total CO₂ emissions also decreased significantly (after calculation of offsets from power generation using renewable energy sources).

In the future, we intend to actively develop ZEBs in our new facilities and incorporate our Group's environmental products while also implementing extensive CO₂-reduction strategies. In addition, we will continuously promote energy efficiency in existing facilities and make systematic energy-efficiency investments while focusing on updating aging facilities.



Co-creating a Brighter Future with the Environment

Prevention of global warming (Energy / Climate change)

TOPICS

Example

Released “xevo Σ,” a single-family house with high insulation performance

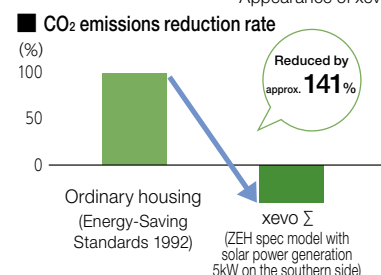
In January 2014, Daiwa House Industry released “xevo Σ,” a single-family house that is ZEH-enabled with high insulation performance. One of the features of this product is the external heat-insulating and ventilating external wall that has been developed with our proprietary technology to achieve high insulation performance. This wall enables the filling of heat-insulating material up to 184 mm. xevo Σ has four insulation grades in accordance with the local climate. It is also possible to adjust insulation specifications in each part of the product, such as external walls, ceiling, floor and openings. In comparison to ordinary housing (Energy-Saving Standards for Housing 1992), xevo Σ (a ZEH specification model with solar power generation of 5 kW installed on the southern side) reduces CO₂ emissions by approximately 141%.*

In addition, the main frame of xevo Σ has a life of more than 75 years, enabling reduction in energy expenses and CO₂ emissions for a long period of time spanning over three generations.

* The primary energy consumption includes air conditioning, ventilation, hot water supply and lighting.



Appearance of xevo Σ



Example

Promoted the acquisition of low-carbon building certification in the rental housing business

It was extremely difficult to demonstrate high energy-conservation performance to customers selecting their housing, because there was no indicator that represented differences in such performance for conventional rental housing. In this context, our Nagoya Branch focused on the low-carbon building certification system*¹ based on the Low Carbon City Promotion Act (Eco-City Act), which took effect in 2012. In September 2014, the Branch started to promote new low-carbon rental housing under this system, and prepared its proprietary low-carbon building certification plate for proactively presenting environmental performance to residents. This led to the construction of 177 new rental housing units with low-carbon building certification by the Nagoya Branch in Fiscal 2015.

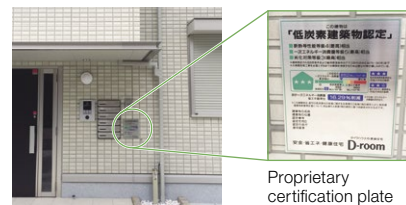
Daiwa House Industry plans to expand this initiative Groupwide, and to take proactive measures toward the rating ☆☆☆☆ (BEI*² ≤ 0.8) under the Building Energy-efficiency Labeling System (BELS), in addition to the low-carbon building certification.

*¹ A system for certifying buildings with “enhanced insulation performance,” “reduction in primary energy consumption (by 10% or more as per the Energy Conservation Act),” and “other measures that contribute to low carbon.”

*² Designed primary energy consumption / standard primary energy consumption (excluding consumption by home appliances and OA equipment).



Rental housing with low-carbon building certification



Proprietary certification plate

Example

The first ZEB of the Daiwa House Group was opened as a commercial establishment in Aichi

In April 2016, “Royal Home Center Tsushima Branch” was opened in Tsushima City, Aichi Prefecture. This is the first ZEB of the Daiwa House Group, and is the largest commercial establishment of its kind in Japan.

The building has a monitor roof to enable natural lighting and natural ventilation, and uses light ducts and sun lighting window film as a natural lighting system, thereby minimizing lighting energy while achieving a bright and pleasant interior. The building also uses the latest high-efficiency air conditioners, and performs BEMS*¹-based optimal control using temperature sensors installed near human activity areas, thereby achieving maximum energy conservation. A solar power generation system of approx. 1.2 MW is also installed on the rooftop. Through these initiatives, this building reduces primary energy consumption by 100.6%, thereby achieving operation with net zero energy consumption.*²

The natural lighting system used for this establishment brought the first Energy Conservation Grand Prize in the product section to Daiwa House Industry. This building was also self-evaluated as Rank S under “CASBEE Aichi,” the Comprehensive Assessment System for Built Environment Efficiency in Aichi Prefecture.

*¹ Building Energy Management System

*² This signifies that the difference between energy consumption and generation becomes zero. The energy reduction rate of this establishment is based on the regulations of the Net Zero Energy Building Verification Project in Fiscal 2014.



Appearance of Royal Home Center Tsushima Branch



Natural light fills the store through the monitor roof

Example**The first initiative in Japan to allocate profit from a town solar power plant for the maintenance of housing in Mie**

In July 2015, “SMA-ECO Town Hidamari-no-Oka” was opened. This is a town where environmental consciousness is combined with the provision of living service, creating new value for the town and handing it over to the future.

The 66 single-family houses and their owners share a town solar power plant. Each single-family house is equipped with a solar power generation system, lithium ion batteries and HEMS,* and altogether achieve a net zero energy town. To broaden the scope of application of HEMS, residents can browse, on TV at home, the generation status at the town solar power plant, the energy conservation rank of their own house and other information.

The town solar power plant is managed by the homeowners association of the housing complex, and is leased as a whole to Daiwa Energy, one of the Daiwa House Group companies. The homeowners association receives rent as its revenue, which enables the management and operation of the town without collecting management fees from residents. Profit is returned to the owners through housekeeping support services and the delivery of maintenance kits as house maintenance service. Contribution to energy conservation by each household is ranked, and high-ranking households are provided with points that can be used for maintenance services. These measures are aimed at further improving the residents' awareness for energy conservation.

In addition to the above, electricity generated at the town solar power plant is supplied to the neighborhood in the event of power outage, thereby contributing to the safety and peace of mind in the local community including neighborhood residents.

* Home Energy Management System



Town solar power plant



Housekeeping support service

Example**“DREAM Solar Wakayama City” was completed as one of the largest mega solar plants of the Daiwa House Group in Wakayama**

The Daiwa House Group operates environmental energy solution businesses including energy creation, energy conservation, energy storage, electricity retailing, and power generation. In the power generation business, a solar power generation project named “DREAM Solar” is promoted, where the Group handles one-stop services from construction to operation and management, leveraging construction technologies and operating know-how as the strengths of the Group.

In February 2016, operation of “DREAM Solar Wakayama City” was started in the site of the earth and sand collection pit (approx. 358,000 m²) for Kansai International Airport in Kada, Wakayama City. This is one of the largest mega solar plants of the Group with the total output of approximately 21 MW. All power generated in this plant is sold, and 3% of sales is allocated for the development and maintenance of parks and green areas in Wakayama City, and of public facilities related to global warming prevention. Study tour areas are also established in the plant, and used for the environmental education of elementary and junior high school students.

We plan to continuously promote the effective utilization of renewable energy sources (wind, solar and water), and aim to achieve a total output of approximately 200 MW in the power generation business by 2018.



DREAM Solar Wakayama City

Future Plans

In October 2015, a Future Town Building Promotion Committee was established in Daiwa House Industry as an organization for promoting town building that utilizes the comprehensive capabilities of the Daiwa House Group. Under the vision “Community value into the future,” the committee promotes intra-Group information sharing, and the establishment of collaborative systems in new projects, among other activities.

In the ongoing smart town project, SECUREA Toyota Kakimoto in Toyota City, Aichi Prefecture, we are operating an initiative to interchange power within the town, in collaboration with Group companies. In this project, we are examining how to expand our energy businesses through the repeated review of environmental performance, business performance, customer benefits and other aspects, including the pursuit of “negawatt trading,” where the scope of trading includes not only generated power, but also reduced power consumption.

In coming years, we plan to combine our business fields with various solutions that our Group companies can provide, thereby pursuing a new style of town building filled with diverse values that no competitors can offer.



Toshihiro Yamao
General Manager
Osaka Urban Development
Department



Co-creating a Brighter Future with the Environment

Implementation report on the Endless Green Program 2015

Focal theme 1

Prevention of global warming
(Energy / Climate change)

Reducing CO₂ emissions in the Value Chain

To achieve zero environmental impacts associated with product life cycles, our Group promotes visualization of CO₂ emissions throughout the value chain. Since fiscal 2012, we have calculated and reported emissions on a non-consolidated basis from Daiwa House Industry alone under Scopes 1, 2 and 3. We publish and continually update our efforts on the Green Value Chain Platform website of the Ministry of the Environment.

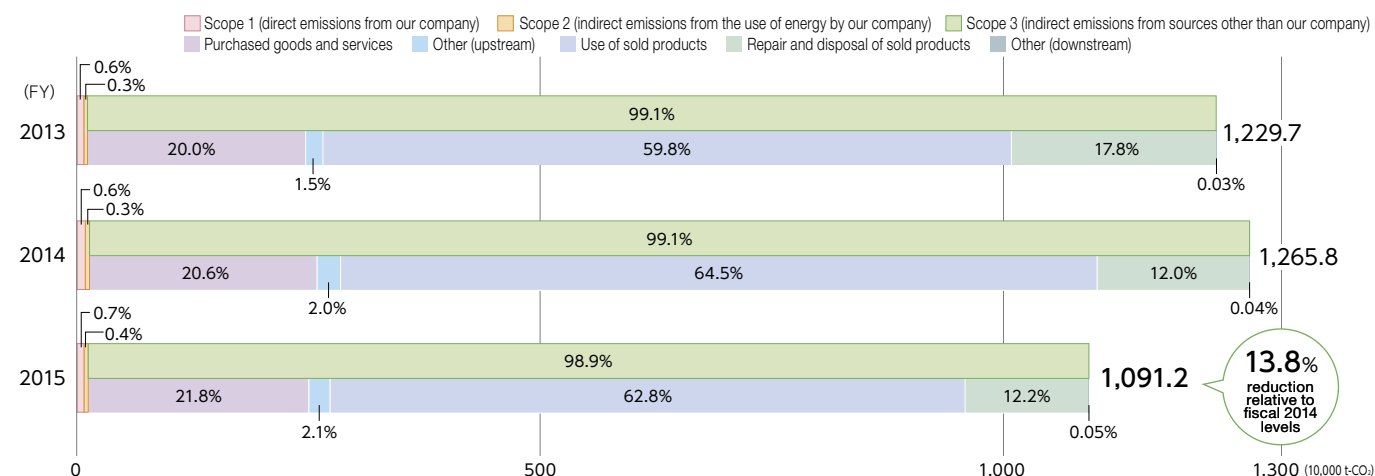
In fiscal 2015, the full value chain CO₂ emissions of our company totaled 1091.2 (10,000 t-CO₂)*, which represents a year-on-year decline of 13.8%. Scope 3 emissions (indirect emissions from sources other than our company) accounted for 98.9% of all emissions. Among the categories of Scope 3, use of sold products accounted for 62.8%, the largest portion, followed by purchased goods and services (21.8%) and the repair and disposal of sold products (12.2%). Emissions in these three categories

accounted for 96.8% of the total.

In this fiscal year, in order to make effective use of the calculation results of the CO₂ emissions in the value chain, we received third-party verification of the use of sold products, which accounted for the largest percentage, to improve tabulation accuracy.

We are preparing to calculate emissions from our entire Group. We will also continue our efforts to improve tabulation accuracy so that we can use the results as an index for managing improvement activities. More efforts will be focused on taking measures to reduce emissions associated with the purchase and disposal of materials, in addition to those associated with the use of products on which the greatest emphasis has been placed.

* Basic units for calculation are being reviewed before calculating CO₂ emissions in fiscal 2015.



Related page P161 CO₂ emissions in the value chain of Selected Information and Numerical Data (in Japanese only)

Management

Use of CSR Procurement Guidelines on climate change

Regarding our Group's CO₂ emissions under Scope 3, emissions attributable to purchased goods and services account for about 20%, second only to emissions from use of sold products; we therefore consider this a very important category.

As a result, we formulated our CSR Procurement Guidelines in July 2015 and are encouraging our suppliers to address climate change.

We intend to visit facilities associated with procurement as well as plants producing building materials and the like, where we will share information on energy consumption in the production stage and learn the implementation status of energy-efficiency initiatives. We will also plan energy-efficiency improvements together. In addition, in an effort to reduce CO₂ emissions attributable to the habitation of our housing and buildings, we will undertake reviews of our procurement standards in order to give priority to facilities and building materials exhibiting high energy-efficiency and insulation values.

Related page P118 CSR Procurement Guidelines

Future initiatives to reduce CO₂ emissions at the procurement stage

- Providing suppliers with study tours of production plants
- Verification of our environmental management system
- Verification of our energy consumption and CO₂ emissions
- Verification of our environmental activity plan and progress status
- Confirmation of our compliance with environmental laws and ordinances
- Sharing of information on environmental issues



Suppliers participate in study tour of production plant

TOPICS

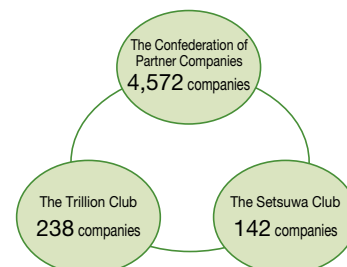
In collaboration with the Trillion Club as our supplier, we propose energy saving solutions of the Daiwa House Group to offices, factories and other sites of member companies of the Trillion Club, and provide them with services ranging from energy saving diagnosis to energy saving renovation and support to improved operation. The Confederation of Partner Companies, which consists of companies that work with us in construction work, collaborates with the Housing/Buildings Construction Subcommittee of Daiwa House Industry in initiatives related to 3R on construction sites and CO₂-saving construction. Through contests and member journals, the Confederation shares the examples of improvement that led to reduced construction work, a shortened construction period, and reduced environmental impact, and deploys good practices throughout the Group. In the Setsuwa Club as our supplier of machinery and equipment, information is exchanged concerning environmentally conscious technologies of member companies, and technology exhibitions and seminars are co-hosted, thereby disseminating such technologies. We will further strengthen our cooperation with these supply chain networks and assume leadership in reducing environmental impacts upstream and downstream.

Example

Taking countermeasures against heat stroke on construction sites (Confederation of Partner Companies)

In recent years, extremely hot days have been increasing due to the effect of global warming, rapidly elevating the risk of heat stroke. In particular, on construction sites, where workers work outdoors, it is extremely important to take countermeasures against heat stroke in response to climate change.

Daiwa House Industry and the Confederation of Partner Companies have taken countermeasures against heat shock by establishing rest areas on construction sites where workers are shaded from solar radiation, keeping water, salt and ice packs in stock, and implementing training for preventing heat stroke.



Sheltered resting area for the prevention of heat stroke at work

Example

Holding periodic technology exhibitions and seminars, and promoting the dissemination of environmentally conscious products and technologies (Setsuwa Club)

In fiscal 2015, the Setsuwa Club held a Product Technology Exhibition at four venues (Tokyo Head Office, Osaka Head Office, Nagoya Branch and Fukuoka Branch). In this exhibition, 156 member companies exhibited their booths, including some companies exhibiting at more than one venue. The exhibition had approximately 4,300 visitors in total. A stamp-collecting event was held in this exhibition for alluring visitors to as many booths as possible. At the Osaka venue, a "Like" contest was also held, where visitors could select booths that they liked at the exit of the venue. The Club aims at increasing visitors and enhancing the content of exhibitions through these measures. The Club also operates bus study tours for Club members to state-of-the-art houses and condominiums of Daiwa House Industry, and also holds briefing meetings concerning new technologies and products of member companies targeted at employees of our worksites in charge of equipment.

The Club will continue with its efforts for enhancing information exchange with member companies concerning new technologies and products in the environment and other aspects, and promoting dissemination thereof through exhibitions and other events.



Product briefing to our employees

Voice of Our Supplier

Construction of a plant canteen building that leverages existing trees and incorporates energy conservation solutions (Kawamura Electric Inc., Setsuwa Club)

When we decided to construct a new canteen building on our site of Honji Plant in Seto City, Aichi Prefecture, we requested Daiwa House Industry for a "canteen building leveraging existing trees," and received a proposed concept of a "building that connects the plant with trees."

As an environmentally conscious design, it was decided to keep as many existing trees as possible by utilizing a slope, so that workers would be able to have a seasonal view of colorful trees, including cherry blossoms, autumn leaves, evergreen trees and deciduous trees. An idea was also incorporated to provide different views on the second floor and on the first floor, by installing windows from side to side in the walls on the second floor, and floor height windows on the first floor. These windows also take sunlight into the building. The building has a reinforced concrete structure, and its heat insulation performance is enhanced with foamed urethane sprayed over the external walls and on the rooftop. Power consumption is reduced by LED lighting and motion sensors. A total heat exchanger is also used to reduce the air conditioning load of the building. The canteen building thus provides our employees with time of refreshment in the bright eating space on the second floor and in a calm relaxation space on the first floor. We plan to perform periodic maintenance to maintain the energy conservation performance of the building, and to promote natural environment-friendly measures.



Canteen Building, Honji Plant, Kawamura Electric Inc.



Mr. Masayasu Kabeya
General Manager
Sales Promotion Department
Kawamura Electric Inc.



Co-creating a Brighter Future with the Environment

Focal theme 2

Harmony with the natural environment (Preservation of biodiversity)

That “greening will change communities” has as we continue to provide added value for new

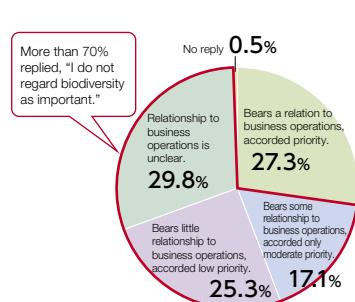
Policy and Concept

Social issues

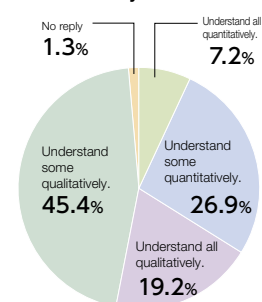
Although Aichi’s goals were adopted at the Convention on Biological Diversity, awareness and implementation of biodiversity is lacking, deforestation is increasing, and many challenges remain.

In 2010, the 10th Conference of the Parties on the Convention on Biological Diversity (COP 10) adopted the Strategic Plan for Biodiversity 2011–2020 (also known as the Aichi Biodiversity Targets). However, this initiative proved insufficient in both Japan and around the world, and in its 2015 Interim Report released by Japan’s Ministry of the Environment, the awareness and implementation of biodiversity initiatives by business were pointed out as lacking. The report indicated that many challenges remain, as reflected in a survey response in which more than 70% of businesses stated that biodiversity initiatives were not of great importance.

Relationship between business operations and biodiversity and the importance of biodiversity to business



Understanding the relationship between business operations and biodiversity



* Source: “Survey of Business Operations Regarding Initiatives Addressing Biodiversity,” Ministry of the Environment, Jan. 10–31, 2013

Expectations of stakeholders

| | |
|--|--|
| Sustainable use of biological resources | Active use of domestic timber (revitalization of forestry) |
| Land use with conservation of regional ecosystems taken into consideration | Creation of verdant urban landscapes |

Risks and opportunities for the Daiwa House Group

Risks

- Long term** ● A hike in purchase prices due to expanded demand for timber from legal and sustainable logging
- Short term** ● Loss of business opportunities due to the loss of ecosystems as a result of development activities and the incurrence of costs for recovery

Opportunities

- Long term** ● Expansion of the environmental greening business in response to increased need for urban greening
- Short term** ● In the built-for-sale and made-to-order business, increased need to develop housing, buildings and towns that are in harmony with nature

What the Daiwa House Group aims to achieve

Ensuring future generations inherit a vibrant natural environment by focusing on our belief that “greening will change communities.”

Our lives are supported by the natural capital and ecosystem services they provide. With the key belief that “greening will change communities,” our Group is pursuing town planning and development that uses natural capital in a sustainable manner. We are also engaged in ensuring that our operations generate more new green space than is lost, thus resulting in no net loss of green space. Moreover, we seek to procure 100% of our construction materials from sustainable forests to ensure zero deforestation. Through these efforts, we are adding value to society and individuals while preserving our rich natural environment for future generations.



Biodiversity Declaration

Toward a society that co-creates a brighter future for people and the natural world

In 2010, in an effort to implement a more comprehensive approach to the issue, we formulated our “Biodiversity Declaration,” becoming the first housing manufacturer to launch such an initiative.

Basic Philosophy

We, as a global corporate citizen recognizing the natural blessings granted by biodiversity and while remaining committed to eco-friendly business activities, shall contribute to sustainable development of a society that co-creates a brighter future for people and the natural world.

Action Guidelines

- Promote business operations that enable people to live in harmony with nature. (Aichi Biodiversity Targets 1, 4)
- Propose communities co-created by people and nature. (Aichi Biodiversity Targets 4, 15)
- Use natural resources with care, mindful of any impact on the ecosystem. (Aichi Biodiversity Targets 4, 5)
- Contribute to biodiversity through research and development. (Aichi Biodiversity Targets 19)
- Maintain communication and collaboration with our stakeholders. (Aichi Biodiversity Targets 1, 18)

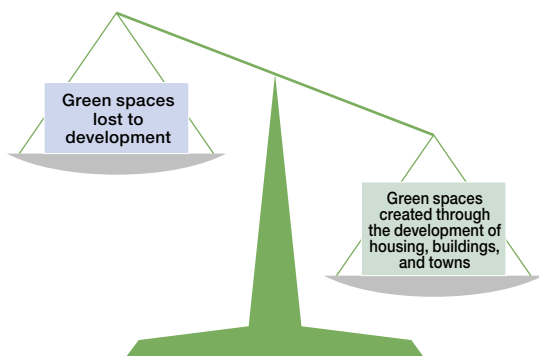
become our key belief. We are committed to procuring 100% of our wood from sustainable forests lifestyles by developing towns that support biodiversity.

Long-Term Environmental Vision "Challenge ZERO 2055"

In order to preserve and improve our natural capital, our Group shall achieve no net loss of green space by ensuring zero deforestation through material procurement and by developing communities filled with greenery.

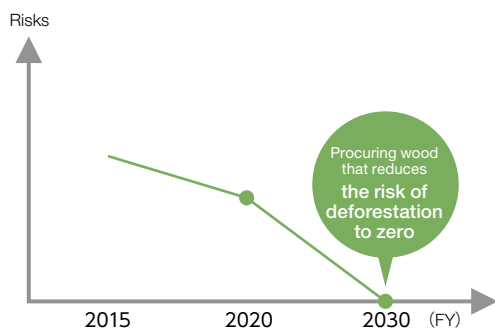
Action 1 No net loss of green spaces (Green spaces created exceed green spaces lost.)

We, in cooperation with our customers, have adopted the aim of "no net loss of green spaces" by minimizing the loss of natural capital associated with the development of housing, buildings, and towns while also improving the quantity and quality of green spaces.



Action 2 Reducing deforestation to zero (procuring wood from sustainable forests)

By 2030, we intend to procure wood for housing and buildings that reduces deforestation to zero; by 2055, we intend to supply all our businesses by procuring "zero deforestation" construction materials.



Summary of Initiatives in Fiscal 2015 (Main initiatives of our Long-Term Vision)

Action 1

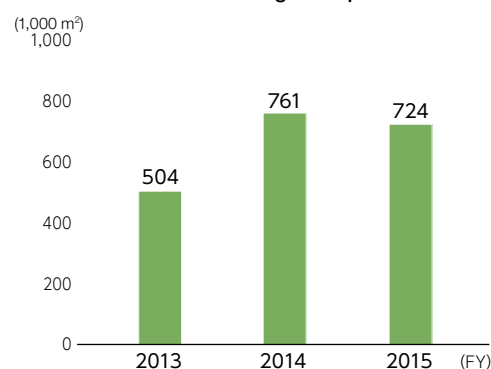
Development
& community
creation

The total surface area of green space we created equaled 724,000 m², equivalent in area to 15 Tokyo Domes. The target of 850,000 m² was not achieved.

In fiscal 2015, in the absence of the significant growth that had continued until last year, the surface area of green space we created totaled 724,000 m², representing a decrease of 4.9%.

By fiscal 2018, we intend to improve the quality of green spaces in addition to increasing the surface area of green space to 910,000 m², which represents a 25% increase above the fiscal 2015 level.

■ Trend in surface area of green space



Action 2

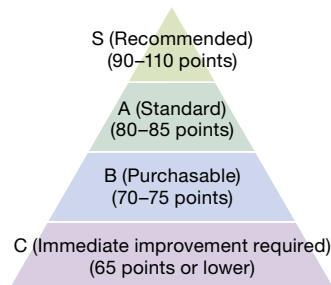
Wood
procurement

Achieving an 85% usage rate for certified wood/recycled wood and other S-ranked sustainable timber

In fiscal 2015, we formulated our CSR Procurement Guidelines, which included our Biodiversity Guidelines (Wood Procurement), and shared our procurement standards with our business partners.

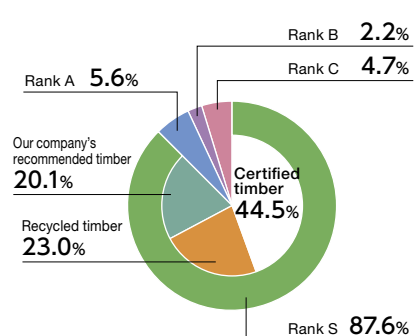
As a result of this initiative, our usage of S-ranked sustainable timber increased from 81.5% to 87.6% in fiscal 2015, while our usage of C-ranked timber was reduced to 4.7% from 7.3%. As a result of the improvement initiatives thus implemented, we intend to reduce our usage of C-ranked timber to 0% by fiscal 2018.

■ Assessment ranking of procured timber



* Ranking based on the total points of all the items regarding legality and sustainability

■ Assessment result of used timber (FY 2015)





Co-creating a Brighter Future with the Environment

Implementation report on the Endless Green Program 2015

Focal theme **2**

Harmony with the natural environment
(Preservation of biodiversity)

Preserving biodiversity through our products and services

Basic Concept

Proposals for town planning with an emphasis on harmonious coexistence between people and nature

In addition to our initiatives to promote green town planning as part of our effort to preserve and restore our natural capital and ecosystem services, the Daiwa House Group is striving to transform the way people live and work to ensure greater harmony with nature. In keeping with this approach, we are taking steps to implement a policy of “no net loss of green spaces” by creating more green space than is lost to development. Moreover, we are seeking greater harmony with nature in our business operations while making biodiversity a mainstream issue in Japan and around the world through efforts to increase social awareness.

Promoting the development of towns across the country and co-creation for greater harmony with nature in order to preserve our rich natural environment for future generations

Expansion of green spaces

Priority strategies

- ① Implementation of the Biodiversity Guidelines [Development & Community Creation]
- ② Improving the certification rate of environmentally symbiotic housing
- ③ Promotion of the environmental greening business

Management

Biodiversity Guidelines (Development & Community Creation)

Daiwa House Industry Co., Ltd., acknowledging the importance of contributing to the creation of a rich network of ecosystems, remains committed to minimizing its impact on biodiversity through its construction of large-scale real estate developments, housing and buildings in urban areas. We are now promoting initiatives in keeping with the six points in our guidelines.

Biodiversity Guidelines [Development & Community Creation]

1. Ascertain the potential of the natural environment
2. Preserve and plant greenery
3. Be careful to preserve a sufficient natural environment as a habitat for small animals
4. Take care to create a connected network of habitable environments for the ecosystem
5. Take steps to minimize the environmental impact of construction work
6. Pay adequate consideration to ecological maintenance and management

Note: See p. 67 for more details.

Collaboration with NGOs, NPOs and experts

Daiwa Lease, a member of our Group, which operates commercial facilities in collaboration with NGOs, NPOs and experts, creates new communities with commercial facilities and green spaces. In addition to providing the convenience of shopping, we are contributing to regional revitalization while building new relationships with local residents.



By incorporating the “GREEN Life” concept, the Frespo Inage shopping center has become a regional hub where people gather in green surroundings.

Priority strategy ① Implementation of the Biodiversity Guidelines [Development & Community Creation]

Daiwa House Industry has developed its own checklist containing specific efforts that should be implemented to address six priority items that need special consideration in built-for-sale houses, rental houses, condominiums, and contract works that are larger than a certain scale, based on the Biodiversity Guidelines [Development & Community Creation]. For each property, we quantitatively assess the proposals in detail to ensure compliance with the self-standards. Moreover, we are taking steps to implement horizontal development through case studies in addition to using the checklist to ascertain whether projects exceeding a certain scale are in compliance with the self-standards. Regarding compliance items related to our development sector projects of fiscal 2015, we determined that 14 projects with a total site area of 247,707 m² met the self-standards, continuing our compliance rate of 100% set in the preceding fiscal year.

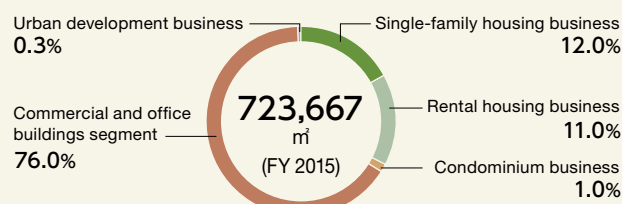
In the urban development sector, we are taking steps to expand green space as one of our management indices. All companies throughout the Group conserved and created a total of 723,667 m² of green space in fiscal 2015, taking into account not only the housing and town development sector, but also condominiums and other rental housing as well as commercial and business facilities, thanks to all group members having been committed to this effort. We plan to publish information about our green initiatives on our website as we continue to maintain the self-standards in relation to development projects in fiscal 2016.



Courtyard of “Hibarigaoka feels 1-bangai”

[Community Creation]

Breakdown of green covered areas (FY 2015)



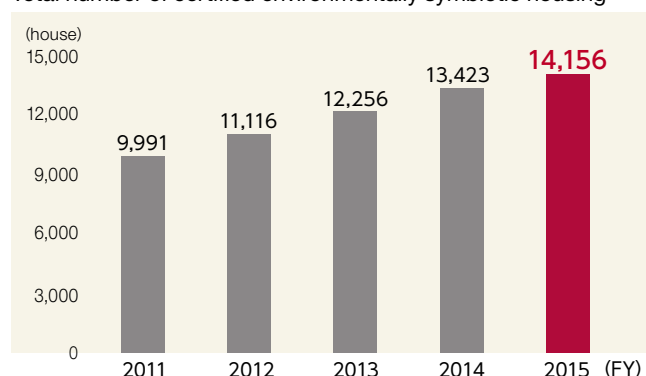
Priority strategy 2

Improving the certification rate of environmentally symbiotic housing

We adopt the environmentally symbiotic housing certification system* as an index to determine the progress of our efforts in promoting “town planning in harmony with nature.” In fiscal 2015, we focused our efforts on ensuring a green space at least 40% of the estimated exterior area surrounding the building, and on using native species in built-for-sale and made-to-order houses with the aim of increasing the number of certified houses. As a result, the number of certified houses was 733 with the total since fiscal 2003 reaching 14,156 houses. (As of June 2016, we have ranked No. 1 in this category for eight consecutive years.)

* By the Institute for Building Environment and Energy Conservation

Total number of certified environmentally symbiotic housing



“SECUREA Garden Takao SAKULa CITY” in Tokyo

Priority strategy 3

Promotion of the environmental greening business

Daiwa Lease, our Group company, promotes its own environmental greening project “ECOLOGREEN” under the theme of “Greening will change communities.” The company makes proposals on comprehensive greening, including wall, rooftop, exterior and indoor greening. In addition, we are working to create green space and green lifestyles by expanding green space in facilities where many people gather (such as commercial facilities of our Group). As a result of these efforts, the surface area of green space under Daiwa Lease totaled 28,600 m², representing an increase of 7% over the total for the preceding fiscal year.

Moreover, in July 2015, BRANCH Kobe Gakuentoshi was granted an AA JHEP certification,* representing our commitment to improving the quality of our green construction.

* Employs the evaluation certification system of the Ecosystem Conservation Society - Japan, a public-interest corporation, for the purpose of visualization.



Commercial facilities “BRANCH Kobe Gakuentoshi”



Toilets “BRANCH Kobe Gakuentoshi”



JHEP certificate awarded to “BRANCH Kobe Gakuentoshi”



Commercial facilities of “BiVi Senriyama”

Checks & Actions Goals and Achievements

😊: Goal for fiscal 2015 achieved
 😞: Goal for fiscal 2015 not achieved (improved from the previous year)
 ☹️: Goal for fiscal 2015 not achieved (worsened from the previous year)

| Management indicator (KPI) | Scope | Fiscal 2014 results | Fiscal 2015 goal | Fiscal 2015 results | Self-assessment |
|---|----------------------|------------------------|------------------------|------------------------|-----------------|
| (Development) Compliance rate with the self-standards | Daiwa House Industry | 100% | ≥ 95% | 100% | 😊 |
| (Town planning) Green space surface area | Daiwa House Group | 761,000 m ² | 850,000 m ² | 724,000 m ² | ☹️ |
| (Built-for-sale houses) Ratio of houses certified under the environmentally symbiotic housing certificate system | Daiwa House Industry | 48.5% | 80% | 35.3% | ☹️ |

See pp. 163–165 for detailed data. (in Japanese only)

In keeping with initiatives based on our Biodiversity Guidelines (Development & Community Creation), the compliance rate with the self-standards was 100%, as in the previous year. We adopted the goal of expanding our conservation and creation of green spaces across our entire business, including Group companies, achieving a total green space surface area of 723,667 m², which represents a decrease of 4.9% below our fiscal 2014 accomplishment. In addition, our efforts to create special green spaces that effectively use wall and roof areas and the like added 28,648 m², representing a 7% increase measured against the fiscal 2014 result. Moreover, regarding the number of certified environmentally symbiotic housing we constructed in our housing segment, we have ranked No. 1 in this category for eight consecutive years as of June 2016, and we aim to continue our growth in this area. Going forward, we intend to accelerate our efforts to improve both the quality and quantity of green space by employing local species in consideration of the ecosystem, for example.



Co-creating a Brighter Future with the Environment

Implementation report on the Endless Green Program 2015

Focal
theme **2**

Harmony with the natural
environment
(Preservation of biodiversity)

Preserving biodiversity in business activity processes

Basic Concept

Biodiversity-conscious use of resources

Many of the building materials used in the construction of houses and buildings are dependent on the natural capital from our environment. Thus, our procurement activities can have a major impact on biodiversity and the natural environment. The aspect of our natural capital that is most affected by our Group is wood. So, in light of the status of logging areas, we are working to promote the adoption of certified wood and recycled wood as part of our wood procurement in consideration of the legality and sustainability of logging areas with the goal of meeting our Biodiversity Guidelines (Wood Procurement) in terms of reducing deforestation to zero.

To ensure future generations can enjoy a rich natural environment, we use resources in an eco-friendly manner

Requesting our suppliers conduct procurement in conformity with the CSR Procurement Guidelines

Priority strategies

- 1 Expansion of the implementation of the Biodiversity Guidelines [Wood Procurement]
- 2 Promotion of the use of certified and recycled wood

Management

Management of CSR Procurement Subcommittee according to Biodiversity Guidelines

In 2010, with the introduction of our Biodiversity Guidelines (Wood Procurement), we struck a CSR Procurement Subcommittee in a cross-sectional manner across the purchasing, development, construction, CSR, and environmental segments of our Group. To ensure implementation of CSR procurement in our various companies, we constructed our system in cooperation with purchasing and construction personnel in charge of branch offices. Moreover, we promoted procurement according to these guidelines and instituted the PDCA cycle.

Excerpt from our Biodiversity Guidelines (Wood Procurement)

1. Certified wood
Procure wood that has been certified by various organizations.
2. Recycled wood
Procure wood recycled from construction scrap.
3. Our company's recommended wood
When procuring wood that is not classified as certified or recycled, verify if it meets or exceeds certain standards in terms of legality (three items) and sustainability (eight items) and procure only wood that is judged to meet a certain minimum level.

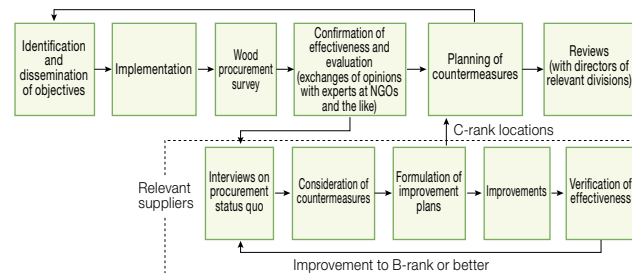
Related page P118 CSR Procurement Guidelines

Conducting wood procurement survey at our suppliers

In line with our Biodiversity Guidelines (Wood Procurement), we have conducted the wood procurement survey once a year since 2011. This survey requests that our suppliers conduct a survey of the legality and sustainability of the wood that we have procured during the preceding year, and we evaluate the wood according to the categories S, A, B, or C based on the survey results. It also calls for suppliers providing C-ranked wood to implement improvements. In addition to being publicly released, the survey results are reported to stakeholders such as environmental NGOs in order to solicit professional guidance and advice.

Note: Wood covered by the survey includes framing/crosspieces, wood used below grade, flooring (common to all companies), and construction materials (for some segments only).

Flow of wood procurement



Revision of Wood Procurement Evaluation Criteria

Because some countries of origin for wood have been associated with challenges such as destruction of virgin forests in nature reserves as well as human rights violations of indigenous people since the period when the evaluation criteria were first developed (October 2010), it has become necessary to review the risk areas identified at the time. Moreover, as for the various forest certification organizations themselves, which are located in Japan and around the world and carry out their own certification processes, there have arisen differences in the rigor and reliability of their certification practices. Therefore, for the fiscal 2015 survey, it has become necessary to revise some of our Group's common evaluation criteria adopted for the fiscal 2014 survey.

In the future, our surveys will be conducted using the revised evaluation criteria. It should be noted that, as part of these revisions, we exchanged opinions with experts at environmental NGOs and utilized the FSC's risk evaluation tool, the Global Forest Registry, considered the most reliable forest certification system in the world. This tool clarifies each country's level of risk in relation to compliance with laws and ordinances, biological diversity, and human rights.

Main revisions to Wood Procurement Evaluation Criteria

1. Identification of high-risk and low-risk areas and tree species both inside and outside Japan.
Identification of 3 high-risk areas and 25 low-risk areas. These have been added to the evaluation criteria.
2. Stricter identification of forest certification bodies.
S-rank evaluation is given to only those certified by these three bodies (FSC, PEFC and SGEC).*

* These certification bodies are the Forest Stewardship Council (FSC); Programme for the Endorsement of Forestry Certification (PEFC); and the Sustainable Green Ecosystem Council (SGEC).

Priority strategy 1

Expansion of the implementation of the Biodiversity Guidelines [Wood Procurement]

In keeping with our own Biodiversity Guidelines (Wood Procurement), we are promoting the sustainable use of wooden construction materials in our various different business segments, including single-family and rental housing, condominiums, and commercial facilities. Beginning in fiscal 2013, we conducted a survey on wood procured by some of the Group companies. In addition to publishing the results from fiscal 2014, we are working to expand the number of companies participating in this survey.

Since fiscal 2008, as part of our commitment to sustainable procurement, we ensure that the paper used in our offices is Forest Cultivation Paper™.*

* A collective name for various kinds of paper that meet our company's own environmental standards, including paper certified by the Forest Certification Systems

Increase in the number of companies participating in the Wood Procurement Survey

| | |
|------------------------------------|--|
| Fiscal 2010–2013 | 1 company Daiwa House Industry Co., Ltd. |
| Fiscal 2014 (during April 2015) | 3 companies Daiwa House Industry Co., Ltd., Royal Home Center Co., Ltd., DesignArc Co., Ltd. |
| Fiscal 2015 (during April 2016) | 6 companies Daiwa House Industry Co., Ltd., Royal Home Center Co., Ltd., DesignArc Co., Ltd., Daiwa Lease Co., Ltd., Fujita Corporation, Cosmos Initia Co., Ltd. (sample survey only) |

Priority strategy 2

Promotion of the use of certified and recycled wood

Our Group has continued to conduct surveys on wood procurement regularly since fiscal 2010. From the results of the survey, we have classified the procured wood into three types: certified wood, recycled wood, and our company's recommend wood. Any wood that meets certain criteria (scoring at least 90 points on the 110-point scale) is evaluated as S-ranked wood. Moreover, any wood that scores 65 points or less is evaluated as C-ranked wood, a category targeted for improvement.

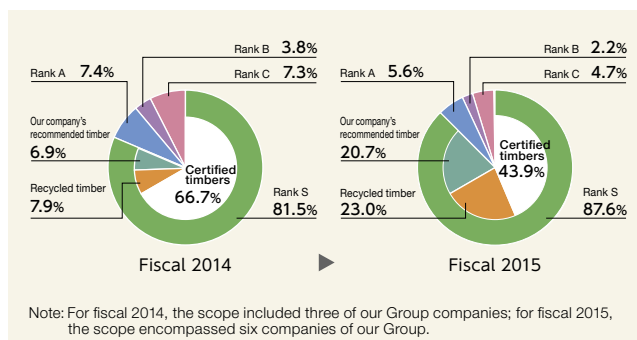
The fiscal 2015 survey, similar to that of the preceding year, covered the wood our Group uses in housing and rental housing

products (obtained through centralized purchasing); in general construction (obtained through decentralized purchasing); and for major parts (including structural materials, framing/crosspieces, and plywood for below-grade applications).

The results for fiscal 2015 indicate that 87.6% of the wood used was evaluated as S-ranked wood (representing a 6.1 percentage point increase year-on-year). This is likely attributable to the procurement of large amount of recycled wood, revision of the wood procurement evaluation criteria, and the sourcing of wood from "low-risk areas," all of which received a high evaluation. As for revision of the wood procurement evaluation criteria, the target evaluation is closer to the current status of legality and sustainability (biodiversity, human rights, etc.), and we have adopted a stricter evaluation regarding risk areas and certification bodies. We are now able to undertake evaluations closer to the actual situation, such as for wood native to "low-risk areas" led by developed countries, which has been awarded an S-rank assessment. In addition, we conclude that progress has been achieved as a result of our continual lobbying of our suppliers to accommodate our requests for sustainable wood procurement. As a result of these efforts, material evaluated as C-ranked wood accounted for 4.7% of all wood used, representing a decrease of 2.6 percentage points year-on-year.

Although we widened the scope of the survey to include suppliers of three of our Group companies for this fiscal year, issues have arisen regarding the results of evaluations of varying ranks at Group companies. We will share these results and raise these issues at the CSR procurement subcommittee across our Group companies in the future. In order to resolve such issues, we will identify initiatives for improvement, including harmonization of evaluation criteria, and we will conduct interviews with suppliers of C-ranked timber.

Assessment result of used timber



Checks & Actions

Goals and Achievements

😊 : Goal for fiscal 2015 achieved

👉 : Goal for fiscal 2015 not achieved (improved from the previous year)

👎 : Goal for fiscal 2015 not achieved (worsened from the previous year)

| Management indicator (KPI) | Scope | Fiscal 2014 results | Fiscal 2015 goal | Fiscal 2015 results | Self-assessment |
|---|----------------------|---------------------|------------------|---------------------|-----------------|
| Development of Biodiversity Guidelines (Wood Procurement) | Daiwa House Group | 3 companies | 3 companies | 6 companies | 😊 |
| Ratio of domestically sourced wood (wooden houses) | Daiwa House Industry | 90% | 90% | 91% | 😊 |
| Increased proportion of A-ranked wood and better | Daiwa House Group | 88.9% | — | 93.2% | 😊 |

See pp. 163–165 for detailed data. (in Japanese only)

Revision of the wood procurement evaluation criteria and the development of our Biodiversity Guidelines (Wood Procurement) for major Group companies have clarified the overall circumstances of wood procurement and brought them closer to reflecting reality. As for procurement of C-ranked wood, which has become an issue, we will implement the PDCA cycle in response to our findings and will pursue improvements.

In May 2016, Japan passed the Law for the Promotion of Use of Legally Harvested Timber and outlined criteria for sustainable procurement, and "Sustainable Procurement of Timber" has been stipulated for the upcoming Tokyo Olympic Games. Clearly, the public has developed a growing interest in sustainable wood procurement. As a leading company in the construction industry, we will continue our efforts to maintain a global perspective on "zero deforestation" going forward.



Co-creating a Brighter Future with the Environment

Harmony with the natural environment (Preservation of biodiversity)

TOPICS

Example

An energy-saving and low-impact town “Tokyo Shin Toshin ‘Tama New Town Higashiyama’” in Tokyo

In January 2016, real estate development and construction work that was started nine years ago was completed in all town blocks in Hachioji City, Tokyo, giving birth to a new town consisting of 681 blocks. In this area, natural woodland has been preserved around the town, and a rich ecosystem still remains, where precious fauna and flora that have become rare in recent years is conserved. As considerations for this natural environment, Daiwa House Industry installed animal corridors through which animals can move across the town to surrounding woodland, established a park where a 200-year-old giant tree was conserved, and transplanted more than 100 existing trees across the town. These actions are part of our initiatives for achieving co-existence and symbiosis between the existing natural environment and residents. In fiscal 2015, resident-led activities were started for maintaining and managing the woodland and for operating vegetable gardens. These green activities also provide residents with an opportunity for developing a town community.



Townscape



Management of woodland by residents

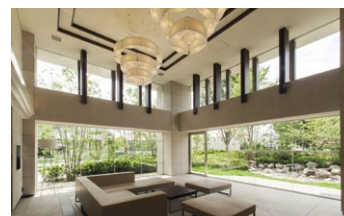
Example

Preserved rich greenery and townscape in the development of the condominium complex “Hibarigaoka feels 1-bangai” in Tokyo

When it was decided that the “Hibarigaoka Housing Complex” should be renovated after a history of more than 50 years, Daiwa House Industry conducted the development of a new condominium complex featuring exteriors and plants that preserved the rich greenery and townscape. In the former housing complex, a number of Japanese zelkova trees with a height of more than 12 meters were planted as roadside trees. In the new condominium, trees equivalent to those zelkova were planted as symbol trees. At the same time, approximately 800 medium to high trees and approximately 11,000 low trees were planted, mainly consisting of small oak and sawtooth oak that are indigenous to the Musashino Plateau, thereby creating seasonal views in the town. A courtyard was established so that all residences have a view of the greenery, and the communal corridors were combined with the courtyard. The courtyard passageway was finished with permeable materials, so that it would function as a cool spot where residents can enjoy natural coolness. In individual residences, the eave ceiling of the balcony was equipped with hooks for a green curtain, thereby enabling residents to produce pleasant living space in coexistence with greenery. Other ideas for producing an environment where humans can coexist with the natural environment include home gardens that can be used for food education and community development, and the installation of birdbaths and birdhouses for small birds. Daiwa House Industry plans to continuously deploy such green towns across Japan.



Appearance of “Hibarigaoka feels 1-bangai” with rich greenery



Interior of “Hibarigaoka feels 1-bangai”

Example

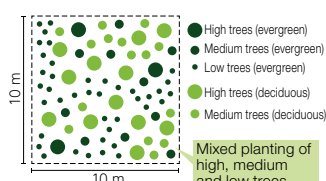
A plant in Kanagawa Prefecture with rich greenery aiming at coexistence with goshawks

The Atsugi Branch of Daiwa House Industry designed and constructed a new plant in the headquarters of Assist V Co., Ltd., located in “Shin Sangyo-no Mori,” an industrial complex in Shonan recruited by the Fujisawa city government.

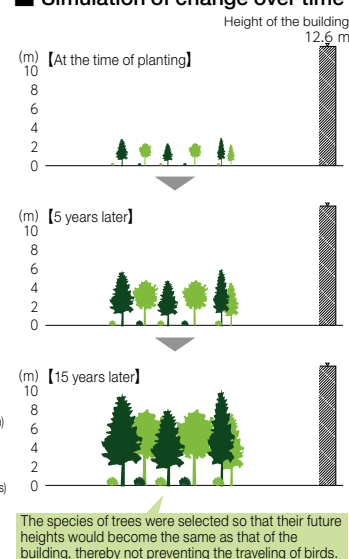
Because there was a habitat of goshawks, an endangered species, near the site of this complex, we promoted planning for the new plant aimed at coexistence with goshawks in accordance with the Kanagawa Goshawk Protective Guidelines and through consultation with experts in goshawks. The protection of goshawks and the conservation of the natural environment were incorporated into the greening plan of the plant site. By presenting greening proposals to the customer from an initial stage of the building proposition, we planned to cover 25% of the site with greenery. To establish rest spaces and feeding sites for goshawks in the premises, we planted trees that would produce fruit liked by small birds that are the prey of goshawks, in the direction of nesting trees, and simulated changes in the portfolio of tree species over the next 15 years. Furthermore, we took care to exclude the breeding season from the construction period, so that the construction work would not interfere with the breeding of goshawks. We will continue promoting construction planning in accordance with the Biodiversity Guidelines, incorporating considerations for the ecosystem network and introducing locally suitable species.



Appearance perspective



Simulation of change over time



Related page P99 Biodiversity Guidelines

Example**Commercial establishment with rich greenery “BiVi Senriyama” in Osaka**

“BiVi Senriyama” was designed and constructed by Daiwa Lease, one of our Group companies, and was opened in April 2015. This building is located in the commercial zone in the Osaka Senriyama Re-development area. Its wall facing the station square is equipped with wall greening that uses our proprietary technology, and produces a colorful and voluminous atmosphere. At the center of the building, state-of-the-art column greening is established in the triple-height hall. These green columns with a height of 13 meters provide visitors to this facility with a dynamic impact. Rest spaces are also installed around the green columns, thereby incorporating greenery into the part of people’s life. On the third floor of the facility is established a Japanese-style rooftop garden, which can be viewed from Japanese-style rooms in the community center and other parts of the facility.

This commercial establishment “BiVi Senriyama” was evaluated as incorporating a number of ideas to provide local people with pleasant viewing of greenery, and received an encouragement award in the 9th Osaka Excellent Greening Award in December 2015.



Wall greening that faces a station square



Column greening in the triple-height hall

Example**Collaboration with WWF Japan in the revision of the Wood Procurement Assessment Standards**

Since 2010, when we established the Biodiversity Guidelines, Daiwa House Industry has collaborated with WWF Japan, a major environmental NGO, for sustainable wood procurement. For example, WWF Japan has provided us with advice concerning problems and possible improvements in our wood procurement research. WWF Japan and Daiwa House Industry have also repeatedly discussed responses to the latest social and environmental issues, including the felling of High Conservation Value Forests caused by corruption in the governments of producing countries.

In fiscal 2015, we commenced the revision of the Wood Procurement Assessment Standards, and modified the standards in accordance with actual risks based on our procurement systems, such as by establishing proprietary rules concerning high-risk and low-risk areas and tree species.

We will continue collaborating with WWF Japan, thereby promoting a PDCA cycle toward sustainable wood procurement, and making improvements concerning Rank C wood.

New issues toward sustainable wood procurement

- Felling of High Conservation Value Forests caused by corruption in the governments of producing countries
- Reliability of the certificates of “legitimacy” issued by local governments
- Variation in the details and reliability of certification by forest accreditation bodies/systems
- Most suppliers are not used to achieving traceability in wood procurement, and correct research results are difficult to acquire.

Voice of Our Partner NGO (WWF Japan)

Wood procurement policy and assessment standards should be revised as appropriate in accordance with local environmental and social issues that surround forests, and with progress of the company’s initiatives. In the recent initiatives, Daiwa House Industry reviewed local risks through the Forest Stewardship Council (FSC) and other objective information, and re-evaluated forest and other certification systems. These measures have enabled Daiwa House Industry to perform assessments that are closer to the actual status, incorporating forest conditions and the reliability of evaluation systems, thereby promoting the ecosystem-conscious use of resources, which is the goal of our initiatives.

The results of research in fiscal 2015 based on the new assessment standards indicated that steady improvements have been made, even though an increased number of Group companies were included in the scope of research. On the other hand, because of the relatively large volume of wood procurement in this industry, the procurement volume of Rank C wood, which takes up 4.7% of all wood procurement, cannot be said to be small.

Daiwa House Industry will continue with improvements in Rank C wood procurement. It is expected that we will prioritize wood producing areas that are rated as high-risk according to the revised assessment standards in our examination for required measures, while maintaining consistency among all initiatives.



Mr. Mutai Hashimoto
Forest Programme Leader
Conservation Division
WWF Japan



Co-creating a Brighter Future with the Environment

Focal theme 3

Conservation of natural resources
(Longer durability / Waste reduction / Water resource conservation)

To contribute to the emergence of a society committed and zero waste emissions.

Policy and Concept

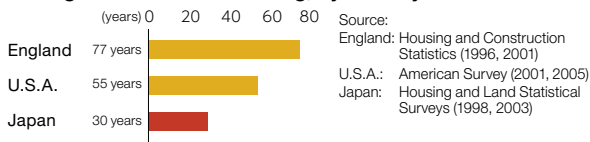
Social issues

As the quantity of natural resources consumed globally continues to increase, resource depletion worsens. The construction sector generates 20% of the country's waste, and the service life of house is short, as well.

Consumption of the world's natural resources has increased significantly over the years, and damage to the environment due to resource depletion and waste generation has grown serious. Moreover, Japan's construction sector accounts for about 20% of the country's waste generation, and the service life of Japanese housing averages about 30 years, which is quite short-lived compared to the situation in Europe and North America.

In addition, with regard to water resources, a number of companies involved in production and procurement outside Japan are facing the risks of water shortages and flooding throughout the supply chain. Japan, meanwhile, enacted its Water Cycle Basic Law in July 2014. This law, which recognizes water as a resource belonging to all humanity, was formulated as a basic water circulation plan for the proper reuse of water. It also promotes the proper and effective use of water.

■ Average service life of housing, by country



Expectations of stakeholders

Higher durability and longer service life of houses and buildings

Housing and building designs for easy dismantling for the reuse of components

Reduced construction waste and promotion of recycling

Reduced water consumption throughout supply chains

Risks and opportunities for the Daiwa House Group

Risks

- Long term**
 - Increase in waste treatment costs due to a severe shortage of disposal sites
 - Disruptions in supply of construction materials and a steep rise in prices due to depletion of major metals and fossil fuels and a lack of water resources
- Short term**
 - Additional costs due to improper handling of waste (illegal dumping and the like)
 - Increased risk management costs due to more stringent environmental regulations

Opportunities

- Long term**
 - Reduction in life cycle costs for customers through the prolonged life of houses and buildings
 - Growth of existing home business to achieve a longer life for houses and buildings
- Short term**
 - Reduction in waste generation and reduction in construction costs attributable to an increased recycling ratio
 - Cost reductions and reduced volume of resources consumed due to more efficient use of construction materials

What the Daiwa House Group aims to achieve

Contributing to the sustainable use of resources by reusing water, promoting zero waste, and extending the service life of houses and buildings

In addition to being used for long periods of time, houses and buildings consume considerable resources. Our Group is not only working to extend the service life of the "skeletons" (structure or frame) of such buildings, but we are also taking steps to enhance the versatility and simplify the maintenance of interior facilities and decorative elements to allow residents to cope more easily with changing family makeup and diversity of lifestyles.

To ensure resources can be used continuously, we are protecting water resources as well as promoting the goal of sustainable zero waste by conserving and recycling resources throughout the product life cycle.

In the future, we will identify suppliers, calculate the quantities of resources we procure, and conduct risk assessments. From the results, we will determine whether substitute building materials are required or will consider changes in the procurement route. In addition, in order to contribute to the emergence of a society committed to recycling resources, we will work to establish a system that facilitates the resale of existing housing.



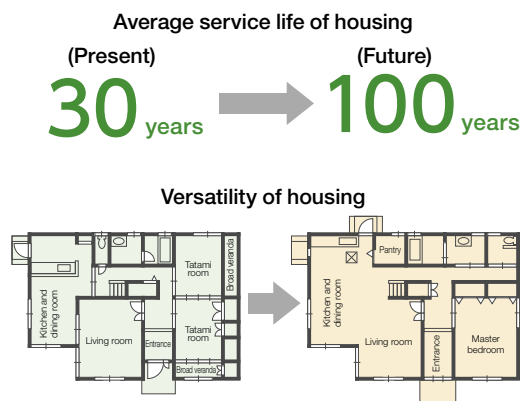
to recycling, we are promoting conservation of natural resources, extending the service life of houses and buildings,

Long-Term Environmental Vision “Challenge ZERO 2055”

With the aim of contributing to the emergence of a society committed to recycling, our Group is pursuing the sustainable use of resources by extending the service life of houses and buildings and working toward zero emissions of waste.

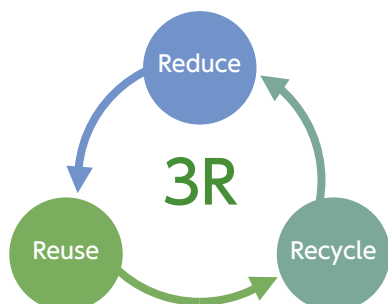
Action 1 Extending the service life of houses and buildings and conserving natural resources

In addition to extending the service life and increasing the versatility of new houses and buildings, we are helping to create a market in which high-quality houses and buildings are appropriately evaluated and traded on the market.



Action 2 Zero emissions of waste

We aim to achieve zero emissions of waste (through recycling) throughout the life cycle of houses and buildings by 2030, including the supply chain. For all our other business, we aim to achieve the same goal by 2055.



Summary of Initiatives in Fiscal 2015 (Main initiatives of our Long-Term Vision)

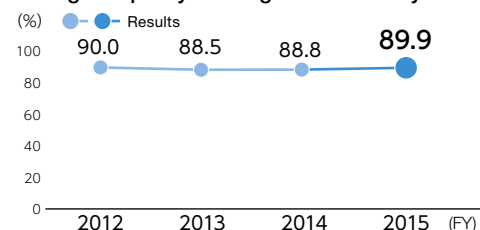
Action 1

Housing

Maintaining the ratio of houses certified under the long-life quality housing certification system near the consistently high level of 89.9%

In our housing business, we have been seeking to obtain long-life quality housing certification under the terms of the Act on the Promotion of Popularization of Long-life Quality Housing. In fiscal 2015, we were able to maintain our consistently high level of certification at 89.9%. We will continue to seek such certifications in the future.

■ Trend in the ratio of houses certified under the long-life quality housing certification system

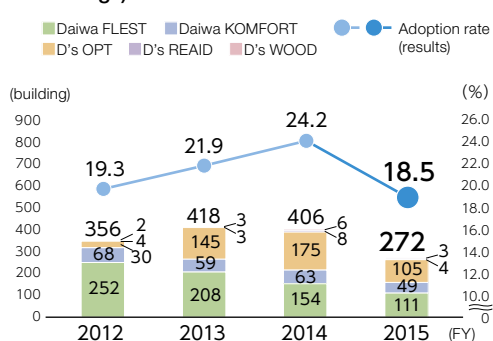


Construction

Our adoption rate of resource-recycling products (pre-engineered buildings) reached 18.5%, falling short of our 25% target.

In fiscal 2015, despite our promoting the adoption of resource-recycling products intended to suppress the generation of waste in our commercial and business building business, the adoption of D's OPT posted a 40% year-on-year decline, while the take-up rate for our Daiwa FLEST product declined as well, by 27.9%. We are committed to improving the adoption rate in the future by focusing on key applications.

■ Change in the number of buildings using resource-recycling products (pre-engineered buildings)



Action 2

Business activities

In our production, civil engineering, and demolition segments, we achieved our targeted recycling rate for construction and demolition waste.

In order to help establish recycling routes, we are promoting recycling not only in our production and new construction businesses, but also in the renovation and demolition of existing houses. As a result, we maintained our high recycling rate for fiscal 2015. We remain dedicated to promoting this initiative.

■ Recycling rates of construction and demolition waste (by segment)

| | FY 2014 results | FY 2015 targets | FY 2015 results | FY 2016 targets |
|-------------------|-----------------|-----------------|-----------------|-----------------|
| Manufacturing | 98.8% | 98% | 98.7% | 95% |
| New construction | 96.5% | 95% | 93.5% | 95% |
| Civil engineering | 98.8% | 95% | 99.3% | 95% |
| Renovation | 77.4% | 85% | 78.7% | 80% |
| Demolition | 95.8% | 95% | 96.5% | 95% |



Co-creating a Brighter Future with the Environment

Implementation report on the Endless Green Program 2015

Focal theme 3

Conservation of natural resources
(Longer durability / Waste reduction / Water resource conservation)

Efforts in recycling resources for houses and buildings

Basic Concept

As houses and buildings tend to be used for long periods of time, extending their service life can be considered one of the best resource conservation measures. Moreover, to promote the construction of houses and buildings designed for resource recycling, it is important to conserve resources and effectively use recycled materials in addition to emphasizing design for easier dismantling of buildings into reusable or recyclable components at the development and design stages; and to reduce wood and other waste and to recycle generated waste in the manufacturing and construction stages.

Daiwa House Industry manufactures all housing and pre-engineered building products at its own plants in keeping with its corporate mission to promote “the industrialization of construction.” We reduce the generation of waste at construction sites by assembling materials on-site that have already been pre-cut into their necessary measurements. We also adopt, in general, construction methods that make buildings easier to dismantle into reusable or recyclable components.

Contributing to the emergence of a society committed to recycling by extending the service life of buildings

Adopting environment-friendly products and services to reduce use of raw materials and waste

Priority strategies

- 1 Extending the service life of houses
- 2 Dissemination of products utilizing recycled resources (pre-engineered buildings) for business use such as shops and offices

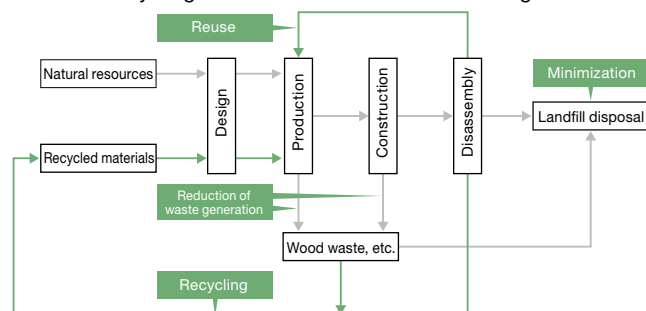
Management

Adopting design and construction processes conducive to resource conservation and recycling

In the product design and development stages, we are focused on design that allows for greater ease of dismantling for the reuse of components as well as, when new building materials are being introduced, to emphasize products made from recycled materials. Moreover, in the housing business, all our properties utilize pre-cut drawings for gypsum board in addition to reducing wood scraps. In the production and construction stages, we are adopting construction methods that use an end material (S tile) that can be used to promote recycling. We are also recycling edge materials and the like to suppress the generation of waste and are practicing thorough recycling, sorting, and re-use of waste discharged at the construction site.

As part of our efforts to use recycled construction materials in our commercial and business building segments, in 2008 we established an initiative to promote the adoption of “green procurement items” (30 check items). A supplier that meets at least 10 of these 30 items is recognized as a “green procurement site.”

Resource recycling flow chart for houses and buildings



| Design and development stages | Production and construction stages |
|---|---|
| <ul style="list-style-type: none"> Proactive adoption of recycled materials Design for efficient use of materials Design for ease of dismantling for the reuse of components | <ul style="list-style-type: none"> Reduced waste from wood scraps Recycling of construction waste |

Related page P166 30 green procurement items (in Japanese only)

Priority strategy 1

Extending the service life of houses

In addition to ensuring the basic performance of our housing products in the areas of durability, seismic resistance, and energy efficiency, our company is responding to future changes in family structure, housing

developments, versatility, ease of maintenance, and upkeep. For example, in the area of durability, we are using the electrodeposition painting method for major structures, which results in a service life exceeding 75 years.* In fiscal 2015, 89.9% of our houses were certified under the long-life quality housing certification system (which represents a 1.1 percentage point increase year-on-year). We will continue to promote the effort to extend the service life of housing.

* According to Japanese housing performance labeling standards, the highest rating is accorded to houses whose structural framework has been evaluated as being able to last three generations (75–90 years).

Responding to the long-life quality housing certification system

| Performance Area | Reference Standard (Summary) | Performance of xevio |
|------------------------------------|--|--|
| Resistance to deterioration | Meets the standard for a home with a long service life that can support several generations. | Correspondence to standard |
| Seismic resistance | Provides sufficient earthquake resistance. | Correspondence to standard |
| Ease of maintenance and renovation | Is easy to maintain. | Correspondence to standard |
| Energy efficiency | Is designed for energy efficiency. | Correspondence to standard |
| Residential environment | Has an environment-friendly landscape and maintains and improves the residential environment in other areas. | Correspondence to standard |
| Floor area | Has sufficient floor space to provide good residential conditions. | Correspondence to standard |
| Maintenance plan | Constructed with an eye to future developments and incorporates plans for regular inspection and maintenance. | Correspondence to standard |
| Versatility | Incorporates measures for adapting the floor plan in response to changes in the life style of the residents (apartments). | Applicable only to apartment buildings |
| Barrier-free design | Provides adequate space for hallways and other common-use areas in order to accommodate future needs for barrier-free layout (apartments). | Applicable only to apartment buildings |

Priority strategy 2

Dissemination of products utilizing recycled resources (pre-engineered buildings) for business use such as shops and offices

Daiwa House Industry has developed system architecture products designed for standardized outer walls and structural members of similar size and specification and is promoting their adoption by offices, warehouses, stores, and medium-sized plants. In addition to conserving resources through comprehensive rationalization of steel-frame buildings, these pre-engineered products can be factory-manufactured and processed to the specified design dimensions for principle members; moreover, they help to minimize the generation of waste at the construction site.



Daiwa KOMFORT (our Ryugasaki Plant Office Building)

See p. 166 for the goals and achievements of EGP2015. (in Japanese only)

Focal theme 3

Conservation of natural resources
(Longer durability / Waste reduction / Water resource conservation)

Waste reduction and zero emissions at production and construction sites

Customers

Employees

Business partners

Local residents

Shareholders

Environment

Governance

Basic Concept

In addition to promoting resource recycling throughout the life cycle of houses and buildings, we are contributing to the emergence of a society committed to recycling by promoting the “3Rs” of reduce, reuse and recycle all waste generated.

Contributing to the emergence of a society committed to recycling with our zero waste initiative

Reducing and recycling construction waste in all processes

Priority strategies

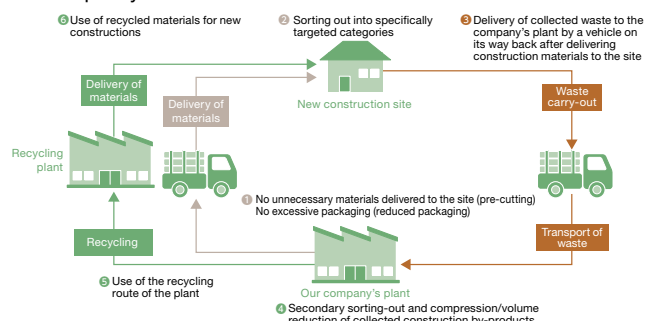
- 1 Reduction of construction waste at housing and construction sites
- 2 Increase in activities toward zero emissions in all processes

Management

Improving the recycling rate with our Plant Depo

At our residential new construction sites, we have introduced a system we call Plant Depo that is intended to promote the recycling of construction waste. Through this system, we collect construction waste at the construction site and truck it to the plant using the same truck used to transport materials to the construction site. There, it undergoes secondary sorting and is compressed to reduce its volume. We are continuing to take steps to improve our recycling rate.

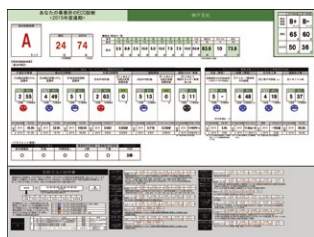
Plant Depo System



Plant Depo evaluation and recycling rate results reflected on performance assessment.
Reduction in construction waste emissions promoted.

Regarding construction waste generated at production and construction sites, we are promoting a reduction in waste emissions by setting targets for reduction and recycling among our Group companies involved in the construction industry.

In addition, we have developed the “Your Worksite ECO Diagnosis” that presents the operational status of the Plant Depo, generation of gypsum board waste, and an assessment of the implementation of pre-cut tiles and colored slates in terms of “Plant Depo evaluation” and “recycling rate.” Therefore, when an evaluation is low, each worksite commits itself to analyzing the factors and implementing improvement initiatives.



ECO diagnosis assessment report

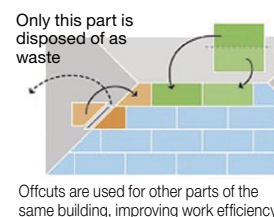
Related page P117 Reflect achievements in environmental activities at worksites on business performance assessment

Priority strategy 1

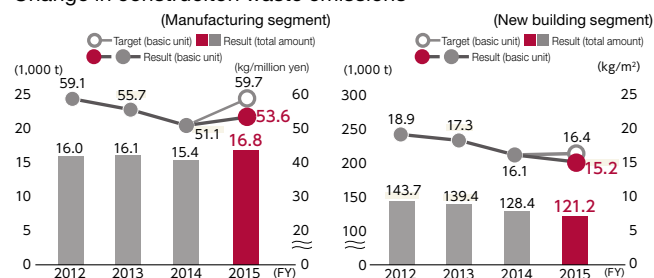
Reduction of construction waste generated at construction sites for housing and buildings

At our residential new construction sites, we have adopted whole-surface-coated “S tiles” (corner ridge tiles). Remnants of these tiles can be used for other sections by turning them upside down after cutting, thus contributing to reduced waste. At building construction sites, we have employed design criteria that effectively take advantage of fixed-length gypsum board. As a result, we are reducing waste through innovations at the design stage.

As a result, construction waste generated in fiscal 2015 declined to 15.2 kg/m² in the new construction sector, representing a year-on-year decrease of 5.6%. We remain committed to reducing our waste emissions even further in the future.



Change in construction waste emissions



Reduced amount of waste at construction sites using S-tiles

| | Conventional method | S-tile application | Reduction |
|----------------------------------|----------------------|--------------------|-----------|
| Amount of roofing materials used | 1,016 tiles/building | 888 tiles/building | ~13% |
| Amount of waste generated | 249 kg/building | 53 kg/building | ~79% |

* Apartment houses (hipped roof), Roof area: 158 m²

Priority strategy 2

Increase in activities toward zero emissions in all processes

By promoting the sharing of recycling routes among our Group companies, we are working to further improve recycling rates in all processes including new construction, civil engineering, renovation, and demolition. With the expansion of our zero emission initiatives, in fiscal 2015 we supported and extended our zero emissions efforts at our plants and residential new construction sites thanks to the Plant Depo. We aim to expand our recycling system in the future by developing more recycled materials within our Group.

See pp. 167–168 and 170 for the goals and achievements of EGP2015. (in Japanese only)



Co-creating a Brighter Future with the Environment

Conservation of natural resources

(Longer durability / Waste reduction / Water resource conservation)

TOPICS

Example Developed new products of pre-engineered buildings

Pre-engineered buildings are products of the construction business of Daiwa House Industry. In this business, we have reduced the use of steel frame, concrete and other resources by using proprietary structural design, while cutting down on waste generation from the construction sites by improving the plant production rate.

In fiscal 2015, we developed “D’s ALGO,” a one-storied product for medium- to large-sized stores; “D-saju-LC,” a three-storied product for elderly housing with supportive services; and “D’s REAID II,” a two-storied product for offices and stores. By providing a portfolio of products that match diverse purposes and sizes in accordance with the business needs, we promote initiatives for resource conservation.

“D’s ALGO” uses a rigid-frame structure combined with a brace frame, thereby reducing the weight of the steel frame, while guaranteeing anti-seismic performance and free interior layout. “D-saju-LC” uses metal exterior wall materials and ALC floor materials, thereby reducing the weight of the building. Cost and steel frame weight have also been reduced for this product by reviewing the frame structure and specifications of each part. “D’s REAID II” establishes a building by bolt-joining exterior wall panels to columns. These exterior panels can be easily disassembled and reused, because they use dry joints in the vertical direction.

We will continue proactively promoting the development and dissemination of such resource conservation-conscious products.



“D’s ALGO,” a product for medium- to large-sized stores



“D-saju-LC,” a product for elderly housing with supportive services



“D’s REAID II,” a product for offices and stores

Example Intensified leasing proposals concerning temporary offices, schools, vehicles, and energy conservation/creation equipment (Daiwa Lease)

In the leasing business, items of a necessary quantity are used at necessary times. After use, the items are recycled and delivered again to people who need them. Such a business model of the leasing business exactly represents the model of a resource-recycling business where precious resources should be continuously reused and recycled.

Daiwa Lease, one of our Group companies, operates the leasing business of temporary offices, schools, vehicles and other items. The company developed a proprietary “reusable foundation,”* a resource-recycling foundation for temporary buildings that can substantially reduce waste generated from construction and demolition. This foundation has a simple structure that only joins H-shaped steel with an internally produced base foundation with removable bolts, thereby reducing waste generation on construction sites and shortening the construction period.

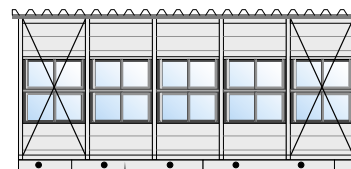
In fiscal 2015, continuously leasing conventional products from the previous fiscal year, we promoted a proposal for the leasing of energy creation/conservation equipment. Due to the switchover of business policy from leasing to sale of prefabricated buildings, the sales of the leasing business decreased by 9.3% from the previous year to 47.4 billion yen. The sales of the selling business increased by 17% from the previous year to 52.4 billion yen. The sales combining the leasing business and the selling business increased by 2.9% to 99.9 billion yen.

In coming years, we plan to increase 100%-reusable (pre-engineered) temporary buildings, including their foundations.

* Patent No. 3612065



Temporary school building



Reusable foundation

Implementation report on the Endless Green Program 2015

Focal theme 3

Conservation of natural resources
(Longer durability / Waste reduction / Water resource conservation)

Water resource conservation

Basic Concept

For companies that consume water on a regular basis, it is essential to consider the time of year and the location of consumption as well as the quantity consumed. Moreover, in recent years, water risk has been increasing as a factor within the supply chain. Therefore, our Group is taking steps to reduce water consumption and promote recycling in all processes. In addition, we have established reduction goals for Group companies whose facilities consume large quantities of water, and we are working diligently to reduce water consumption throughout our Group. We are also taking this opportunity to identify water risks within our supply chain.

Promoting sustainable use of natural resources through water resource conservation

Promoting reduced water consumption and recycling in all processes

Priority strategies

Promoting water conservation at facilities with high water consumption

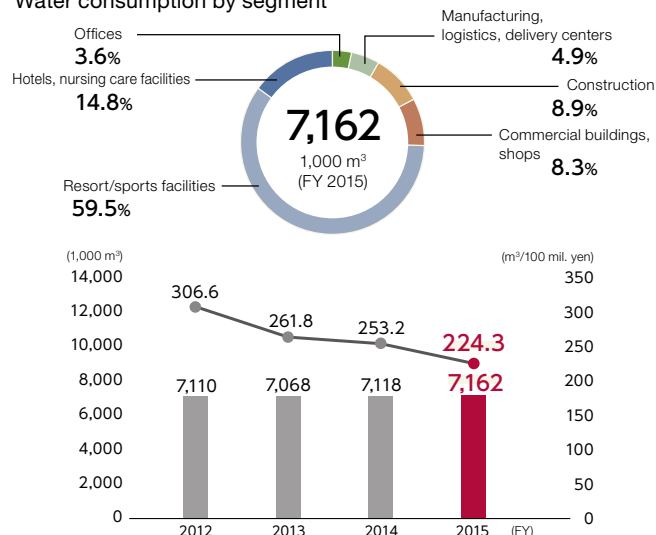
Management

Promoting water conservation at resort/sports facilities

Water consumption differs significantly among the different types of business. In the Daiwa House Group, the water consumption in the segment of resort/sports facilities with large public baths and swimming pools and the segment of hotels and nursing care facilities with bathtubs accounts for about 70% of the water consumption in all the segments.

We therefore focus our water saving efforts on the protection of water resources in these two segments. We have set reduction targets and are implementing measures to reduce water use.

Water consumption by segment



Related page P169-170 Water consumption (in Japanese only)

Priority strategy 1

Promoting water conservation at facilities with high water consumption

For the three Group companies* with high water consumption, we established targets for water consumption per user as well as a priority target list. We are installing water-saving fixtures and appliances and other ways of reducing water consumption.

In fiscal 2015, after installing water-saving packing and water-saving showerheads, we were able to reduce the water consumption volume per unit of sales by 11.4% relative to the level for the preceding fiscal year.

* Daiwa Resort, Daiwa Royal, Sports Club NAS

TOPICS

Renewed water-saving devices to those with constant-flow valves (Daiwa Resort)

In our hotels, water-saving devices were installed in many parts of shower rooms, kitchens, etc., from 2005 to 2010. Over time, many of these devices were removed due to deterioration and damage.

In fiscal 2015, it was decided to replace these devices, and we installed pilot water-saving devices with constant-flow valves in Genkai Royal Hotel, to measure the flow and check the effect of these devices. We selected this type of device because most of our hotels are medium- to high-storied buildings, and bathhouses and kitchens with large water consumption are located on lower floors with higher water pressure, and therefore the water-saving devices with constant-flow valves can be highly effective by preventing a larger discharge of water than necessary. In Genkai Royal Hotel, water consumption of the entire building was reduced by approximately 7% from before the installation of these devices. We plan to expand the use of these devices to other hotels for reducing water consumption.



Measurement using flow sensors

Future Plans

In the area of water consumption, we are identifying ways to reduce water consumption at resort/sports facilities by installing even more water-saving appliances in the future. We are also targeting the development of a water-recycling system that uses rainwater and groundwater and are taking steps to conserve water resources.

As for water risk, it is not currently evident, but we are using an evaluation tool related to water risk provided by the World Resources Institute* and we try to clarify the future impact on our Group businesses and throughout the supply chain.

* An independent organization which conducts policy research and provides technical support on issues related to development and the global environment.



Co-creating a Brighter Future with the Environment

Focal theme 4

Prevention of chemical pollution

Having developed and strengthened our system of chemical substances. In the future, we will promote further control of affecting the ecosystem and human health.

Policy and Concept

Social issues

A global agreement to “minimize the marked adverse effects of chemical substances by 2020” has driven the strengthening of chemical substance management regulations at home and abroad.

Taking the opportunity presented by the commitment signed in 2002 at the World Summit on Sustainable Development (Johannesburg Earth Summit 2002) that “chemicals should be used and produced in ways that do not harm human health and the environment,” Europe and the U.S.A. strengthened the regulation of chemical substances through TSCA,*¹ the EU/REACH regulation,*² and the RoHS Directive.*³ Domestically, “sick house” measures under the revision of the Building Standards Act and regulation of various types of chemical substances were strengthened.

Even regarding issues of soil contamination, the Soil Contamination Countermeasures Act was enforced in 2003, with its regulatory targets later expanded. Preventing the spread of soil contamination during demolition of factories and the like and during large-scale development has become a social issue.

Expectations of stakeholders

Offering health-oriented housing that eradicates the issues of sick houses and sick buildings

Environmental risk assessment at production sites

Promoting comprehensive chemical management through the supply chain

Preventing the spread of soil contamination

Risks and opportunities for the Daiwa House Group

Risks

- Long term**
 - When new regulations on chemical substance are added, the cost of changing inspections and replacing products increases.
- Short term**
 - Customers are exposed to health hazards such as the sick house phenomenon as a result of building materials that incorporate toxic chemical substances.
 - When land with a high risk of soil contamination is subdivided and developed, soil and groundwater contamination can result in health hazards.
 - Responding to the health hazards mentioned above and the negative impact on brand image entails increased costs.

Opportunities

- Long term**
 - When the importance of health considerations in a house or building increases, we can provide our customers with a safe, reliable product by dealing with this issue quickly.
- Short term**
 - Provide safer land to customers concerned about soil contamination risk.

*¹ The Toxic Substances Control Act is a regulation on toxic substances that took effect in the U.S.A. in 1977.

*² REACH (Registration, Evaluation, Authorization and Restriction of Chemicals): The new EU chemicals legislation in force since June 2007

*³ RoHS (Restriction on Hazardous Substances): An EU Directive on the restriction of hazardous substances in electric and electronic equipment, which prohibit the use of these substances

What the Daiwa House Group aims to achieve

Contributing to a society in which people and ecosystems never suffer adverse effects from chemical substances

By constructing a verification system for chemical substances at the procurement stage and reducing, substituting, and appropriately managing chemical substances, we are continuing to minimize chemical contamination of land and building materials.

By planning to minimize (ultimately to zero) the marked adverse effects of chemical substances on human health and the environment through ongoing efforts to reduce, substitute — and by appropriately managing the chemicals our products contain and further promoting management of soil contamination — we are contributing to the emergence of a society that never suffers adverse effects from chemical substances.



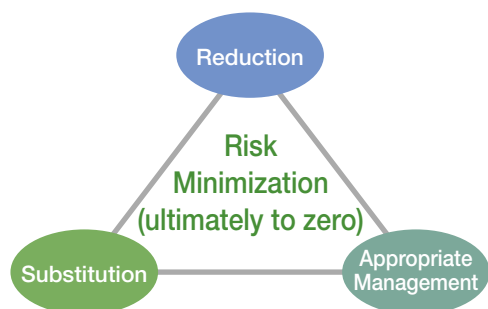
for managing chemical substances, we are addressing emerging issues as well as the potential risks chemical pollution across a wider scope. We are also planning to minimize the risk of adversely

Long-Term Environmental Vision “Challenge ZERO 2055”

Our Group is focused on ensuring the appropriate management of chemical substances throughout the life cycle of our houses and buildings. We plan to minimize (ultimately to zero) any adverse risks to human health and the ecosystem.

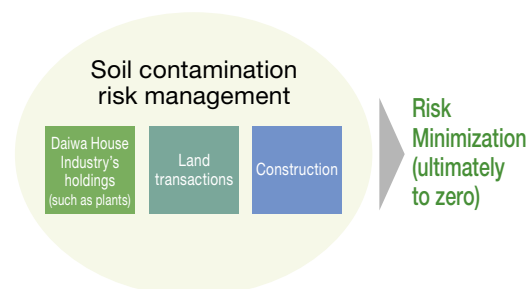
Action 1 Minimizing (ultimately to zero) chemical substance risk

While working to identify chemical substance risk throughout the lifecycle of our houses and buildings, we continue to work toward the minimization (ultimately to zero) of risk by taking a preventive approach to pursuing the reduction, substitution, and appropriate management of toxic chemicals.



Action 2 Minimizing (ultimately to zero) soil contamination risk

Through strict management of soil contamination risk that includes land history investigation, soil surveys, and contamination countermeasures not only for Daiwa House Industry's holdings but also during all processes from land transaction to construction, we continue to seek to minimize (ultimately to zero) risks, which include the prevention of secondary contamination.



Summary of Initiatives in Fiscal 2015 (Main initiatives of our Long-Term Vision)

Action 1

Minimizing chemical substance risk

Products and services

We formulated our CSR Procurement Guidelines and established a risk management system for the chemical substances contained in building materials. Regarding interior materials that affect indoor air quality, we are introducing improvements by devising testing methods that provide even higher precision.

Business operations

Through a joint working group that operates throughout our Group, we will continue to carry out work related to reduced use of toxic chemical substances.

- We are working to reduce the amounts of PRTR-listed chemicals that are released and transferred by using weak solvents in our anticorrosive paints and thinners.

Action 2

Minimizing soil contamination risk

Daiwa House Industry's holdings

Accompanying the expansion and modification of four of our plants (Nara, Ryugasaki, Tochigi-Ninomiya, and Kyu-Shikoku), we introduced all our soil survey and pollution control measures.

Land transactions

As a general rule, in all cases involving the resale of land, we conduct surveys of the land's history to identify the soil contamination risk. As a result of our land history surveys, when the need was identified, we conducted risk reduction efforts through soil surveys and pollution control measures.

Construction

In an effort to contain soil contamination, we continue to exercise management based on our voluntary standards in addition to complying with regulations such as laws and local bylaws. This applies to any soil that is excavated at the time of construction.

- We confirm information such as the current state of the excavated soil and the origin of the soil in place. In cases where it is determined that a contamination risk exists, we analyze 25 items related to the chemicals specified under the Soil Contamination Countermeasures Act (or eight items of natural origin) and undertake quality management practices on the soil in place while instituting appropriate management of excavated soil.



Implementation report on the Endless Green Program 2015

Focal
theme **4**

Prevention of
chemical pollution

Reduction in toxic chemicals in our products and services

Basic Concept

Improvement in the indoor air quality of residential facilities

To minimize (ultimately zero) the risk of chemical substances, it is important to reduce the use of toxic chemicals and substitute them with benign alternatives at the development and planning phases of our houses and buildings and to confirm that no indoor air quality problems are present after construction. At Daiwa House Industry, we are taking steps to improve indoor air quality in residential housing by enforcing countermeasures against the sick house phenomenon by using industry-leading building materials and by constructing houses to healthy specifications that meet standards for the presence of VOCs.

Minimizing (ultimately to zero) the risks of chemical substances

- Identifying chemical substance risk throughout the life cycle of houses and buildings
- Promoting the reduction, substitution and appropriate management of chemicals

Priority strategies

- ① Setting standards for low-VOC construction materials
- ② Developing and publicizing health-oriented specifications

Management

Establishing the self-standards for specific measured substances under the Housing Quality Assurance Act

In order to contribute to a better indoor air environment, we established the goal of setting the self-standards more stringent than the national guidelines set for five substances*¹ under the Housing Quality Assurance Act*² as specific measured substances. We conduct indoor air quality measurements every year for a certain number of residential facilities at completion of construction to evaluate and improve the air quality.

*¹ Act regarding the promotion of quality assurance of houses

*² Formaldehyde, toluene, xylene, ethylbenzene, and styrene

Establishing the Chemical Substance Management Guidelines

In an effort to strengthen chemical substance management, in 2010 we formulated our Chemical Substance Management Guidelines and put them into effect. They are being applied mainly to our housing products (single-family, low-rise rental housing). In 2015, we established our CSR Procurement Guidelines regarding the chemical substances present in products and shared them with our suppliers. We minimized use of materials associated with high risk with the aim of providing products with little impact on the health of stakeholders or the environment. Similarly, regarding the use of prohibited substances and restricted substances, we have positioned our Chemical Substance Management Guidelines as part of our CSR Procurement Guidelines and have adopted the goal of extending the targets to encompass all products we procure.

In these new guidelines, we have designated about 280 types of managed substances, with each assigned coverage under one of the three levels of management: “use prohibited;” “control required / use restricted;” and “monitoring required.”

Moreover, through the use of these guidelines, we identified the chemical substances used in our building materials and took steps to minimize the risk of these substances by monitoring for their presence or absence as well as the amounts contained and emitted.

Positioning of the Chemical Substance Management Guidelines under the CSR Procurement Guidelines

CSR Procurement Guidelines (Established July 2015)

- (1) Business Partner Code of Conduct
- (2) Corporate Activity Guidelines
- (3) Guidelines for Products

Chemical Substance Management Guidelines

Biodiversity Guidelines [Wood Procurement]

Management levels under the Chemical Substance Management Guidelines

| Management level | Target |
|---|--|
| Level 1 <Use prohibited> Substances and substance groups that are prohibited to be used in all products | All procured products |
| Level 2 <Control required / Use restricted> Substances and substance groups for which the status of use in major construction materials should be identified. (Some materials have restrictions on their use.) | |
| Level 3 <Monitoring required> Substances and substance groups for which the status of use in major construction materials should be identified. | Housing products (single-family, low-rise rental housing) |

Related page P118 CSR Procurement Guidelines
P172 Chemical Substance Management Guidelines (in Japanese only)

Priority strategy 1

Setting standards for low-VOC construction materials

Daiwa House Industry as well as Daiwa Lease, a Group company, provide many residential facilities. To contribute to better indoor air environments, all the interior finishing materials we use are rated as Japanese formaldehyde emission class F☆☆☆☆.* Moreover, even for interior finishing materials applied to foundations, we are proactively adopting formaldehyde-free glass wool and rock wool and the like.

In addition, regarding indoor air quality concentrations at our company's housing products (single-family, low-rise rental housing), we conduct annual tests at a given number of properties following construction. The scope of these tests includes built-for-sale houses and rental apartments; residential buildings such as nursing facilities where the period of residence is typically lengthy; and, since 2014, hotels and hospitals. We are expanding the application of this system for measurement, assessment, and improvement.

In the future, we intend to conduct investigations of a given number of properties with consideration for the intended use of the building and changing conditions such as the region and climate. Upon receiving the results of the analysis, we will undertake to improve the indoor air environment.

* The rank with the least release, with no restrictions on use for indoor finishes



Measuring indoor air quality concentrations

Priority strategy 2

Developing and publicizing health-oriented specifications

Since fiscal 2015, we have been testing and evaluating our main wooden construction materials with a more realistic method by employing a chamber test* that measures the release of formaldehyde and other chemical substances emitted by these materials. The results of these tests have directed us toward the use of substitute building materials with lower emissions of formaldehyde and the like.

Furthermore regarding single-family housing, we are adhering to health-oriented specifications that focus on the indoor air environment, and are providing housing that considers the air environment even more.

* A test using a small chamber to determine the speed and concentration of chemicals released from construction materials



VOC-release measurement using the small chamber method

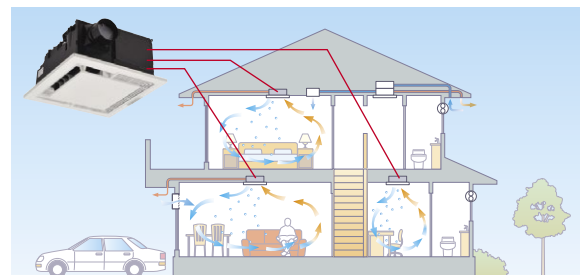
TOPICS

Development of “Air Purifier ef (Excellent Fresh)”

There have recently been increasing concerns about indoor air quality. Indoor air contains many pollutants, such as minute particles coming in from outside, including pollen and PM2.5,* as well as house dust and other substances generated within rooms.

In 2005, Daiwa House Industry developed the “Air Ventilation and Cleaning System ef,” a ceiling embedded air purifier. In fiscal 2015, the system was renewed as “Air Purifier ef,” with improved efficiency at removing pollutants from the entire room.

* Particulate matter less than 2.5 μm in diameter



Future Plans

In fiscal 2015, after we formulated our Chemical Substance Management Guidelines, we identified the amounts of chemical substances contained in and emitted by newly adopted building materials, and we assessed the chemicals where necessary.

In the future, we will continue to remove potential risks that arise in the product life cycle while identifying international trends in chemical substance management regulations — such as those in the EU, which is taking the lead in chemical substance management — and by undertaking effective risk assessments as have been recently introduced under the Occupational Safety and Health Act of Japan. We are also addressing the need to improve our building materials by sharing information and collaborating with our suppliers.



Co-creating a Brighter Future with the Environment

Implementation report on the Endless Green Program 2015

Focal theme **4**

Prevention of chemical pollution

Reducing chemical substances in our business operations

Basic Concept

Reducing chemical substances and minimizing soil contamination risk in development, planning, and production processes

In order to minimize the risk of chemical substances in our plants, we are focusing on those chemicals targeted by the PRTR* and are prioritizing those exhibiting especially high toxicities such as carcinogenicity, reproductive toxicity, and mutagenesis. These are the chemicals whose use we seek to reduce. Furthermore, in an effort to control air pollution, we are taking steps to reduce the amounts of VOCs present in paints. Moreover, in terms of soil contamination countermeasures, we conduct comprehensive soil surveys and are implementing countermeasures at our plants and construction sites while ensuring appropriate management.

* PRTR (Pollutant Release and Transfer Register): A system that requires business operators to report the release and transfer of chemical substances once a year to the government, which then tabulates and publicizes the collected data.

Minimizing (ultimately to zero) chemical substances and the risk of soil contamination

- Identification, reduction, and appropriate management of chemical substances
- Comprehensive soil contamination surveys and countermeasures

Priority strategies

- 1 Promoting reductions in PRTR-listed chemical substances as well as VOCs
- 2 Preventing air pollution and water pollution
- 3 Implementing countermeasures against soil contamination

Priority strategy **1**

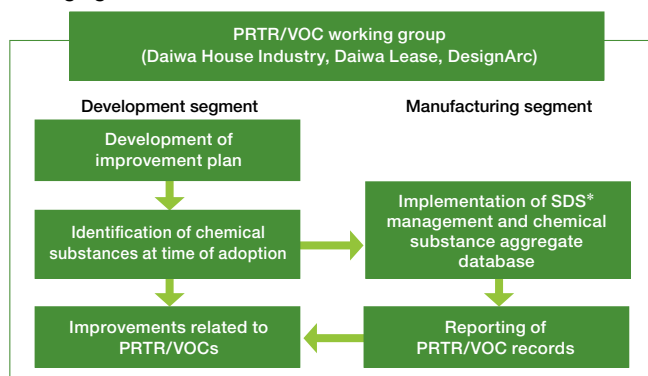
Promoting reductions in PRTR-listed chemical substances as well as VOCs

Implementing a cross-segment working group

In order to reduce the amounts of chemical substances handled in our plants, we hold periodic meetings of a cross-segment joint working group that includes participants from the development and manufacturing segments.

Our development segment, as part of its commitment to continuous improvement, investigates ways to substitute less toxic alternatives for current materials, using reports on the status of chemical substance usage in our plants, as well as this segment selects new materials with low toxicity when setting materials. Moreover, our Group companies are collaborating to share information and promote improvement initiatives.

Managing chemical substance risk



* Safety Data Sheets are documents providing information on the characteristics and handling of chemical substances. They are provided as a data source when businesses release and supply chemical substances and products.

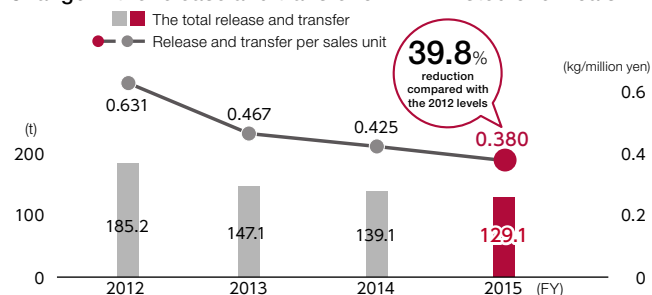
Reducing the use of chemical substances by changing materials and methods

Our Group seeks to reduce its use of PRTR-listed substances while also reducing its release of VOCs.

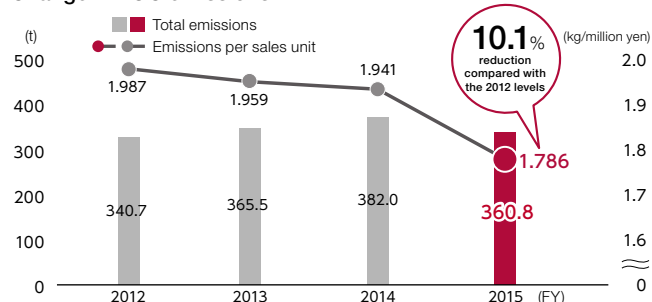
In fiscal 2015, with respect to surface elements for some of products in our single-family housing and rental housing segment, we undertook to develop and expand the use of metal fittings with reverse-side fastening instead of conventional screw fastening. Minimizing repairs to external wall surface elements enabled us to reduce the quantity of paint used. Thus we helped to reduce our use of PRTR-listed substances while also reducing VOC emissions.

In addition, the commercial and office building segment of Daiwa House Industry as well as Daiwa Lease, one of our Group companies, are adopting weak solvent-based anticorrosive paints and thinners.

Change in the release and transfer of PRTR-listed chemicals



Change in VOC emissions



Note: Regarding the release and transfer of PRTR-listed substances and the basic unit of VOC emissions per unit of sales for fiscal 2014, we have corrected the numerical values listed in our 2015 Environmental Report.

Priority strategy 2

Preventing air pollution and water pollution

In addition to having taken preventive steps by performing measurements and inspections according to the terms of the Air Pollution Control Law and Water Pollution Control Law at all of our plants since fiscal 2007, we have strengthened our management system and are continuing to comply with emissions standards regarding soot and drainage.

At our Nara Plant, we introduced a combustion exhaust gas treatment device incorporating thermal storage for the cation electrodeposition coating apparatus that we introduced in fiscal 2015. As a result, we were able to reduce the concentration of VOC emissions from the paint-drying oven by more than 98%. In an effort to generate additional energy efficiencies, we also installed a heat exchanger that enables the exhaust heat to be reused, thus achieving 94.5% efficiency.

Looking to wastewater, we perform ongoing maintenance and monitor the wastewater from the wastewater treatment facility of the electrodeposition coating apparatus that is the main source of discharge to public waters (coastal bodies of water and waterways). In addition, our plants in Kyushu, Nara, and Ryugasaki introduced D's FEMS* and are monitoring for abnormalities with the drainage facilities. We will continue to take steps to prevent air and water pollution.



Combustion exhaust gas treatment device with thermal storage

* Our unique plant energy management system

Priority strategy 3

Implementing countermeasures against soil contamination

We continue to practice appropriate management to minimize the risk of soil contamination. Specifically, we verify the soil history whenever a property transaction takes place and take steps to prevent the spread of contamination during construction.

Measures to address soil contamination at our holdings (plants)

As one of our efforts to comply with the Soil Contamination Countermeasures Act and ensure risk management, soil inspections are conducted regularly at our plants. The expansion and renovation of our Nara, Ryugasaki, Tochigi-Ninomiya, and Kyu-Shikoku Plants conducted in fiscal 2015 fell under Article 4, "Change to the Form or Nature of Land of at least 3,000 m²" of the Soil Contamination Countermeasures Act. We therefore conducted soil contamination surveys, including depth surveys involving soil boring. The results of the surveys revealed that soil on the premises was partially contaminated. We reported the details of the results to the government agency in charge and took the necessary measures. We are planning to test the soil at the other plants as well.



Excavation and removal of contaminated soil (Nara Plant, Tochigi-Ninomiya Plant)



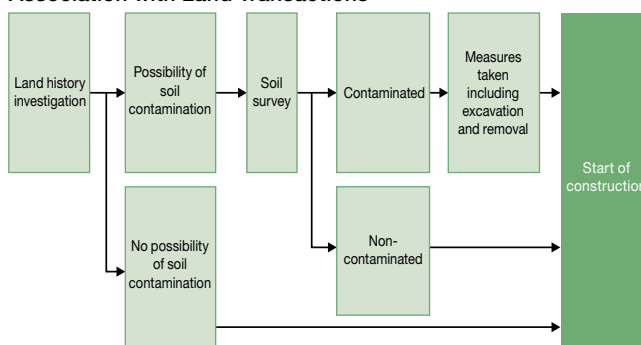
| Detected substance | Unit | Reference value | Maximum concentration | Response measures |
|--|-------|-----------------|-----------------------|--|
| Nara Plant (No. 3) | | | | |
| Lead (content) | mg/kg | 150 | 540 | Excavation and removal work completed in conjunction with renovation. |
| Hexavalent chromium (eluted) | mg/L | 0.05 | 0.18 | |
| Ryugasaki Plant (District No. 4) | | | | |
| *The soil contamination survey confirmed no contamination was present. | | | | |
| Kyu-Shikoku Plant (Zone C) | | | | |
| Lead (content) | mg/kg | 150 | 1,200 | Excavation and removal work completed in conjunction with renovation. |
| Lead (eluted) | mg/L | 0.01 | 0.32 | |
| Arsenic (eluted) | mg/L | 0.01 | 0.04 | Reported to the government agency as being attributable to natural causes. |
| Fluoride (eluted) | mg/L | 0.8 | 3.3 | |
| Fluoride (groundwater) | mg/L | 0.8 | 4.3 | |
| Tochigi-Ninomiya Plant (periphery of District No. 2) | | | | |
| Lead (content) | mg/kg | 150 | 24,000 | Excavation and removal work completed in conjunction with waste removal. |
| Lead (eluted) | mg/L | 0.01 | 0.025 | |

Preventing the spread of soil contamination accompanying land transactions and construction

As a general rule, prior to purchasing any land, we investigate into the history of the land we intend to market later. If it is determined from the soil history investigation that soil contamination might be present, we undertake a soil survey. If soil contamination is found, we will sell the property only after contamination countermeasures have been put in place. Moreover, when soil is carried in or carried out during construction work, we confirm the regional source of that soil and conduct a quality inspection on the soil and in areas where a contamination risk arises from the soil that is carried in or out. We then select an appropriate disposal site based on the results of the soil survey and take steps to prevent secondary contamination.*

* Spread of contaminated soil into non-contaminated areas

Flowchart for Prevention of Soil Contamination Risk in Association with Land Transactions



Checks & Actions

Goals and Achievements

👍: Goal for fiscal 2015 achieved

👎: Goal for fiscal 2015 not achieved (improved from the previous year)

👎: Goal for fiscal 2015 not achieved (worsened from the previous year)

| Management indicator (KPI) | Scope | Fiscal 2014 results | Fiscal 2015 goal | Fiscal 2015 results | Self-assessment |
|---|----------------------|--|-------------------------------------|--|-----------------|
| Release and transfer of PRTR-listed chemical substances per unit of sales | Daiwa House Group | 32.7% reduction (Relative to fiscal 2012) | Improvement relative to fiscal 2012 | 39.8% reduction (Relative to fiscal 2012) | 👍 |
| Volatile organic compound (VOC) emissions per unit of sales | Daiwa House Industry | 2.3% reduction (Relative to fiscal 2012) | Improvement relative to fiscal 2012 | 10.1% reduction (Relative to fiscal 2012) | 👍 |

See pp. 171–172 for detailed data. (in Japanese only)

In 2015, the release and transfer of PRTR-listed chemical substances per unit of sales by our single-family housing and rental housing segment and Daiwa Lease, a member of our Group, declined by 39.8% relative to fiscal 2012 levels, which met our target. In addition, progress was achieved in adopting weak-solvent based paints and thinners and reducing the use of paints. Specifically, we reduced VOC emissions per unit of sales by 10.1% relative to fiscal 2012, achieving the target.

We have promoted the adoption of weak solvent-based and water-based paints and thinners. Likewise, we intend to continue promoting reduced release and transfer of PRTR-listed substances and VOCs.



Co-creating a Brighter Future with the Environment

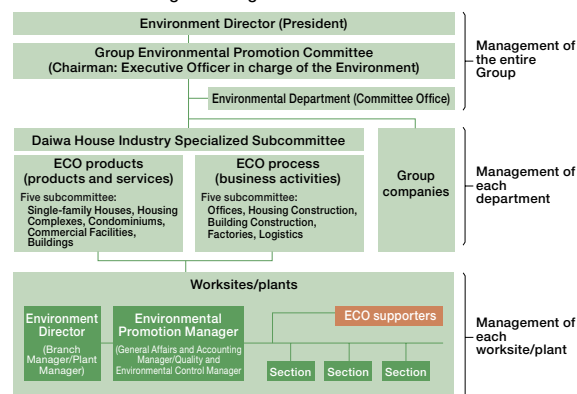
Environmental management

Basic Concept and Promotion System

All the companies that comprise the Daiwa House Group share our Environmental Vision, which is based on a preventive approach, and are promoting environmental initiatives in all aspects of their various business operations. To promote this effort, we established the Group Environmental Promotion Committee with the President and COO of Daiwa House Industry as Director, and with the Executive Officer in charge of the Environment as Chairman. This committee convenes twice a year and deliberates and decides on the basic environmental initiatives that our corporate Group should address. This committee also designates and presides over the environmental initiatives of the entire Group.

Under the Committee, there are 10 specialized subcommittees, each led by the Executive Officer in charge. These are cross-departmental small groups, which engage in well-planned improvement activities, including review meetings held once every three months.

Environmental management organization



Promoting Environmental Management

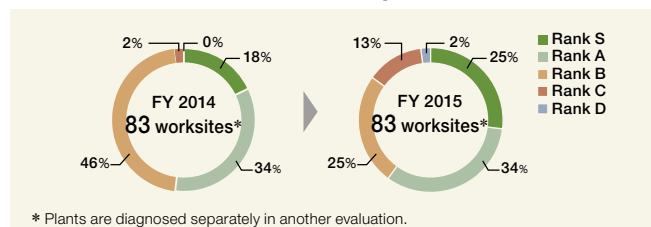
One of the basic policies of our Group Code of Ethics is “with the environment.” The entire Group is committed to environmental management in line with this basic policy.

Reflect achievements in environmental activities at worksites in business performance assessment

Since fiscal 2012, we at Daiwa House Industry have been implementing the “Your Worksite ECO Diagnosis” program based on company-wide priority management items. Under the program, the level of improvement at each worksite is assessed quantitatively and scored. Diagnosis results are shared twice a year throughout the company, and the worksite ranked top for the year is awarded the Outstanding ECO Worksite. In fiscal 2014, we established a system to reflect diagnosis results in each worksite’s performance assessment. Upon the introduction of this system, we trained and assigned 95 new ECO supporters to assist the Environmental Promotion Manager at each worksite. With these efforts, we promote a bottom-up approach in our environmental activities.

In fiscal 2015, with the encouragement of ECO supporters, the adoption of environmental activities progressed, with the number of worksites attaining the top S rank having greatly increased to 21 worksites (for a year-on-year increase of six worksites) while the number of worksites with a D rank totaled two. In fiscal 2016, we will review the assessment standard and formulate plans to achieve further improvements.

Results from “Your Worksite ECO Diagnosis”

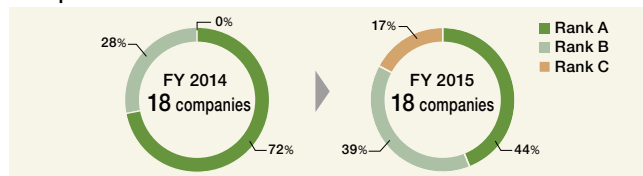


Reflect environmental management results of Group companies in business performance assessment

Since fiscal 2013, we have been expanding the scope of our environmental management targets to include the main consolidated subsidiaries with which we have close capital ties, and in fiscal 2015 we identified and implemented numerical goals in 33 companies. For our 18 main Group companies imparting a significant environmental impact, we have incorporated environmental management items into the performance assessment and have evaluated the progress of these companies’ environmental initiatives.

In fiscal 2015, eight of the 18 companies achieved the highest placement of A rank, while three companies received a C-rank assessment. These assessments covered common themes that concern the entire Group such as energy efficiency and design for the environment. This was accomplished through working with the Joint Working Group under the Environmental Promotion Manager, and resulted from uniform efforts to adopt best practices. In fiscal 2016, we will review the assessment items and standards and continue to promote improvements among Group companies.

Group’s Environmental Performance Assessment Results

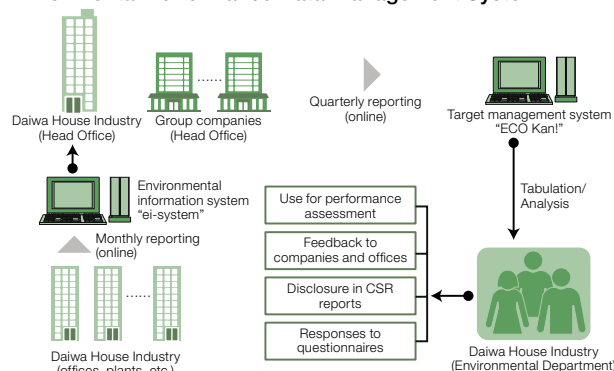


Management of environmental performance data

Our company has its own environmental information system “ei-system” to collect and tabulate environmental data of worksites and understand and manage the progress of activities on a monthly basis. With “ECO Kan!,” the target management system we developed, we collect quarterly environmental data of Group companies concerned, including energy consumption, CO₂ emissions, and waste emissions, and manage the progress.

Beginning in fiscal 2016, we will aggregate into one environmental system all the detailed data obtained from those companies that previously had been managed individually. Through visualization and the increased analytical power obtained by introducing a new system that increases the precision and efficiency of data collection, tabulation, and target management, we are taking steps to further improve this activity.

Environmental Performance Data Management System



Environmental Audits

Acquisition of ISO 14001 and implementation of environmental audits

The Daiwa House Group has succeeded in acquiring certification of registration with ISO 14001, the international standard for environmental management systems, and we continue to update and maintain our registration status. Moreover, the segment in charge uses the manual made by each company to periodically implement environmental audits and provides instruction and confirmation regarding the operation status of the environmental management system in addition to details of environmental performance, pollution control, and risk avoidance. As well, the results of the audits are reported to the management as material for management reviews and are utilized to promote continuous improvement.

ISO 14001 Certification

| Company name | Scope certified by ISO 14001 |
|----------------------|--|
| Daiwa House Industry | Production and Procurement Department (excluding Purchasing Department) and all 10 plants |
| Daiwa Lease | Entire company |
| Daiwa Logistics | Safety and Quality Promotion Department, Mie Branch, Nara Branch, Osaka Minami Branch (former Kansai Haiso Center) |
| Fujita | Entire company (excluding office outside Japan) |

(as of March 31, 2016)

Environmental Risk Management

Our Group views the risk of environmental pollution — from industrial wastes and harmful substances generated through our business operations — affecting the air, water, and soil and threatening human health and the ecosystem as an “environmental risk.” We are taking steps to prevent and reduce the impact of such contamination through stringent environmental risk management by strengthening our management system. This entails the adoption of the self-standards that exceed the legal standard and the selection and evaluation of waste disposal companies (environmental risk management in a narrow sense).

At the same time, we recognize the possibility that the Group’s business activities may be negatively affected by environmental issues, such as climate change and loss of biodiversity, and consequent social changes through tightened regulations and physical change as “environment-related business risk.” In this context, we perform regular risk assessment and implement preventive efforts (environmental risk management in a broad sense).

System to comply with environmental laws and regulations

At Daiwa House Industry, the Head Office’s departments are responsible for communicating information on amendments to environmental laws and regulations and response measures to ensure compliance with laws and regulations by departments and worksites. In fiscal 2015, we focused particularly on the Energy Efficiency Act / Building Energy Efficiency Act and the Chlorofluorocarbons (CFCs) Emissions Control Act.

Since the manufacturing segment needs to address wide-ranging laws and regulations, the Head Office centrally controls the department’s legal compliance efforts. Each plant also takes the necessary measures to ensure compliance with regulations, including ordinances, in order to minimize risks. We have also developed procedures for responding to possible legal violations and environmental accidents and complaints. Education and training in these procedures are regularly provided. In addition, we regularly review the procedures in order to maintain systems to help us respond appropriately. The Risk Management Committee, chaired by the Head of the Management Administration Headquarters and consisting of relevant division managers of the Head Office, is responsible for company-wide risk management. The Committee holds a monthly meeting to ensure the continuous improvement of the management system.

In the future, we will work to build an environmental risk management system that encompasses the entire Group.

Related page P89 Accommodating the Chlorofluorocarbons Emissions Control Act
P117 Establishment of Group and Global Environmental Risk Management Systems

Environmental accidents and complaints (fiscal 2015)

In fiscal 2015, we were not involved in any serious violations or litigation regarding environmental laws.

Environmental Laws and Awareness-Raising

In order to promote environmental initiatives involving the participation of all employees, our Group provides environmental education from a variety of perspectives.

Environmental education

– Nurturing supporters and improving participatory training

Regarding the specialized education we provide to our various departments, we focus on the major environmental risks such as waste and soil contamination. As for general education, we emphasize primarily trending environmental themes, company-wide policies, and best practices. In fiscal 2015, we started to provide training for ECO supporters stationed at each worksite as well as participatory training twice annually at worksites to help employees share issues concerning environmental initiatives and measures so that they could address them at their respective worksites.

In the future, while planning the acquisition of environment-related licenses and working to increase our employees’ environmental knowledge, including those at Group companies, we will continue to emphasize the communication of environmental information to our business partners while increasing their sense of participation in environmental management including the supply chain.

Environmental Education Provided (fiscal 2015)

| Category | Contents | Form | Number of participants, etc. |
|-----------------------|--------------------------------------|----------|---|
| Specialized education | Waste management | Auditing | At each worksite, twice a year (234 in total) |
| | Soil contamination control measures | Training | 413 participants |
| | Environmentally conscious design | Training | 125 participants |
| General education | ECO supporters | Training | Twice a year (190 participants) |
| | Training for Group companies | Training | 53 participants |
| | Participatory training for worksites | Training | At each worksite, twice a year |
| | General training for new employees | Training | 319 participants |

Employees with Environmental Qualifications (Daiwa House Industry)

| Qualification | Number of qualified employees |
|---|-------------------------------|
| Eco Kentei (Environment and Social Certification) | 177 |
| CASBEE assessor for Home (Detached House) | 328 |
| CASBEE assessor for Building | 277 |
| Healthy housing advisor | 921 |
| Energy Manager | 29 |
| House Energy Saving Expert | 19 |

(as of April 30, 2016)

Related page P117 Held periodic environmental training seminars for Group companies

Corporate award system

– President’s Award and “horizontal development strategy”

We launched the “Challenge! We Build ECO Contest” in fiscal 2008 to recognize environmental efforts promoted by each worksite. Outstanding activities in each of the categories of ECO Products, ECO Process, ECO Technology and ECO Communication are recognized, and the most outstanding activity of all is presented with the President’s Award. These awarded activities are introduced on the intranet and in the corporate newsletter so that all employees can learn from them and apply them to their activities.



Co-creating a Brighter Future with the Environment

Environmental management

TOPICS

Example Increased S-ranked worksites through environmental management activities at individual worksites

At Daiwa House Industry, we conduct “Your Worksite ECO Diagnosis” twice a year. The characteristic of Rank S outstanding ECO worksites is that they are “complete in small things.” These worksites have incorporated environmental activities into their daily operations, without regarding them as something special, and have established and maintained vigorous and efficient internal communication. “ECO supporters” play an important role in the promotion of environmental activities at individual worksites. ECO supporters lead activities that suit each worksite. When this diagnosis was introduced in 2012, only one worksite was rated Rank S, but an increasing number of worksites have been rated Rank S since the introduction of the “ECO Supporter” system in 2014, thereby raising the baseline of our environmental activities and strengthening communication between the Head Office and individual worksites.

Our initiatives featuring this ECO Supporter system were evaluated and received the Award for Excellence in the Environment and Human Resource Development Enterprise Award 2015, sponsored by the Ministry of the Environment and the Environmental Consortium for Leadership Development.



ECO supporters from individual worksites

Saga Branch rated as an outstanding ECO worksite in the third consecutive year

I believe that the S-ranked rating in the third consecutive year of our office was achieved through the sharing of requirements and joint improvement efforts by all departments, including the continuous promotion of solar power generation, high-efficiency water heaters and other eco-friendly items and environment-conscious product proposals, combined with improvements in the housing plant depots that marked low scores. We at the Saga Branch plan to continue local contribution through our business with “the environment” as our key word.



Kyoji Morikawa
Branch Office Manager

Based on the results of ECO diagnosis in the previous year, environmental requirements in each department are shared with its manager, thereby steadily tackling and resolving problems in our branch one after another.

We will continue promoting environmental activities including eco driving, lighting reduction, and reduction of power consumption through demand monitoring, by each branch member being “complete in small things.”



Takashi Hama
ECO Supporter

Example Held periodic environmental training seminars for Group companies

In the Daiwa House Group, each company appoints an Environmental Promotion Manager who sets targets and deploys improvement activities for their company, based on the Groupwide environmental policy and targets.

To support efficient environmental activities led by the Environmental Promotion Managers, a training seminar is held once a year.

In fiscal 2015, the Environment Department of Daiwa House Industry presented shared good practices, and described third-party assurance and related measures concerning CO₂ information. Subsequently, Environmental Promotion Managers from Group companies shared environmental management systems and cases at their companies. In this way, useful information for the promotion of environmental activities is shared at the training seminar. Because the industries and sizes of Group companies vary, calling for different key points in their environmental activities, we collect the opinions and requests of participants to further upgrade the seminar content through a questionnaire survey following the seminar, etc. We plan to further promote measures for supporting Group companies in the understanding and deployment of Groupwide environmental policy and targets.



Group training seminar

Future Plans

Establishment of Group and Global Environmental Risk Management Systems

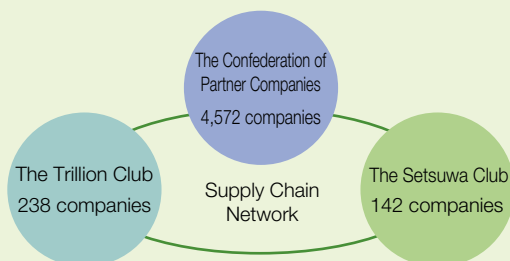
In our Group, the same environmental laws and regulations may be applicable to more than one Group company. To improve the efficiency of operations and to eliminate variation in the levels of response, we have promoted the establishment of a Groupwide Environmental Regulation Management System, which all Group companies can commonly use. In this system, revisions of environmental laws and regulations can be confirmed online in a timely manner, and each worksite can check and report their compliance status. In this way, the system enables effective and efficient regulatory management operations that require high specialty, and also upgrades the regulatory management levels at individual Group companies by sharing required procedures and forms. We plan to complete the establishment of this system within fiscal 2016, thereby further reducing environmental risks and ensuring regulatory compliance.

In addition to the above, we will continuously collect information concerning overseas environmental laws and regulations, and share the collected information with related departments, toward the establishment of risk management systems for our expanding overseas businesses.

Supply chain management in our entire business

Basic Concept and Promotion System

Daiwa House Industry has established basic principles related to the environmental protection aspect of our operations in the “(1) Business Partner Code of Conduct” of our CSR Procurement Guidelines. We collaborate on environmental work through our three supply chain networks: The Trillion Club supplies our materials; the Confederation of Partner Companies comprises manufacturing and construction subcontractors; and the Setsuwa Club supplies our facility equipment.



In 2006, we established a Code of Conduct for Business Partners that spans human rights; laws and regulations; and the environment as basic principles applicable to the companies that work with us in construction and installation (members of the Confederation of Partner Companies). In 2010, we established and began implementing our Chemical Substance Management Guidelines as well as our Biodiversity Guidelines. Then, in July 2015, we established our Basic Procurement Policy and our CSR Procurement Guidelines. Applicable to employees of our Group, our Basic Procurement Policy is intended to advance procurement with consideration for Quality, Cost, and Delivery — or “QCD” — as well as society and the environment. Moreover, the scope of our CSR Procurement Guidelines includes all primary suppliers and stipulates comprehensive social and environmental standards that we require suppliers to follow, including human rights, work safety, and environmental protection. As for management of chemical substances and wood procurement in particular, we have established specific guidelines and evaluation standards and have implemented continual monitoring.

Formulating and implementing CSR Procurement Guidelines

(1) Business Partner Code of Conduct

| | |
|-----------------------------|---|
| 5) Environmental Protection | By contributing to the emergence of a society and lifestyles that allow people to live with a sense of enrichment in harmony with their environment, we are taking steps to reduce our environmental impact from two perspectives: business processes as well as products and services. |
|-----------------------------|---|

(2) Corporate Activity Guidelines

| | | |
|-----|--|--|
| 5-1 | Complying with environmental laws and regulations and responding to the demands of society | Complying with domestic and international environmental laws and regulations, we are striving to reduce our environmental impact by meeting the demands of the global community and our stakeholders. |
| 5-2 | Responding to climate change | Promoting energy efficiency in our products and services as well as in our business processes (such as procurement and processing), we are focused on utilizing natural sources of energy. |
| 5-3 | Promoting resource conservation | Adhering to a policy of “reduce, reuse and recycle,” we are focused on resource conservation, extending service life, resource recycling as they relate to the entire lifecycle of the product (including production, usage, and disposal). |
| 5-4 | Managing chemical substances | Providing our suppliers with information on the chemical substances in our products and reducing the use of substances associated with higher risks, we offer products with little impact on our stakeholders’ health and the natural environment. |
| 5-5 | Protecting biodiversity | Promoting forest preservation through sustainable wood procurement, we are striving to develop towns in harmony with green spaces and designed with harmony with their local environment. |

(3) Guidelines for Products

- ① Chemical Substance Management Guidelines
- ② Biodiversity Guidelines (Wood Procurement)

Related page P99 Biodiversity Guidelines P111 Management

Increasing suppliers’ awareness of our environmental policy

In fiscal 2015, we implemented briefing sessions on our CSR Procurement Guidelines for our various suppliers. After having clarified the importance of environmental impact reduction and environmental risk reduction during the procurement phase, we obtained letters of consent regarding these CSR Procurement Guidelines.

In the future, while clarifying our specified standards, we intend to construct a system by which our suppliers undertake self-assessments on their state of compliance with our CSR Procurement Guidelines in order to ensure each supplier engages in business operations and product supply with consideration for the environment and in compliance with our CSR Procurement Guidelines. We also plan to improve the level of engagement with this initiative by providing opportunities to share information as well as reciprocal audits between our Group and our suppliers.

Related page P93 Reducing CO₂ emissions in the Value Chain
P99 Biodiversity Guidelines
P111 Management



Environmental activities throughout the supply chain

Working together with each supplier and our own corporate offices, we identify our priority theme and projects each fiscal year and promote them as environmental initiatives.

| | Supplier (organization's name) | Membership | Major efforts |
|---------------|--|-----------------|---|
| Procurement | Materials suppliers (Trillion Club) | 238 companies | Plant energy saving diagnosis, support for equipment updating, joint energy-saving project |
| Manufacturing | Partner companies engaged in manufacturing and construction (Confederation of Partner Companies) | 4,572 companies | Improvement projects at manufacturing and construction sites, awards for outstanding cases |
| Construction | Equipment manufacturers (Setsuwa Club) | 142 companies | Joint development of eco-friendly technology, organization of technology exhibitions/seminars |

(as of March 31, 2016)

Related page P94 Reducing CO₂ emissions in the Value Chain / TOPICS



Co-creating a Brighter Future with the Environment

Eco communication

Basic Concept

We, as the Daiwa House Group, are committed to continuously improving our environmental activities through communicating our approach and efforts to address environmental issues in an easy-to-understand way, both internally and externally, as well as in dialogues with stakeholders. Believing in the importance of communication between employees and stakeholders with whom they are in daily contact, we encourage our employees to improve their awareness and knowledge of environmental issues and to practice environmental responsibility.

Development of Communication with Stakeholders (External Communication)

Strengthening information dissemination through our environmental website

Daiwa House Industry provides information on its environmental activities through its websites, environmental reports, brochures for consumers, exhibitions, and various other means. With particular emphasis on websites as a medium between our company and various kinds of stakeholders, we constantly improve the content.

In fiscal 2015, we updated our Group environmental website on “environmental initiatives” with a more accessible and understandable page.

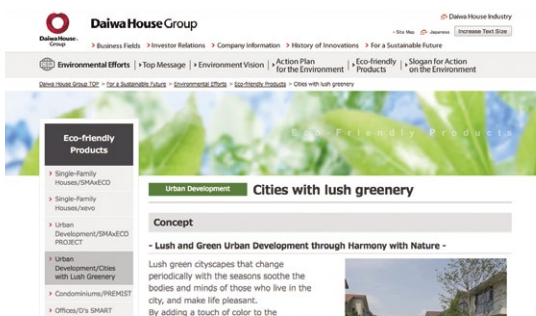
On this new website, in addition to providing animation of our Environmental Vision and Action Plan for the Environment, we added a one-minute animation that summarizes our company’s approach to environmental issues. Disseminating this animation through Facebook and the like, we are also presenting it at exhibitions and seminars. Moreover, we are planning to further enrich the site by continually adding new articles to popular content such as our Special Eco Report, which introduces leading examples of our environmental efforts, including a section of “environmentally symbiotic housing around the world” in which we introduce houses that are well adapted to local conditions.

In recent years, inquiries from overseas stakeholders have been increasing; therefore, in fiscal 2015 we expanded the English edition of our website in response to the global demand for environmental information.

In the future, we intend to continue creating animations and enriching the content while strengthening information dissemination and providing expanded interactive communication focused on our environmental website.



Our Special Eco Report, which highlights leading examples of our environmental efforts



English edition of our website

Development of environmental communication activities in cooperation with local communities (Eco Workshops for Children)

In 2005, we launched a workshop designed to help children, who will create the next generation, learn and understand the importance of the global environment. In the workshop, children, together with their parents, create a model of a house while thinking about environmental issues and finding out what they themselves can do. In fiscal 2015, there were 366 participants; the total number has reached 5,713 (as of March 31, 2016).

Through workshops, we intend to provide opportunities for children to learn about the environment and will continue to implement environmental communication initiatives in collaboration with the communities in which we operate.



Eco Workshops for Children



Model house made by children

Holding lecture meetings for businesses and government agencies

We present our stance and initiatives regarding the environment through lecture meetings held for the benefit of businesses and government agencies.

In fiscal 2015, we held a series of lectures: the Nikkei BP Environmental Management Forum; the Ube Complex Energy Efficiency and Greenhouse Gas Reduction Research Council Seminar; and the Energy Efficiency and Power-Saving Lecture for Businesses in Fukuoka Prefecture. At the same time, we introduced our own approach to energy efficiency and power saving, and presented information for participating businesses and government agencies.

To encourage similar events in the future, we welcome submissions on our company’s environmental website.



The Energy Efficiency and Power-Saving Lecture for Businesses in Fukuoka Prefecture

Using various media for interactive communication

The Daiwa House Group issues "SUSTAINABLE JOURNEY," a brochure for consumers, twice a year. The brochure, which is created to look like a magazine, provides information about smart cities and sustainable lifestyles in the world and environmental activities of the Group. We will reflect the opinions of readers in the next edition. We are also disseminating information regarding the environment on Facebook and engage in interactive communication through the comment section.

As for dialogue with stakeholders, we held a stakeholders' meeting in January 2016. Moreover, in May 2015 and February 2016, we engaged in dialogue with experts. We are making use of information contained in the opinions received regarding our environmental initiatives. We will continue to strengthen our efforts at information dissemination and the dialogue with stakeholders.



SUSTAINABLE JOURNEY



Eco Products 2015 Exhibition, Tokyo

Related page P81 Experts' dialogue

Main Achievements in 2015

| Objective | Activities | Results in FY 2015 |
|---|--|--|
| Strengthening information dissemination | Issuing "SUSTAINABLE JOURNEY" | Twice (54,000 copies/issue) |
| | Exhibiting at environmental exhibitions | Eco-Products 2015, 6th ECO House & ECO BUILDING EXPO |
| | Disseminating information on our environmental website and on Facebook | Website updated At least once a month (Facebook) |
| | Issuing CSR reports and environmental reports | Once (July) |
| Promoting dialogue and cooperation | SAKURA PROJECT | 48 locations, 13,737 participants, 133 trees planted |
| | Eco Workshops for Children | 366 participants (5,713 in total) |
| | Local environmental activities (Hayama, Mt. Rokko) | Mt. Rokko: Three times (32 participants) |
| | Stakeholders' Meeting / Experts' dialogue | Once in January 2016 and twice in May 2015 and February 2016 |



"SAKURA PROJECT" tree-planting initiative



Nagomi-no-mori project

Improving Environmental Awareness of All Executives and Employees and Implementing Environmental Activities (Internal Communication)

Horizontal development utilizing the company's intranet and internal environmental bulletin

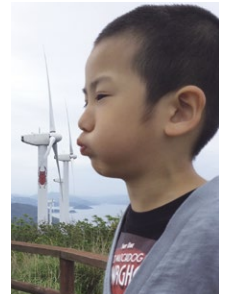
With the bimonthly publication of our environmental bulletin "We Build ECO Press" and the use of the in-house intranet, we introduce to our Group the leading environmental practices and eco initiatives of our employees. We are also planning to promote the horizontal development of best practices and leading practices.

Moreover, at an environmental month event in June 2015, we held the "Fun to Share 2015 Ogiri Photo Contest." We received a total of 297 submissions from across our Group. By holding such events, we are helping to increase the environmental awareness of our employees.

In the future, we intend to further enrich our content and promote increased environmental awareness and action among our employees.



Internal environmental bulletin "We Build ECO Press"



Ogiri photo contest
Best Picture: "Fuu-Power Generator"

TOPICS

Issued a "Biodiversity Research Report" and used it as a communication tool in Mie Prefecture

At our Mie Plant, it was discovered that there was a habitat of a near-threatened freshwater mussel in a regulating reservoir of approx. 6,000 m² in the plant premises. To protect this mussel, we have promoted biodiversity conservation activities since 2012 together with the local community. Activities that have been undertaken included reservoir cleaning by drying, installation of fish ways, and exhibiting an activity presentation booth in the plant thanksgiving festival.

In fiscal 2015, we published a "Biodiversity Research Report" that summarized the results of biological research conducted jointly with an NPO and experts in the previous fiscal year. The Report was distributed to administrative organs, nearby elementary and junior high schools, and visitors to the plant. In this way, this Report is proactively utilized as a communication tool for fostering understanding of our environmental activities among local residents.

Through these initiatives, we have enhanced networks with administrative organs, external environmental organizations and individuals, and have promoted continuous activities in collaboration with many stakeholders. These activities have also raised environmental awareness among employees. We will continue with these initiatives.



Future Plans

In fiscal 2015, beginning with the updating of our website, we took steps to enrich every type of content on the site. As we continue to emphasize dialogue with stakeholders and provide additional such opportunities, we will coordinate our real-life initiatives with our website content, using the website as a platform for interaction with stakeholders. What's more, we will pursue even more contact with people and continue to promote interactive communication.



Co-creating a Brighter Future with the Environment

Cooperation with government agencies, external organizations, etc.

The Daiwa House Group regards cooperation with various organizations, in addition to the internal and external dissemination of information, as the most important ECO communication effort. In this context, we assume leadership in achieving a more environmentally conscious and sustainable society through active participation in verification projects organized by the national government and its agencies, the promotion of environmental activities by industry organizations, the submission of proposals on environmental policies, and partnerships with various organizations.

Active participation in verification projects conducted by the national government, etc.

Daiwa House Industry actively participates in verification projects (e.g. ZEH, ZEB) and campaigns organized by the national government and its agencies to provide feedback on their policies and cooperates in promoting environmental activities. We have been involved in the Environmental Information Disclosure Infrastructure Project of the Ministry of the Environment since fiscal 2013. We will continuously provide feedback on the development of information disclosure infrastructure that facilitates the use of environmental information disclosed by companies by investors and others concerned.

Major programs the Group participates in

| Organizer | Program |
|---|--|
| Ministry of Economy, Trade and Industry | Net Zero Energy Building Verification Project |
| Ministry of Land, Infrastructure, Transport and Tourism | Leading-edge CO ₂ saving project for houses and buildings |
| Ministry of the Environment | <ul style="list-style-type: none"> • Support project for the calculation of emissions from supply chains • Green Value Chain Platform • FY 2015 Environmental Information Disclosure Infrastructure Project • "Fun to Share" climate change campaign |

Related page P93 Reducing CO₂ emissions in the Value Chain

Leadership among industry organizations and policy proposals

We participate in various committees on environmental issues of organizations of which we are a member, such as the Japan Federation of Housing Organizations and the Japan Prefabricated Construction Suppliers and Manufacturers Association. In these committees, we assume leadership in planning and promoting environmental action plans concerning climate change, conservation of natural resources, harmony with the natural environment, prevention of chemical pollution, and other environmental issues that should be addressed with the concerted efforts of the industry. We also provide information necessary to develop policies and make proposals on policies from the perspective of marketing and development.

Major organizations of which we are a member, and activities we participate in

| Industry organization | Committees, etc. |
|--|---|
| Japan Federation of Housing Organizations | <ul style="list-style-type: none"> • Building Regulatory Rationalization Committee • Housing Performance Improvement Committee • Global Warming Committee • Townscape Environment Committee • Environmental Management Sub-committee |
| Japan Prefabricated Construction Suppliers and Manufacturers Association | <ul style="list-style-type: none"> • Housing Sub-committee / Environment Sub-committee • Housing Sub-committee / Technology Sub-committee / Energy Saving WG • Housing Improvement Planning Promotion Committee |
| Japan Chemical Industry Association | Chemical Risk Forum |

Related page P102 Collaboration with WWF Japan in the revision of the Wood Procurement Assessment Standards

Dialogue and cooperation with government agencies

We participate not only in public relations activities via industry organizations but also in various committees and workshops of government agencies and their affiliate organizations. We take these opportunities to promote dialogues and cooperation to avoid business risks and create business opportunities through discussions on policies regarding environmental issues, and by sharing information and exchanging opinions on efforts made by non-governmental organizations.

Major activities

| Organizer | Committees, etc. |
|--|--|
| Ministry of Economy, Trade and Industry | <ul style="list-style-type: none"> • Smart Community Alliance • Standardization Promotion Council for Housing Materials of Long-term Use |
| Institute for Building Environment and Energy Conservation | Housing Energy Saving Performance Review Committee |
| Japan Sustainable Building Consortium | <ul style="list-style-type: none"> • Environmental Assessment Method Research Committee • CASBEE Research & Development Committee • Smart Wellness Housing Research and Development Committee |
| Environmentally Symbiotic Housing Promotion Council | Survey and Research Sub-committee, Promotion Sub-committee, etc. |
| Smart Wellness Community Council | Health & ICT Literacy Improvement Project, etc. |

Cooperation with NGOs, NPOs and other local and citizens' groups

We build partnerships with NPOs and NGOs that have abundant information and knowledge about environmental issues and have innovative experience in the environment field. We cooperate with them while complementing each other's knowledge to promote environmental activities.

Major organizations with whom we have partnerships

| Organizations with whom we cooperate | Cooperative activities |
|--|---|
| World Wide Fund For Nature (WWF) Japan | Implementation of the Wood Procurement Guidelines, sharing of information on risk areas, etc. |
| ZERI (Zero Emission Research and Initiative) Japan | Spread of and education on zero emissions activities |
| Japan Healthy House Association | Research concerning healthy housing and dissemination and awareness raising concerning healthy living style |
| Reforestation Commercialization Research Group, Japan Project-Industry Council (JAPIC) | Development and industrialization of new forestry systems, making proposals concerning local revitalization, etc. |
| Green Purchasing Network | Dissemination of green purchasing |
| Local organizations | <ul style="list-style-type: none"> Yoshinoyama Hoshokai: Cherry tree conservation activity at Mt. Yoshino Japan Forest-Volunteer Association: Conservation activities for Mt. Rokko |

Related page P97 Preserving biodiversity through our products and services
P99 Preserving biodiversity in business activity processes

Assessment by third parties (FY 2015 results*) * Most recent results are also included.

Rated in the highest rank in the DBJ Environmentally Rated Loan Program

Our company was rated in the highest rank in the DBJ Environmentally Rated Loan Program,* operated by Development Bank of Japan Inc. ("DBJ"), and received loans based on this rating. The four points that were particularly highly evaluated included 1) we formulated an environmental action plan integrated with our business strategy, and promoted the dissemination of "Smart & Eco" products; 2) we have made efforts to expand environmental protection-oriented businesses, including the existing home business and the environmental greening business; 3) we have established proprietary guidelines concerning wood procurement and chemical substance management, as well as the comprehensive CSR Procurement Guidelines, thereby aiming to establish an environment- and CSR-conscious supply chain; and 4) we have identified priority themes through stakeholders' meetings, and have continuously disclosed our targets and achievements based on pre-specified KPIs.

We will make further efforts to promote environmental management so that we will be continuously rated in the highest rank.

* This is the first loan product in the world that uses a specialized method for environmental rating, where DBJ evaluates the environmental management level of companies in accordance with its proprietary screening (rating) system, and specifies loan conditions based on that evaluation.



DBJ environmental logo mark

Received the Energy Conservation Center Chairman Prize in the Energy Conservation Grand Prize

The natural lighting system developed by our company received the Energy Conservation Center Chairman Prize in the 2015 Energy Conservation Grand Prize (product and business model section). This is a lighting system that reduces lighting power consumption by leveraging natural lighting, and combines a film that causes the diffuse reflection of light on the ceiling and walls, a film that refracts light on the window surface and induces it to the ceiling, and an optical duct that induces light from the exterior of the building through to the back of the building. The prize evaluated the passive energy conservation system that leverages nature, and the pleasantness achieved by removing ultraviolet, near infrared and other hazardous rays from sunlight, and taking balanced high-quality diffuse light into the building.

We will continue to proactively promote the development of energy conservation technologies and products.



Awarding ceremony

Received the Environmental Communication Award in the second consecutive year

The "Daiwa House Group Environmental Report 2015" received the "Environmental Report Excellence Award (Global Environmental Forum President Award)" in the environmental report section of the 19th Environmental Communication Awards. The points evaluated in this award included that our Group formulated a medium-term environmental vision, and has promoted activities toward this vision in all businesses of the Group; that we have clarified environmental visions and medium-term environmental plans, and specified proprietary indicators for verifying achievements in the relevant activities; and that we have clearly disclosed our supply chain management and risk management related to the environment, including the disclosure of CO₂ emissions in the value chain.

We will continue our efforts to promote environmental activities unique to our Group and use the environmental report actively as a tool for dialogue with stakeholders.



Awarding ceremony

| Awarded category | Award name | Organizer | Reason for the award | |
|--------------------------|--|--|--|---|
| Environmental management | Highest rank, DBJ Environmentally Rated Loan Program | Development Bank of Japan | Environmental management level | Daiwa House Industry |
| | 1st place in construction industry, Environmental Management Research | Nikkei Inc. | Environmental measures and management efficiency | Daiwa House Industry |
| | Dow Jones Sustainability Asia Pacific Index (DJSI Asia Pacific) | Dow Jones & Company, Inc. | General activities concerning the triple bottom lines (financial, social and environmental performance measures) | Daiwa House Group |
| ECO products | Best Resilience Prize, Japan Resilience Awards 2016 | Association for Resilience Japan | SMA-ECO Town Harumidai | Daiwa House Industry |
| | Energy Conservation Center Chairman Prize, Energy Conservation Grand Prize (product and business model section) 2015 | Energy Conservation Center, Japan | Energy-saving lighting and enhanced pleasantness using a natural lighting system | Daiwa House Industry |
| | Encouragement award, 9th Osaka Excellent Greening Award | Osaka Prefectural Government | Commercial establishment "BIVI Senriyama" | Daiwa Lease |
| | Rank AA, JHEP certification | Ecosystem Conservation Society, Japan | Environmental improvement in BRANCH Kobe Gakuentoshi | Daiwa Lease |
| | Certification as an "urban oasis", Social and Environmental Green Evaluation System (SEGES) | Organization for Landscape and Urban Green Infrastructure | "Welcome Garden Shin-Osaka - Osaka Hanabyobu" Commercial establishment "Frespo Inage" | Daiwa Lease |
| ECO communication | Environmental Report Excellence Award, 19th Environmental Communication Awards | Ministry of the Environment Global Environmental Forum | Daiwa House Group Environmental Report 2015 | Daiwa House Group |
| | Award for Excellence, Environment and Human Resource Development Enterprise Award 2015 | Ministry of the Environment Environmental Consortium for Leadership Development (EcoLead) | Promotion of environmental activities at worksites by ECO supporters | Daiwa House Industry |
| | Special Reviewers' Award, 4th Biodiversity-friendly Enterprise Activity Contest | Biodiversity-friendly Enterprise Activity Contest Executive Committee | Cherry tree conservation activity at Mt. Yoshino | Daiwa House Industry and Yoshinoyama Hoshokai |



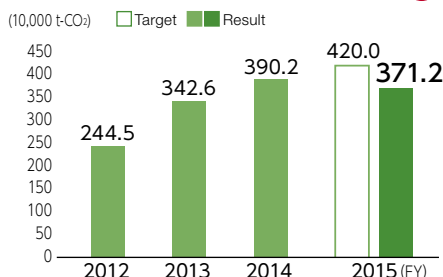
Co-creating a Brighter Future with the Environment

Action Plan for the Environment (Endless Green Program 2015)

Main Results and Self-assessment

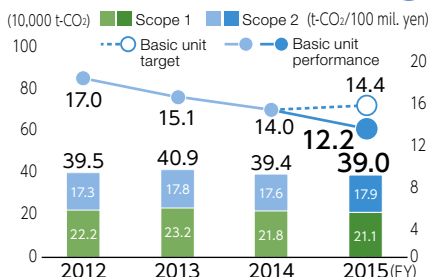
Prevention of global warming

Trend in contribution to reduced CO₂ emissions



Although all our business segments actively promote their selection of energy-efficient products, the number of solar power generation systems installed declined due to the lower rate offered for the renewable energy feed-in tariff system (FIT), and the target was not achieved.

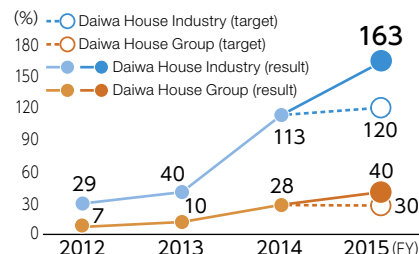
Trend in CO₂ emissions and basic unit



We developed an advanced project to reduce CO₂ emissions, applicable to new housing construction, for our company and Group. We promoted improvement of the operation and introduction of new energy-efficient equipment at our existing facilities. We achieved our target by decreasing our energy consumption.

- ☺ : Goal for fiscal 2015 achieved
- ☹ : Goal for fiscal 2015 not achieved (improved from the previous year)
- ☹ : Goal for fiscal 2015 not achieved (worsened from the previous year)

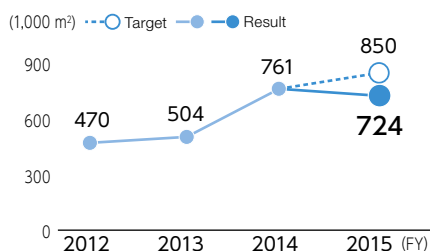
Trend in ratio of power generated from renewable energy sources to purchased power



Our entire Group made steady progress with the mega-solar business. Thanks to ongoing energy-efficiency and energy-saving initiatives, the quantity of electricity purchased by our Group increased slightly, achieving our target.

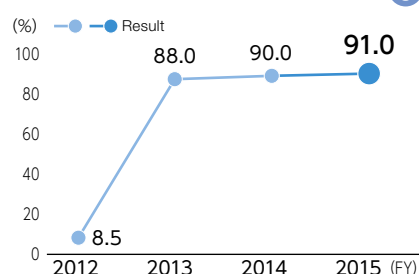
Harmony with the natural environment

Town development: Trend in surface area of green space



All our businesses have been working to meet our target for increased surface area of green spaces; however, because the performance of our Group companies decreased significantly year-on-year, we did not achieve our goal.

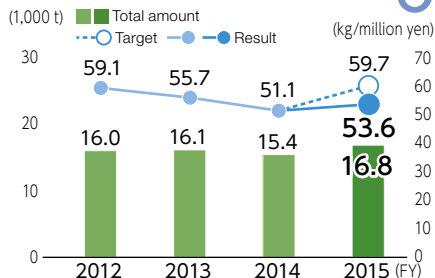
Trend in ratio of domestic timber (wooden houses only)



We believe the use of domestic timber will revitalize the multiple functions of Japan's forests. Because we have procured domestic timber within the scope of stable procurement, the ratio has increased year-on-year.

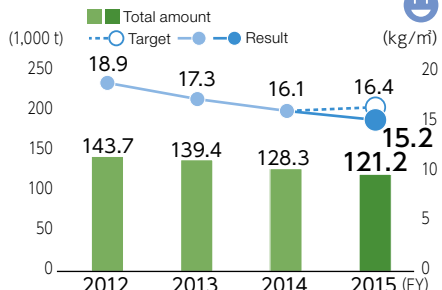
Conservation of natural resources

Manufacturing: Trend in waste emissions and basic unit



We achieved our target through several initiatives: reviewing shipping dimensions and packing specifications for materials; utilizing scrap wood effectively; and recovering valuable resources by reviewing disposal routes.

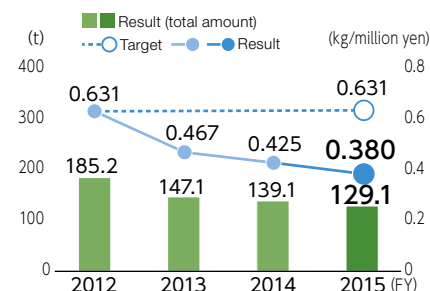
New housing: Trend in waste emissions and basic unit



We achieved our target through waste reduction initiatives in cooperation with the construction segment as well as the design segment.

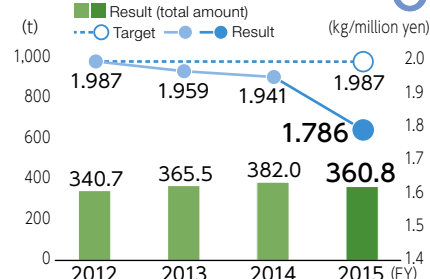
Prevention of chemical pollution

Trend in release and transfer of PRTR-listed chemicals and basic unit



We achieved a year-on-year improvement by adopting weak solvent-based paints and thinners and by using reverse-side mounting technology for exterior wall surface materials, thus reducing the need for paint repairs.

Trend in VOC emissions and basic unit



We improved our results year-on-year by using more water-based paints and by reducing the amount of paint required to repair exterior wall surfaces.

The environmental section of this report has been prepared with reference to our Environmental Report 2016. The accuracy of data regarding carbon dioxide (CO₂) contained in that report was certified by third parties and an accompanying check mark ☺ indicates all data subject to such certification. (See page 83 of the Environmental Report 2016 for a third-party assurance report.)

* See the Environmental Report 2016 for detailed environmental data. (in Japanese only)

Governance

| | |
|--|-----|
| Message from the Executive Officer in Charge | 125 |
| Corporate governance | 127 |
| Risk management and compliance | 129 |
| Fair competition and trade | 131 |
| Human rights management | 132 |
| Management of intellectual property rights | 136 |
| CSR management | 137 |





Message from the Executive Officer in Charge

Social issues

Fair and transparent organizational governance is essential for a company to conduct business in consideration of its shareholders, business partners, employees, customers and other stakeholders.

Additionally, in accordance with the Corporate Governance Code enacted in June 2015 for achieving sustainable growth and increase in medium- to long-term corporate value, enterprises are required to concern for ESG (environment, society and governance), or non-financial aspects. Importance of organizational governance is increasing for listed enterprises.

Increase in medium- to long-term corporate value

Enterprises are being questioned how they enhance their corporate value for a medium- to long-term, not just ensuring the fairness and transparency in business management, and how they conduct business to that end.

Number of corporations disclosed their policy concerning corporate governance in a timely manner

Over 200
(As of the end of March 2016)

Vision and strategy

What the Daiwa House Group aims to achieve

Keeping in mind that “people” plays a significant role in corporate governance, we conduct business based on a diversified and long-term perspectives.

To remain a corporation trusted by society, the Group has built an accurate and swift decision-making and business execution system as well as an appropriate supervisory and auditing structure, with corporate governance positioned as a priority issue in our business management. Having established a corporate governance system based on a diversified and long-term perspectives, we are conducting business in a sound and transparent manner.

Governance is a mechanism to realize company philosophies and management strategies, and it's “people” that allows it to function. Accordingly, it's important to adopt a bottom-up approach at worksites in terms of what should be done to create a good company. Our Corporate Governance Guidelines publicly announced in May 2015 are nothing special. In the Guidelines, what we have been doing since before is reorganized in line with the current social demand.

With the recognition that the consideration for non-financial aspects is essential to earn the trust of the society, we will enhance our corporate value by creating values for our shareholders, customers, employees, business partners and local residents of communities through provision of products and services indispensable to the society.

Risks and opportunities for the Daiwa House Group

The Group has constructed a governance structure to quickly grasp the social needs and respond toward commercialization in an accurate and swift manner, thereby leading to growth without missing business opportunities. Meanwhile, its monitoring function is operated mainly by independent external directors, auditors and the Board of Auditors. If it does not function well, we cannot find seeds for problems lurking inside the company, which could lead to risks.

Risks

- If we don't conduct the best decision-making based on fair judgment under organizational governance, we will miss opportunities to earn more profits, which may lead to the occurrence of the risk of loss.

Opportunities

- A business execution system that allows appropriate and swift decision-making enables us to operate business in a wide range of domains according to the social needs, proactively promote innovation and develop new fields, thereby leading to the sustainable enhancement of our corporate value.

Goal and results

Important themes to address

Ethical conduct

Needless to say about compliance with laws and regulations, it's important to autonomously decide and take actions based on the ethical standard. As an effort to check the implementation status of the Principles of Corporate Ethics and Code of Conduct at workplace, the Group has been conducting CSR awareness survey once a year since fiscal 2004. In 2015, 40,106 employees across the Group responded. We are working to improve the sense of ethics as an organization through self-check (self-diagnosis).

Stakeholder engagement

The company sees it as important to incorporate diversified viewpoints to make our corporate governance functions fully. For this reason, we hold Stakeholders' Meeting every year with an aim to collect opinions from our wide range of stakeholders and reflect them in our business activities. This year we held it in January. In addition to that, we are actively exchanging opinions with experts to identify materiality.

Respect of rule of law

Our business is founded on rules called laws and it is not allowed to conduct business by deviating from the rules. So we provide trainings related with compliance and ethics periodically. In 2015, 4,864 employees in total received the trainings.

Furthermore, all the Group employees have been provided with a textbook clearly stating decisions and actions that they should take in their day-to-day tasks with explanations using case examples. We read it through together to deepen our understandings.

Understanding of social responsibility

The company considers that responding to the social, environmental and sustainability-related issues is an important element in increasing our medium- to long-term corporate value. By reference to the evaluation items of ISO 26000, GRI "G4 Sustainability Reporting Guidelines," socially responsible investments (ESG investments) and others to reflect the global trend, we are committed to promote our activities and disclose information.

Summary of efforts in fiscal 2015 (CSR self-assessment index)

In our CSR awareness survey conducted to check the status of practicing ethical conduct at workplace, the Group's average marked 74.43, which exceeds 73.26 of the previous year, demonstrating a steady improvement. Satisfaction rate of Stakeholders' Meeting, which is held to incorporate diversified viewpoints, was also higher than that of the previous year.

In-house CSR awareness survey

FY 2015 results **74.43 pts**

Stakeholders' Meeting (attendants' satisfaction)

FY 2015 results **95%**

Number of times of participation per employee in company-wide ethics and compliance training programs

FY 2015 results **0.33 times**

Katsutomo Kawai

Executive Vice President
Head of Management Administration
Head of Strategic Division, Management Administration
Deputy Head of CSR





Corporate governance

Our Policy

Promoting Corporate Governance

Daiwa House Industry considers corporate governance a priority issue in our business management in order to remain a corporation trusted by society. As such, our basic approach is to establish and maintain a swift and accurate decision-making and business execution system, an optimal supervisory and auditing structure, and a corporate governance mechanism incorporating diverse and long-term perspectives.

Operating on these systems, we pursue, and continue to improve, our corporate governance in the best possible manner, so that we may maintain both our contribution to society and value creation for our shareholders at high levels: the former through our business activities in a broad range of fields fulfilling society's needs as a group that co-creates value for individuals, communities, and people's lifestyles as stated in our management vision; and the latter as a publicly listed corporation that provides stable economic value surpassing capital cost on a medium- to long-term basis.

Management

Corporate Governance System

Daiwa House Industry maintains an Audit and Supervisory Board structure and has a Board of Directors that has strong decision-making power over operational execution so as to enable accurate and swift deliberations and decision-making on how to respond to society's needs through our business operations. In this structure, we appoint independent external directors to increase transparency and soundness in our business management. The Board of Auditors, the majority of whose members are external auditors independent of the Board of Directors, regulates the Board of Directors. This organizational design enables the Directors who are also executive officers to fulfill their management functions, allowing independent external directors, auditors, and the Board of Auditors to play the central role in supervisory functions. To increase transparency in processes relating to the nomination of directors and officers and remuneration, we have a Nomination Advisory Committee and a Remuneration Advisory Committee, the majority of whose

respective members are external directors headed also by an independent external director. In this manner, our corporate governance is placed within a hybrid structure with well-balanced operational execution and supervisory functions. We also have the Corporate Governance Committee to deliberate on overall management visions, strategies, and other subjects, so as to effectively incorporate the knowledge and expertise of external directors into the company's management for sustainable growth and medium- to long-term corporate value enhancement.

Remuneration and Incentives

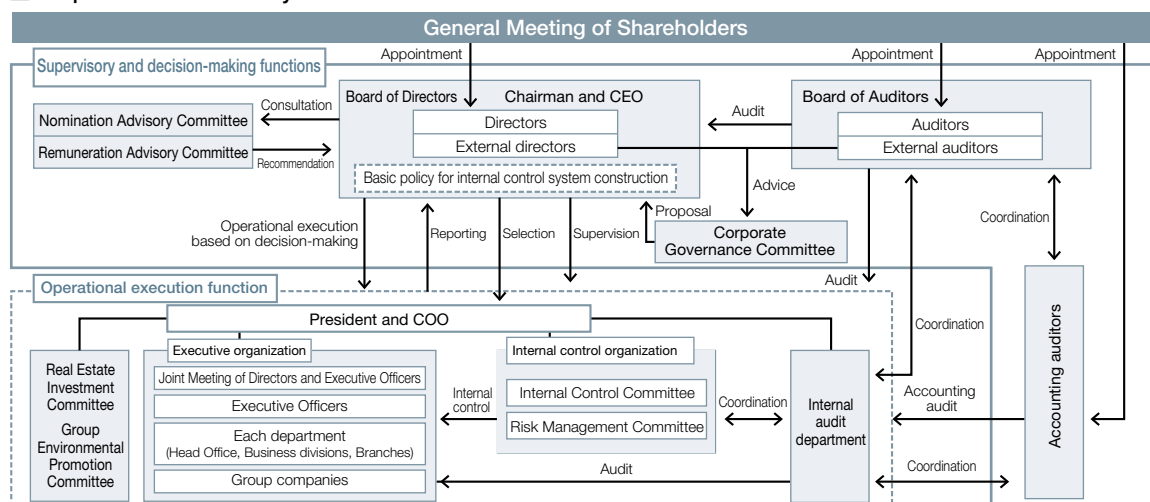
The incentive system (remuneration and investment system) for our directors comprises fixed salaries and annual bonuses as short-term monetary remuneration, a stock option (new stock reservation rights) conditions of which to exercise the right is achieving performance goals set in our Medium-Term Management Plan as an investment system linked with medium-term performance and stock prices, and a stock awards plan that issued stocks vary according to the actual ROE performances. By building this incentive system under which our directors' responsibilities for short, medium and long term business management are well balanced, we aim to create and secure excellent management human resources thereby contributing to sustainable development as a publicly listed company.

As a motivation for the employees to increase our corporate value, we encourage them to acquire treasury stock through our employment stock ownership program. Specifically, we have introduced "Long-term stock ownership incentive system," through which we provide incentives added to the monthly incentive system in a phased manner according to period of contribution/ownership, and Employee Stock Ownership Plan (ESOP) for formulating the 5th Medium-Term Management Plan. Our directors and employees are united to increase our sustainable corporate value.

General Meeting of Shareholders and Communication

Understanding that shareholders' voting rights at the General Meetings of Shareholders constitute their supreme means of communicating their opinions leading to the company's decision-making, we make sure to send out summons well in advance, about three weeks before the date of a vote, to provide for sufficient time to examine the agenda. We also make sure to make available accurate and ample information that aids the shareholders in their exercise of voting rights. We also take other measures to improve the shareholders' voting and decision-making environment, such as the use of an electronic voting system and the publication of summons in English translation. Needless to say, voting results are promptly disclosed.

Corporate Governance System



Corporate Governance Guidelines

In full consideration of the spirit and intent of the Corporate Governance Code instituted on June 1, 2015 by the Tokyo Stock Exchange in compliance with its regulations, Daiwa House Industry established and published on May 27, 2015 its Corporate Governance Guidelines to clarify what the company should do and how we fulfill our fiduciary responsibility and accountability before our shareholders. We also publish other sets of information relating to corporate governance on the company's website (IR information page).

Directors' Remuneration

Directors' remuneration comprises fixed cash compensations and performance-based annual bonuses that are linked to the company's profit to deliver to our shareholders. Annual bonus is placed before the general meeting of shareholders each year to seek judgment of our shareholders. Additionally, as a stock compensation, we have introduced a performance-based stock awards plan under which the number of stocks issued varies according to their job rank and ROE performance. Information relating to remuneration, including the total amounts of remuneration and other payments, if any, to the directors, auditors, and external auditors, is disclosed in the company's securities reports and business result reports. In the securities reports, remuneration-related information is disclosed about individuals whose total remuneration is 100 million yen or more.

Policy for Corporate Auditor Appointment

Considering the important role that accounting auditors play in the company's corporate governance, the company, particularly the Board of Auditors, sets criteria for the organizational management of corporate accounting auditors. Such criteria are used to evaluate the security of their independence and neutrality, as well as auditing quality control. As a result of evaluation, matters relating to dismissal or refusal of re-election of auditors may be considered. At this point, we don't practice periodical change of auditors.

Thorough Enforcement of the Principles of Corporate Ethics and Code of Conduct

In April 2004, Daiwa House Industry adopted the Principles of Corporate Ethics and Action Guidelines, which defined the rules of conduct to serve as a basis for realizing our company philosophy and policies.

In the same year, we produced an educational booklet titled

"CASE BOOK," which described the Principles of Corporate Ethics, Action Guidelines, case studies, and a hotline for in-house breach notification ("whistle-blowing"). Copies of this booklet were distributed to all employees within the Daiwa House Group.

In 2014, we revised the Principles of Corporate Ethics and Action Guidelines to "Principles of Corporate Ethics and Code of Conduct," so that each and every employee may be able to act out the company philosophy and work on the mission expressed by the slogan "Co-creating a Brighter Future." In 2016, we also revised the "CASE BOOK" so that all Daiwa House Group employees may take action in their day-to-day work based on this same idea and these principles. The seventh edition of the revised CASE BOOK has already been published and has been actively used in the respective workplaces, where it is read out together in morning assemblies and on other occasions.

■ Daiwa House Group Principles of Corporate Ethics

| Believe One Heart |
|--|
| <p>With our customers</p> <p>We are sincere in our communications with everyone, and put our full efforts into offering high-quality products and services, doing our best to satisfy our customers and win their trust.</p> |
| <p>With the compliance</p> <p>Not being satisfied with merely following the letter of the law, we also act in conformity with the highest ethical standards so as to meet the expectations of our wide range of stakeholders.</p> |
| <p>With an ideal work environment</p> <p>In addition to caring for the health and safety of our employees, we also strive to create an open and fair work environment, and to give every member of staff the opportunity for personal development.</p> |
| <p>With business partners</p> <p>We value our collaboration and cooperation with business partners, and work to create appropriate mutual relationships. In line with the principle of free market competition, we work to realize the healthy development of the whole industry.</p> |
| <p>With the environment</p> <p>In line with our belief that environmental issues are a matter of concern for the whole world, we work to protect the natural environment and to bring about a society where people can live in harmony with nature.</p> |
| <p>With the communities</p> <p>We respect the culture and customs of each region, and support the sustainable development of local communities through our business activities and social contributions.</p> |
| <p>Respect for human rights</p> <p>We respect basic human rights and the dignity of all people, and do not discriminate against anyone on the grounds of race, nationality, ethnicity, gender, creed, or social status.</p> |

Column CSR Awareness Survey for Proactive Improvement

The Daiwa House Group seeks "sustainable business operation." To this end, increasing the value of Endless Heart through prudent behaviors of every one of employees and sound management of our branch offices are essential. To visualize such awareness level of respective employee, the Group has been conducting an in-house CSR awareness survey since fiscal 2004 as an effort to check the levels of understanding and penetration of the Principles of Corporate Ethics and Code of Conduct at workplace (In fiscal 2015, 40,106 employees replied across the Group.).

This questionnaire with approximately 50 workplace-related questions is available on the intranet and the employees can answer anonymously. All the questions are directly related to the Group.

Results of the questionnaire are feed backed to departments and branch offices. Based on the feedback received, each department conducts self-check (self-diagnosis) by comparing it with the previous year or other departments to find out the points they need to make additional efforts. These results are used to draw up improvement activity plans and the outcome of the improvement activities are confirmed at the time of survey of the next year. In this way, we circulate the PDCA cycle to make an even better working environment.

Through continuous improvement activities, each one of our employees is positively engaged in improvement activities at his workplace with high awareness and seeking to enhance the sense of ethics as an organization, which lays the foundation of corporate governance.



Risk management and compliance

Our Policy

The Daiwa House Group considers it as important to clarify risks associated with the management of the Group for prevention, containment and mitigation of loss after a risk developed, in order to avoid adverse impacts on not only our company but also our stakeholders involved in our business.

In fiscal 2015, with an aim to carry out more specific activities, we set the “Risk Management Activity Policies” and shared on-site awareness of risk management.

Policy Regarding Political Contributions

Daiwa House Industry has complied with the Political Funds Control Act. We never make any political donations to individual politicians, which is prohibited under the law. Also, we do not make donations, in principle, to specific political parties or political fund-managing organizations. However, if we consider making contributions, we will make sure that such donations do not conflict with the restrictions specified in Article 22, Item 3 (1) of the Political Funds Control Act (restrictions on donations made by companies subsidized by the government). With regard to the purchase of fund-raising party tickets, as set forth in Article 8, Item 2 of the Act, we have made purchases in a legitimate manner.

Policy Regarding Taxation

Recognizing tax payments as a societal duty and obligation of a company, we file and pay taxes appropriately based on the Daiwa House Group Principles of Corporate Ethics. We are working to establish a system that enables the acquisition of legal knowledge necessary for the appropriate filing and payment of taxes, and that allows the central control of internal information concerning transactions. With appropriate tax payments as a matter of first priority, we also consider tax planning that contributes to enhancing our corporate value. We have not disclosed our tax information on an area-by-area basis, since more than 90% of our transactions are conducted with external customers based in Japan, and we do not have important matters to be disclosed. At present, there is no tax risk that we are aware of.

Management

Risk Management System

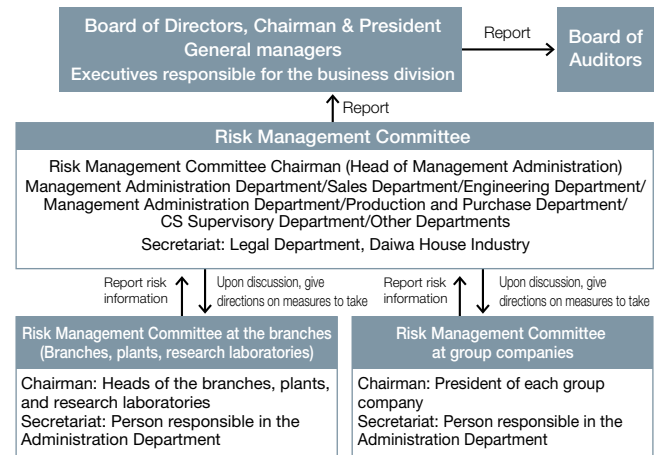
With the “Risk Management Committee” headed by the Manager of Management Administration Department set up in 1999, we periodically perceive the progress status of the development of the risk management system and improve the across-the-board structure through the verification of individual concrete cases. The committee is held once a month to share risk cases reported by our branch offices and Group companies. As for serious cases, working groups are set up to examine measures to prevent recurrence and give instruction on necessary documents to the branch offices and Group companies and all divisions as well.

The Risk Management Committee Chairman is, as a supervisory manager of risk management, responsible for developing the Daiwa House Group’s risk management system and implementing risk preventive measures.

Furthermore, chief administrators of risk management are assigned at each department to monitor risks continuously. Serious scandals and accidents occurred at other companies are

also notified to the chief administrators immediately, to whom required education is provided. On top of that, a division has been established to audit everyday risk management situation at each department. Matters relating to risk management collected through the above are periodically reported to the Board of Directors and the Board of Auditors to take necessary actions.

Organizational Chart for Communicating Risk Information



Understanding of Risks at Worksite

In fiscal 2015, we implemented risk management by circulating PDCA cycle for compliance with the Construction Industry Act and other laws and regulations, securing safety at worksite, creating working environment and other matters at all our branch offices, plants and departments based on the “Risk Management Activity Policies.”

Measures Being Taken

Compliance Education

We are making constant efforts to enhance the employees’ awareness and recognition of issues regarding risk management and compliance throughout the entire group. As concrete measures, we organize seminars on risk management and compliance as part of our training programs that are held for each employee grade, from new recruits to those in supervisory and managerial positions, and those organized for different job descriptions or departments.

In fiscal 2015, 108 such seminars were held, in which a total of 4,864 employees participated. During fiscal 2014, in addition to training programs organized by the Head Office, the branch offices and other operating sites were encouraged to hold their own programs handling issues relating to compliance, promoting the continuation of independent and proactive compliance-related activities.

Number of Training Participants (in the Past 3 Years)

| | FY 2013 | FY 2014 | FY 2015 |
|---------------------------------|---------------|---------------|---------------|
| Number of training participants | 8,468 persons | 4,024 persons | 4,864 persons |

Responsible Political Involvement

The company belongs to various organizations and participates in public policies and lobbying campaigns (industrial activities) to contribute to the development of the Japanese economy and affluent housing life of the citizens and to realize a sustainable society. In the formulation of the nationwide plan of the FY 2016 “Basic Housing Plan,” we are making various suggestions to promote a safe and secure stock-based society that contributes to the development of the Japanese economy, as well as to establish permanent measures to reduce burdens associated with house acquisition and a new preferential taxation system.

Reserves in Anticipation of Legal Irregularities and Litigation

The company may be led to make an estimate at the year-end and sets aside reserves for the payment of a fine or settlement highly likely to occur in the future due to an event that took place in the previous fiscal year or earlier. At the end of the current fiscal year, there were no significant reserves.



Fair competition and trade

Our Policy

The Daiwa House Group seeks compliance with laws and regulations, competitions and transactions while securing transparency and fairness in business operation from the ethical viewpoint in accordance with the Daiwa House Group Principles of Corporate Ethics.

Basic Policy on Fair Competition (Anticorruption)

The Daiwa House Group's Principles of Corporate Ethics expressly prohibit bribes and other improper payments to politicians, public officials, or civil servants. It is also clarified that employees should refrain from behavior—including legal political contributions or get-together meetings—that might be construed as expectation of preferential treatment in terms of government approvals and licenses; that employees should refrain from actions, including bid-rigging, that may hinder free and fair competition, and refrain from behavior that may raise suspicion, such as information exchange, meetings, or contacts; and that when offering entertainment (meals, get-together meetings, etc.), consideration should be given it whether such entertainment is permitted under the other party's company rules and whether it lies within the scope of social norms. With these Principles of Corporate Ethics, all Group officers and employees share common awareness of appropriate relations with government and political institutions.

Basic Policy on Fair Trade

The Group has clearly stated that we will abide by the principle of competition of a fair and free market in the Daiwa House Group Principles of Corporate Ethics to share the awareness to strictly observe the Anti-monopoly Act (Act on Prohibition of Private Monopolization and Maintenance of Fair Trade) and subcontracting law (Act against delay in payment of subcontract proceeds, etc. to subcontractors).

Management

Preventing Corruption with Internal Audits

To secure the transparency and fairness of business management pursuant to the Principles of Corporate Ethics, when asked for the investigation of corruptions or illegal acts by CSR Department or other relevant divisions, Daiwa House Industry conducts ad hoc internal audit to confirm the facts.

Although we do not have an anti-corruption committee, we have created a supervisory and auditing structure, under which internal audits are implemented by Auditors and the Internal Audit Office; internal control activities over financial reporting are conducted by the J-SOX Promotion Office; issues are presented to the Risk Management Committee; and the Corporate Ethics and Human Rights Helpline is operated. Based on the information collected through these means, we conduct corruption risk assessment.

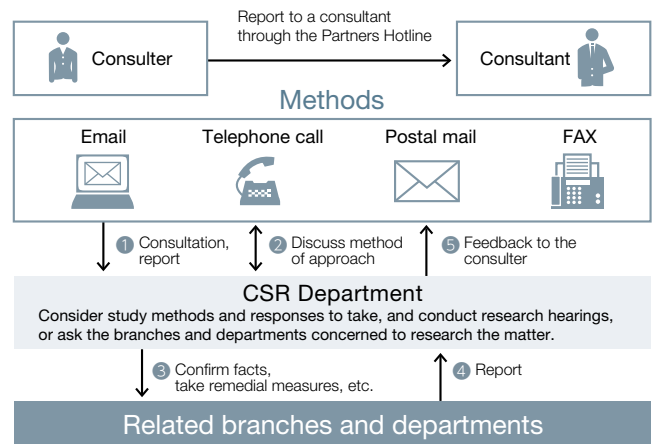
Operation of the Partners Hotline

As part of building an appropriate relationship with its business partners, the Group is operating "Partners Hotline" as a whistle-blowing window (The company started operation in 2009, and the entire Group in 2010.). This "Partners Hotline" is a mechanism to early detection and response to problems that may lead to the violation of law in the relationship of our employees and business partners.

Considering the Group's responsibility for its supply chain, the "Partners Hotline" also covers reporting of our business partners' violation of law and call for a high sense of ethics from the entire supply chain.

In fiscal 2015, we received information on 16 cases, all of which have been responded completely for early solution of the problems.

Structure of the Partners Hotline



Implementation of Questionnaire Survey Toward Business Partners

The company carries out questionnaire survey toward business partners on a branch office level to check if there are any incipient problems that may lead to the violation of law or other cases. After collecting the questionnaire, each branch office prepares an improvement plan and conducts improvement activities to prevent a problem from occurring. We also report the survey results and improvement plan to our business partners.

Employee Education on Fair Competition and Trade

In order for all our directors and employees will be able to make decisions and take actions pursuant to the Daiwa House Group Principles of Corporate Ethics and Code of Conduct, we have created (revised periodically) and distributed "CASE BOOK," a textbook with concrete case examples and an educational tool for all employees, and read through it at morning meetings and other occasions.

Measures Being Taken

Implementation of a Fair Trade Contract

We have created a "Basic Subcontractor Agreement," in which basic contract details are specified in accordance with the Construction Industry Act and the subcontracting law. The basic contract details include matters concerning construction methods for individual contracts and each construction work, liability for damages, defect warranty, subcontracting fee payment, damage compensation, termination of contracts, and securing of the implementation of the agreement and others. The sum for construction work paid to a subcontracting company is determined by the value of construction put in place, on which the person in charge of the site of construction makes an assessment. Payments are made to subcontractors according to the terms and conditions of payment set forth in the basic agreement or on the written order. We also send a "Notice of Payment" specifying the amount of each contract and each work to each subcontractor, so that both parties can confirm the payment details.

Human rights management

Our Policy

The Daiwa House Group declares in its Principles of Corporate Ethics its stance on respect for human rights: "We respect basic human rights and the dignity of all people, and do not discriminate against anyone on the grounds of race, nationality, ethnicity, gender, creed, or social status." Advocating the Universal Declaration of Human Rights, we pursue our business activities while respecting the dignity and human rights of our customers, business partners, employees, and all other stakeholders.

For our business partners, in particular, we have clearly stated about respecting human rights in the CSR Procurement Guidelines (See P. 49) and respond to human rights problem occurred at other companies in a responsible manner.

Our Vision on Human Rights Awareness-Raising

All corporate entities are required to respect human rights. The Daiwa House Group has been constantly carrying out activities to raise the employees' awareness of human rights. In 2015, on the occasion of the 60th anniversary of the cooperate founding, our employees voluntarily sought to participate in human rights awareness-raising activities looking ahead to the future. They formulated and familiarized "Our Vision on Human Rights Awareness-Raising" and shared what they aspire to become and orientation with all employees.

Management

System for Promoting Human Rights Awareness-Raising Activities

The Group has organized Human Rights Awareness-Raising Committee headed by the President, as described below, to periodically check the implementation status of the human rights awareness-raising activities of the entire Group.

Additionally, human rights awareness-raising promoters are assigned to each branch office of the company and Group companies to ensure provision of trainings at each workplace and swift response and reporting on individual human rights problems.

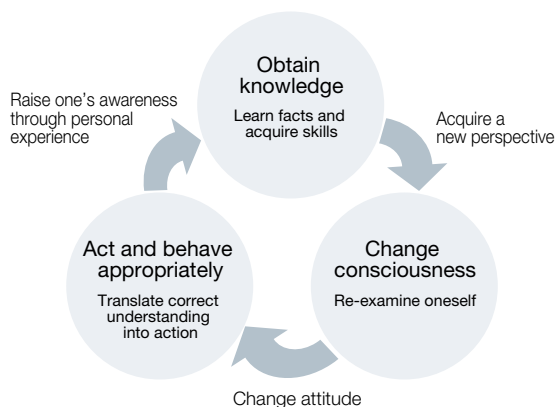
Organization of the Human Rights Awareness-Raising Committee



- Our Vision on Human Rights Awareness-Raising - Just and fair response at all times

We pledge to learn proactively through human rights awareness-raising activities and various other opportunities to raise our awareness of human rights and get closer to our ideal selves.

[Cycle of raising human rights awareness]



As we strive to get closer to our ideal selves, we can impart a positive impact on our stakeholders.

- We provide products and services to customers in various situations, helping them to achieve abundance in their lives.
- We make sincere efforts for human rights, thereby enhancing the company's corporate value and winning our shareholders' trust.
- We nurture the spirit of solidarity with our business partners, building an equitable relationship founded on mutual understanding.
- We work to create a corporate climate in which employees' diverse characteristics are positively accepted, dedication to work is correctly rewarded, and members mutually enhance each other's abilities and character.
- We strive to understand local residents' feelings and contribute to building a society that is founded on solidarity and is free of prejudice.

The Daiwa House Group employees adopted "Our Vision on Human Rights Awareness-Raising" to share their future vision through human rights awareness-raising (education). (April 2015)



Detecting Risks Relating to Human Rights

To understand the human rights awareness and actual status of its employees, the Daiwa House Group conducts fact-finding survey every four years. We conducted it in 2015 and the Group companies (28 companies) did in 2013, collecting 11,237 replies (response rate: 75.6%) and 14,814 (response rate: 67.5%), respectively. The Head Office's department in charge analyzed collected data by branch office and by Group company and summarized the results in "Feedback sheet," so the problems and issues have been visualized.

Human rights awareness-raising promoters are supposed to make use of the problems and issues in planning future human rights awareness-raising activities.

Implementation of Human Rights Education

The company is focused on human rights awareness-raising training for obtaining proper knowledge. At each branch office, all employees are ensured to receive human rights awareness-raising trainings more than twice a year (more than once a year at each Group company). All training programs by job grade deal with human rights-related theme to promote understanding and dissemination of the relation between our position/assignment and human rights.

Guidelines for Land Use Surveys

As a building constructor that is essentially linked with land use, Daiwa House Industry pays particularly close attention to avoid being party to buraku discrimination (also called the "dowa issue"), discrimination against the descendants of Japan's feudal-period outcasts historically associated with specific geographic locales. For this purpose, in 2011, we drew up anti-discrimination guidelines for our market research and other activities, along with a check sheet.

Corporate Ethics and Human Rights Helpline

Since 2004, the Daiwa House Group has been operating a hotline for in-house breach notification ("whistle-blowing") and consultation services, while implementing regulations to protect whistle-blowers. The hotline is available, and the regulations are applicable, to all Group employees, regardless of their type of employment. In 2012, this service was renamed the "Corporate Ethics and Human Rights Helpline."

The hotline accepts not only reports of suspected or confirmed cases of breach but also reports of, and requests for help and advice on, a variety of workplace- or human rights-related problems, thereby contributing to early detection and resolution of such problems. In fiscal 2015, the hotline received 131 reports and consultations, primarily with regard to problems in the work environment. In the process of working toward resolution, the wishes of the consuler are respected and hearings of the persons concerned are held to confirm the facts. Along with such actions, appropriate measures are taken to prevent recurrence. Once the problem has been resolved, a followup investigation is carried out to ensure, in some cases, that the reporter will not be subject to retaliatory treatment or that improvements have been made, thus always protecting hotline users. As measures for recurrence prevention, information is shared among related branch offices and departments via the persons in charge of the hotline to raise general awareness of the risks. Training programs are also organized to draw attention to such issues.

At the Daiwa House Group, points of contacts for reporting and consultation have been put in place at the CSR, Legal, and Human Resource Departments, facilitating the detection of legal irregularities, violations of human rights, workplace problems, and the like. Several contact points are available within the company to lower the psychological barrier that employees may feel about reporting or seeking advice, thus easing the way for them to reach out at an early stage.

Measures Being Taken

Avoidance of Complicity

Daiwa House Industry conducts human rights awareness-raising training and other awareness-raising activities in a continuous manner and according to schedule so that employees will not have a hand in violating human rights. In compliance with the Daiwa House Group Principles of Corporate Ethics, in which we declare that we take a firm attitude and collectively act and "cut off all ties with antisocial forces, regardless of the reason," all the executives and employees share the same commitment to not having any contact with antisocial forces (such as organized crime groups). For this purpose, we maintain regular contact with related external organizations including the police, lawyers, and the National Center for the Elimination of Boryokudan. In our major contracts, such as basic service contracts with our business partners, a clause is always included for the elimination of antisocial forces to enable us to immediately cancel the contract if the business partner is found to be an antisocial force. Furthermore, in February 2016, we established "Regulations for Responding to Anti-social Forces," which sets out how to respond to anti-social forces as an organization, obligatory pre-transaction attribute examination of business partners and others. The regulations have been operated since April.

Respecting Human Rights of the Socially Vulnerable

To maintain and enhance the company's trustworthiness in society, we have adopted the Principles of Corporate Ethics and Code of Conduct. One of the Principles of Corporate Ethics is "Respect for human rights." Under the Code of Conduct, we declare the prohibition of discriminatory business practices, committing ourselves to not engaging in any form of discrimination in our business operations or any act that could encourage discrimination.

Participating in Initiatives and Respecting the Rights of the Child

Daiwa House Industry is a formal or supporting member of a number of organizations that work toward the resolution of human rights-related problems in society. We advocate and endorse the objectives of these organizations and participate in their various initiatives. We also collect information in a continuous manner by taking part in the activities of organizations such as the Corporate Federation for Dowa and Human Rights Issues, Osaka, and the Buraku Liberation and Human Rights Research Institute, attending seminars on the rights of the child and the violation of human rights, and purchasing publications on related subjects.

[Principal organizations]

- ① Buraku Liberation and Human Rights Research Institute
This organization works toward the elimination of all forms of discrimination and the realization of a society in which all human rights are respected.
- ② Corporate Federation for Dowa and Human Rights Issues, Osaka
This organization is aimed at generalizing correct understanding and knowledge about buraku discrimination from the corporate CSR perspective in cooperation with local governments, based on the belief that the earliest resolution of the dowa issue is a task of national importance.
- ③ Fair Recruitment and Human Rights Center
This organization was established to encourage proactive corporate initiatives for the establishment of fair recruitment criteria and the promotion of in-house human rights training programs.
- ④ Association of Osaka City Corporations for Human Rights
This is an association of particularly socially influential Osaka-based corporations that engage in mutual improvement and awareness-raising to build a "brighter society."
- ⑤ New Media Human Rights Organization
This non-profit organization (NPO) was established to contribute to solving a variety of human rights-related problems that occur on the Internet.

⑥Multi-Ethnic' Human Rights' Education Center for Pro-existence
This NPO was established to promote necessary changes for the realization of a society in which true harmony and solidarity exist between Japanese and non-Japanese, on the assumption that Japan will become a multi-ethnic society in the 21st century.

⑦Normalization Club

This social welfare corporation engages in social welfare projects and operates or manages social welfare facilities that support the daily lives of, and provide community-based welfare services for, the elderly and people with disabilities. The organization is aimed at realizing a society in which the human rights of all persons are respected, regardless of the presence or absence of disabilities.

⑧Osaka Real Estate Marketing Association

This is a voluntary organization of corporations that pledge to respect human rights in their business operations and wish to improve their marketing capabilities and human rights consciousness, toward the goal of building a society free of discrimination.

Human Rights Education

①Human rights awareness-raising training

All the employees of the company receive human rights awareness-raising trainings more than twice a year. Each of our 93 branch offices across the nation voluntarily selects its own human rights theme and provides trainings. After trainings are provided, Human Rights Office of CSR Department collects and checks training report of all participants. When we detect the problematic ideas or obviously wrong understanding in participants' questions through the report, we reply to them individually to raise the awareness of the employees. Therefore, they include, for example, training programs for directors, employees in executive and supervisory positions, and new recruits, to enable employees to learn to fulfill their responsibilities commensurate with their positions.

In April 2016, we implemented human rights awareness-raising trainings for the first time at our overseas base (Taiwan branch office). We will continue to select human rights theme and provide trainings not only in Japan but also overseas in consideration of culture, custom and others of the region.

②In-House Newsletter Jinken-no Hiroba

The in-house newsletter Jinken-no Hiroba (Human Rights Plaza) is published every two months on the Daiwa House Group's intranet for the purpose of raising employee awareness. The newsletter addresses various themes relating to human rights with which the employees are expected to become familiar under different circumstances. It is used and appreciated by many employees as a handy means of learning about human rights and acquiring new knowledge.



Human rights awareness-raising training

■ Human rights awareness-raising training (Total number of participants and participation rate for FY 2015)

| | |
|----------------------|-------------------------|
| Daiwa House Industry | 34,778 persons → 198.2% |
| Daiwa House Group | 37,899 persons → 105.3% |

Respecting Civil and Political Rights

The Daiwa House Group Code of Conduct stipulates that we are committed to creating a corporate culture that respects human rights, so that all our speech and action respect individuals' personalities and characteristics. The Code of Conduct also states under the "Acceptance of Diversity" that we strive to create a corporate culture in which we can make positive use of the ideas and perspectives of diverse people with differences in value system, gender, age, ethnicity, language, culture, lifestyle, and more. We have the Corporate Ethics and Human Rights Helpline, which is accessible to all Group employees for in-house breach notification and consultation.

Respecting Economic, Social, and Cultural Rights

In the Daiwa House Group Code of Conduct, we state "In addition to caring for the health and safety of our employees, we also strive to create an open and fair work environment, and to give every member of staff the opportunity for personal development." Accordingly, we have developed a system that supports the physical and mental health of all the employees. Under this system, employees undergo a mandatory medical examination every year. For mental health, a consultation service provided by an external organization (E Partner) is made available to employees as well as their family members.

Respecting Fundamental Principles and Rights at Work

At Daiwa House Industry, we have adopted a computerized management system to accurately register daily working hours and attendance and absence at all the offices. This is a centralized data management system that records attendance and quitting times and handles procedures such as the issuance of orders and approval for overtime work. At the same time, we have been taking various measures to reduce working hours, by eliminating late-night overtime work, thus reducing the physical and psychological burden on employees, and reviewing the way the company works in general. For example, we have adopted a "lock-out" system on a company-wide basis, under which all the offices are automatically closed at nine in the evening. Meanwhile, we have been making continuous efforts to streamline work and increase efficiency. In fiscal 2011, the Human Resource Department commenced a periodic office inspection. In fiscal 2012, a new working hour control system was introduced. In this system, office computers can be made inaccessible outside regular working hours if their users have not undergone formalities to obtain approval for overtime work or working on holidays. In this manner, employees are protected from taking on excessive workloads by both motivational and systematized measures aimed at eliminating illegitimate overtime work.



Prohibition of Forced or Compulsory Labor and Child Labor

Last year, no formal complaint was filed against Daiwa House Industry concerning forced or compulsory labor. At Daiwa House Industry, the entire class of executives is made thoroughly aware that appropriately regulating employees' working hours is the very least that we should observe in compliance with the labor law. Likewise, no formal complaint was filed against the company concerning child labor. Under the company's Code of Conduct, we declare our practice of fair recruitment. While it's natural for us to observe the ban of child labor as stipulated by the Labor Standards Act, we are also working on fair recruitment/selection of employees as a promoter company of the Fair Recruitment and Human Rights Center. In December 2015, we acquired certification as a "company proactively committed to fair recruitment and human rights awareness-raising" from the said Center.

Respecting Human Rights of Overseas Employees

At the Daiwa House Group's operating sites outside Japan, the recruitment and treatment of local employees strictly conforms to the regulations on the elimination of all forms of forced or compulsory labor and the abolition of child labor, as stated in the ILO Declaration on Fundamental Principles and Rights at Work, as well as applicable local laws and regulations. As to employees newly assigned from Japan to our overseas operating sites, we are promoting their understanding of cultural and religious backgrounds of the countries they are to be dispatched through pre-assignment education and other measures.

Preventing Harassment

At the company, moral harassment, especially the kind bordering on power abuse, and sexual harassment are strictly forbidden as prescribed under the company regulations and communicated via in-house notices. Offenders are subjected to punishment. Through seminars and educational booklets, we repeatedly impress upon employees the fact that moral harassment is more than just a problem for the persons concerned and that it should be viewed as an organizational problem that can lead to the lowering of morale in the workplace concerned. As for sexual harassment, considering the importance of early responses and easy access to advice, points of contact for reporting and consultation are put in place at the Head Office as well as all the branch offices. Since victims of sexual harassment are mostly women, both male and female consultants are appointed. Moreover, a mechanism has been put in place to reinforce coordination between the Head Office and branch offices in this regard. Moreover, a mechanism has been put in place to reinforce coordination between the Head Office and branch offices in this regard. For example, all the branch offices are required to submit a report to the Head Office every three months, detailing preventive measures that they have devised, such as antiharassment training programs and the diffusion of information on contact points, and also notifying the number of consultations. In fiscal 2015, the total number of Corporate Ethics and Human Rights Helpline users reporting or seeking advice on harassment was 33, and the number has been declining in recent years (a decrease of 26 cases compared with the previous year).

Management of intellectual property rights

Our Policy

Basic Policy for Intellectual Properties

With “Ensuring our competitive superiority and maintaining order in competition” as our basic philosophy, we are engaged in intellectual property activities. Our competitive superiority is ensured by promptly establishing rights of the fruits of our technological development and the order in competition is maintained by putting a patent/trademark research system in place and respecting other companies’ intellectual properties. Additionally, in light of the importance of intellectual information, we have built an internal framework to deliver and gather intellectual information, and are utilizing IP rights by actively promoting licensing based on the patent rights, or the fruits of our technological development. Furthermore, we issue intellectual property report, or summary of annual activities, grant cash bonuses for inventions implemented and hold annual meeting to present excellent inventions and invention contest and other events with an aim to increase our directors’ and employees’ awareness of intellectual properties.

Management

Management System of Intellectual Property Rights

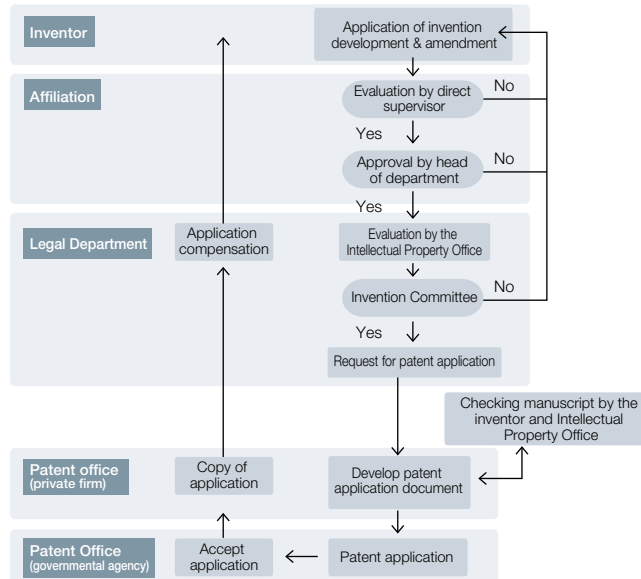
Intellectual Property Office

The Intellectual Property Office, which belongs to the Legal Department, works in coordination with the Engineering Department and other related departments for investigations about, and the acquisition and management of patents, design and trademark rights, copyrights, and other intellectual property rights, and also in cases of infringement of rights and litigation. Since close and swift coordination with research and development-related departments is essential, the Intellectual Property Office staff members are permanently posted at the Central Research Laboratory, Daiwa House Industry’s primary R&D center. We strictly observe the prescribed procedures of the acquisition, retention, and release of patent rights, which are fruits of the company’s research and development; trademarks, the foundation of the Daiwa House brand; and copyrights and other intellectual properties, which are the results of our people’s intellectual and creative efforts, treating them as our precious corporate assets. Moreover, in accordance with the principle of maintaining order in competition, we place the utmost importance on not only claiming our own IP rights but also respecting others’ rights, making sure to prevent violations of other companies’ patent or trademark rights through a solid investigation system.

Invention Committee

The Invention Committee makes decisions regarding application for, maintenance of, and licensing of intellectual property rights, and cash bonuses for inventions. The Committee, comprised of the head of each of the departments involved in engineering, research and development, product development and production, is chaired by the head of the Engineering Department.

Diagram of the Intellectual Property Rights Management System

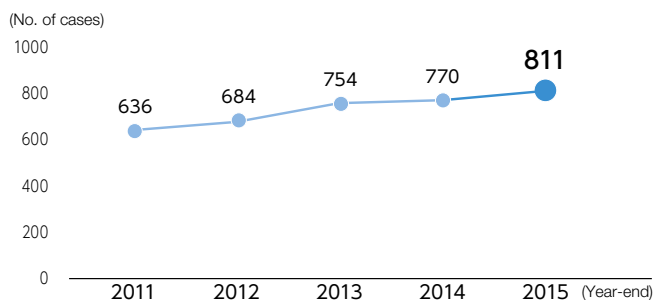


Number of Patents Owned

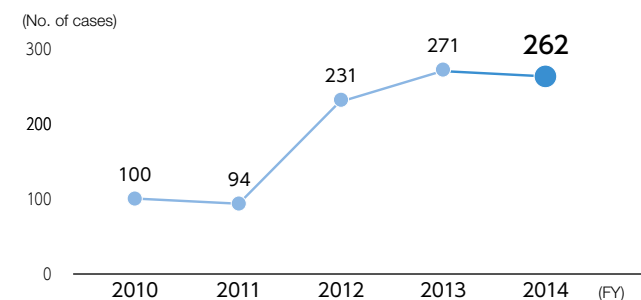
The number of patents owned by Daiwa House Industry (including those acquired outside Japan) was 811 as of the end of fiscal 2015, an increase of 41 from the end of fiscal 2014. The number of patents applied in Japan during fiscal 2014 was 262. The number of application is increasing as business segments in which we operate expands. The fields in which we have made patent applications reflect such trend: besides housing/building construction, or our pivotal business segment, in recent years percentages of the total number of our applications have been increasing in communication, robot and agriculture, which are related to our newly launched business segments.

Numbers of patents owned and patent applications in Japan in the last five years

Number of patents owned



Number of patent applications





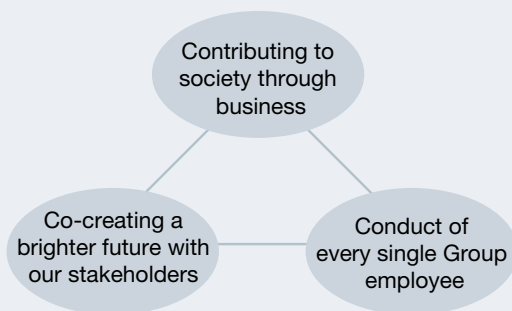
CSR management

Our Policy

The Daiwa House Group considers it important to provide the value required of the Group from a long-term viewpoint by implementing CSR through our businesses to contribute to the society as a company offering housing and other infrastructures to customers and society. Based on the philosophy of “Co-creating a Brighter Future,” our CSR strategy is designed to solve geoenvironmental problems and those faced by the society with our unique technologies and know-how. It also aims to enhance the relationship with our stakeholders in the entire value chain.

Daiwa House Group CSR Policy

In the light of three aspects—society, environment and economy, the Group has summarized three perspectives of “Contributing to society through business,” “Co-creating a brighter future with our stakeholders” and “Conduct of every single Group employee” as the Daiwa House Group CSR Guidelines to be aware of conducting well-balanced business activities, face our stakeholders sincerely and keep meeting demand of the society as a corporate citizen. With the CSR Guidelines in our mind, we are committed to our day-to-day tasks.



Management

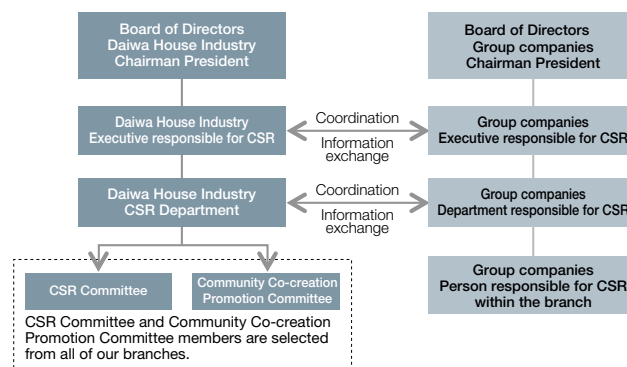
CSR Promotion Organization Structure

CSR Department has functions of planning and adjusting CSR-related policies, systems and items to implement, and the Board of Directors decide important matters.

Since 2005, each branch office selects one CSR Committee member to familiarize everyone with corporate ethics and compliance. One Community Co-Creation Promotion Committee member is selected separately to promote planning and implementation of matters related with community co-creation activities, as well as awareness-raising activities intended for our employees.

Since 2005, all of the Group companies have also started to appoint a person responsible for CSR, and are building a system to promote CSR activities.

CSR Promotion Organization Structure of the Daiwa House Group

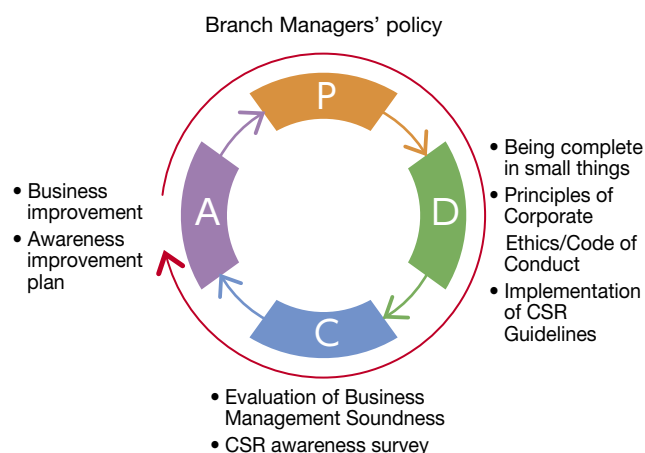


Branch Office CSR Management

Based on the concept that the steadily accumulated CSR activities at each one of our branch offices should be valued, we have adopted Branch Office CSR Management at our 83 branch offices.

Under the Branch Office CSR Management, we carry out the CSR Guidelines in our routine works centering on Branch Managers' policy to realize sound management of branch offices. These efforts are assessed using CSR awareness survey and Evaluation of Business Management Soundness,* a framework for checking risks in both “awareness” and “action,” thereby leading to the improvement of business.

*Evaluation of Business Management Soundness is an evaluation system adopted at branch offices that allows “increasing management efficiency” and “strengthening the management base” to take root in worksites. It contains a wide range of ESG evaluation items.



Measures Being Taken

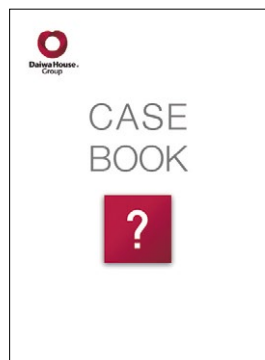
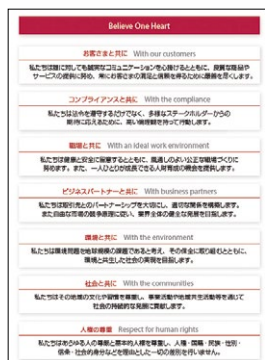
Formulation of Branch Managers' Policy (Do)

The company provides explanation on its management policy with the managers of its nationwide branch offices at annually-held "Nationwide Branch Managers' Meeting." At this meeting, in addition to the business policies and plans, the company-wide policies and plans including strict observance of corporate ethics and compliance, risk management, personal development, ensuring safety and hygiene at workplace are announced. And at all of our branch offices, Branch Managers' policy is formulated in light of the above-stated policies, plans and issues, etc. that each branch office has.

Thorough Enforcement of the Principles of Corporate Ethics and Code of Conduct (DO)

In April 2004, the Daiwa House Group adopted the Principles of Corporate Ethics and Action Guidelines, which defined the rules of conduct to serve as a basis for realizing our company philosophy and policies. In the same year, we produced an educational booklet titled "CASE BOOK," which described the Principles of Corporate Ethics, Action Guidelines, case studies, and a hotline for in-house breach notification ("whistle-blowing"). Copies of this booklet were distributed to all employees within the Daiwa House Group.

In 2014, we revised the Principles of Corporate Ethics and Action Guidelines to "Principles of Corporate Ethics and Code of Conduct," so that each and every employee may be able to act out the company philosophy and work on the mission expressed by the slogan "Co-creating a Brighter Future." In 2016, we also published the seventh edition of the "CASE BOOK" so that all Daiwa House Group employees may take action in their day-to-day work based on this same idea and these principles. It has been actively used in the respective workplaces, where it is read out together in morning assemblies and on other occasions.



Implementation of CSR Awareness Survey (Check)

Since fiscal 2004, the Daiwa House Group has been conducting an in-house CSR awareness survey to gauge the status of practice of the Principles of Corporate Ethics and Action Guidelines (later Code of Conduct) by employees in their respective workplaces. It is a completely original questionnaire survey conducted on the Group's intranet in which participants answer anonymously about 50 questions regarding their workplaces. The results are converted into numerical points, and average values are obtained.

We are conducting self-check (self-diagnosis) by comparing the results with those of the previous year to see changes in the employees' awareness during the year, and each branch office compares the results with the across-the-board average to find out the points they need to make additional efforts. By reference to these results, each branch office draws up future improvement activity plan.

Workplace Awareness Improvement Plan (Action) Based on CSR Awareness Survey

After the implementation of CSR awareness survey, taking the opportunity of plenary meetings or general morning assemblies, each workplace shares the trend of the employees' awareness and future tasks read from the survey results.

Setting of the most important improvement items toward the next year and examination of concrete improvement measures are summarized in the "Workplace Awareness Improvement Plan." To cite a case, as a measure to the survey result (what an employee felt) that "it's less likely that everyone cooperates according to his/her ability to achieve our goal," we have practiced "presenting outcomes obtained by achievement of our goal, as well as compliments and appreciations received from our customers, to share the sense of fulfillment" for a year. In this way, each branch office circulates PDCA based on the survey results.

Customers

Employees

Business partners

Local residents

Shareholders

Environment

Governance

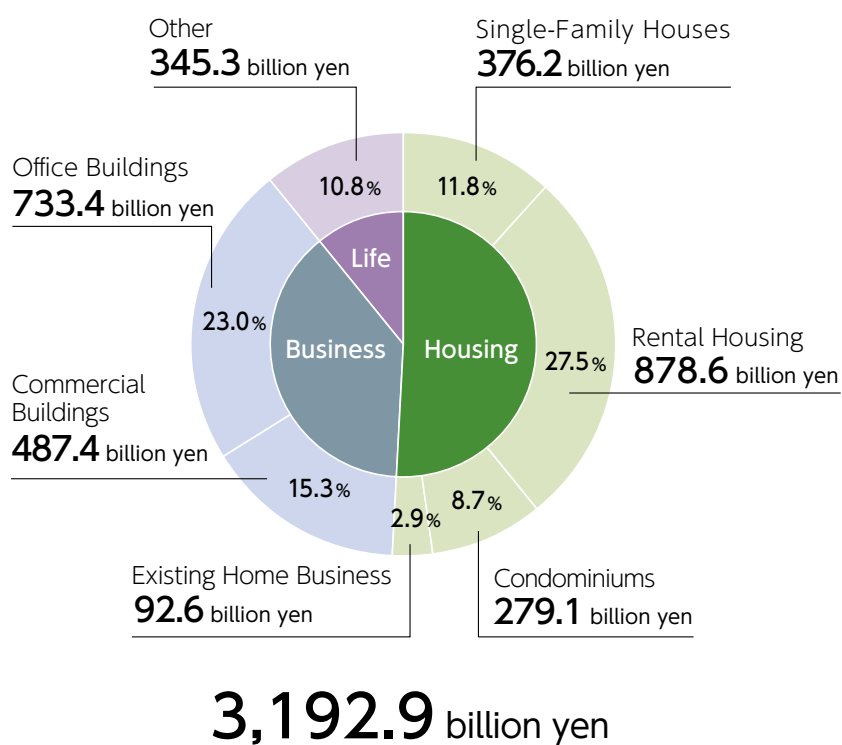
Summary of the Daiwa House Group

Company Summary (as of March 31, 2016)

| | |
|--------------------------|--|
| Company Name | Daiwa House Industry Co., Ltd. |
| Established | April 5, 1955 |
| Capital | 161,699,201,496 yen |
| Head Office | 3-3-5 Umeda, Kita-ku, Osaka, 530-8241, Japan |
| Tokyo Head Office | 3-13-1 Iidabashi, Chiyoda-ku, Tokyo, 102-8112, Japan |
| Branches/Offices | 83 locations in Japan (including head offices) |
| Plants | 10 locations in Japan |
| Research Center | Central Research Laboratory (Nara City) |
| Training Centers | Osaka, Tokyo, Nara |
| Net Sales | Non-consolidated: 1,649,765 million yen Consolidated: 3,192,900 million yen |

Sales (consolidated, for the fiscal year ending in March 2016)

(Note: Percentage after subtracting transactions within the Group)



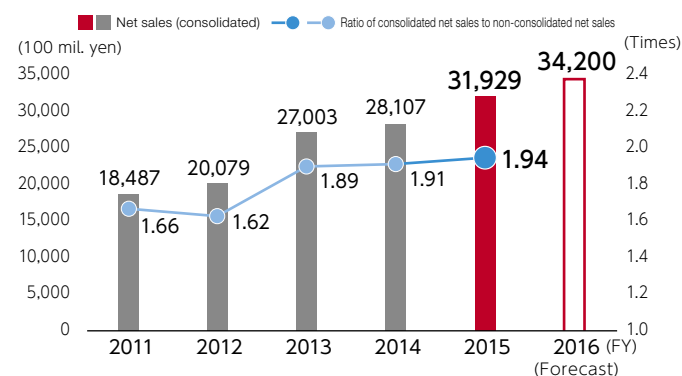
List of Affiliated Companies

- **Single-Family Houses**
Daiwa House Industry Co., Ltd.
- **Rental Housing**
Daiwa House Industry Co., Ltd.
Daiwa Living Management Co., Ltd.
Daiwa Living Co., Ltd.
Nihon Jyutaku Ryutu Co., Ltd.
- **Condominiums**
Daiwa House Industry Co., Ltd.
Cosmos Initia Co., Ltd.
Daiwa LifeNext Co., Ltd.
- **Existing Home Business**
Daiwa House Industry Co., Ltd.
Daiwa House Reform Co., Ltd.
Nihon Jyutaku Ryutu Co., Ltd.
- **Commercial Buildings**
Daiwa House Industry Co., Ltd.
Daiwa Lease Co., Ltd.
Daiwa Information Service Co., Ltd.
Daiwa Royal Co., Ltd.
- **Office Buildings**
Daiwa House Industry Co., Ltd.
Fujita Corporation
Daiwa Lease Co., Ltd.
- **Other**
Daiwa House Industry Co., Ltd.
Royal Home Center Co., Ltd.
Daiwa Logistics Co., Ltd.
DesignArc Co., Ltd.
Daiwa Resort Co., Ltd.
Daiwa Royal Co., Ltd.
Daiwa Lease Co., Ltd.

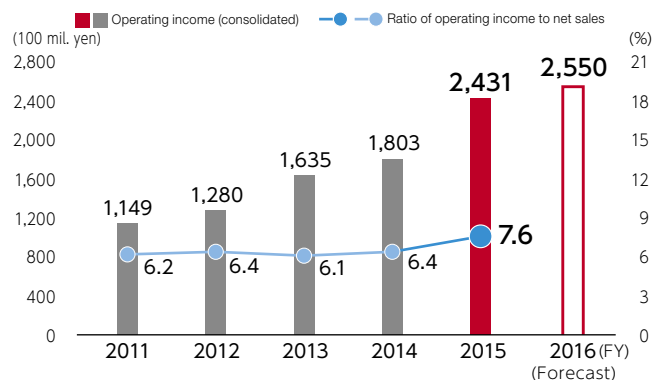
(Note) Listed above are major affiliate companies affecting the sales of the Daiwa House Group.

Highlight of Financial Results and Consolidated Financial Indicators

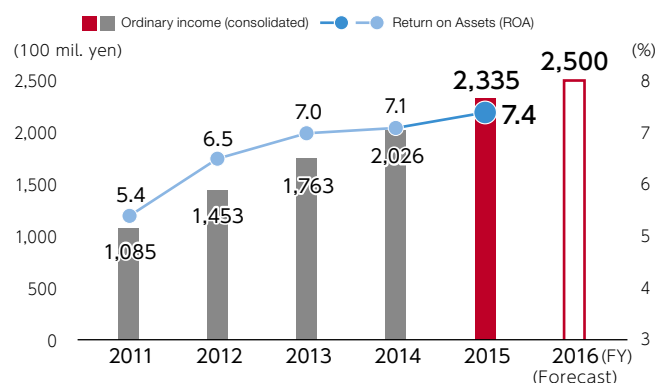
Net sales (consolidated)/Ratio of consolidated net sales to non-consolidated net sales



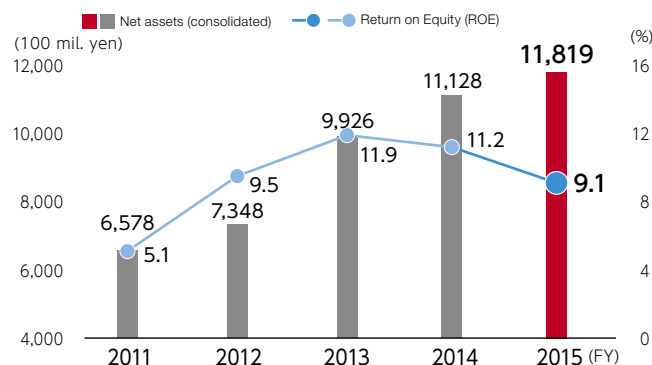
Operating income (consolidated)/Ratio of operating income to net sales



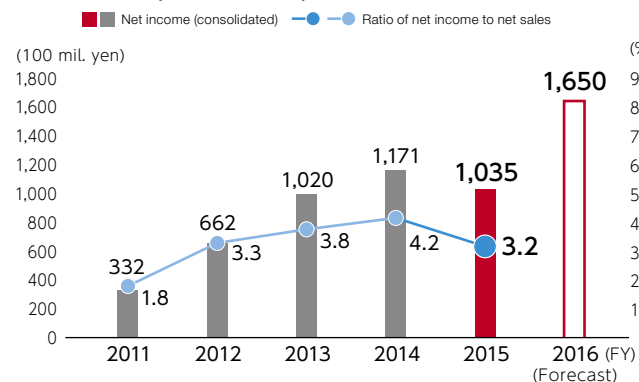
Ordinary income (consolidated)/Return on Assets (ROA)



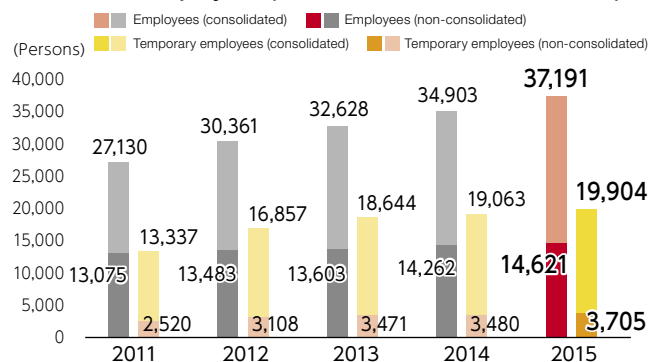
Net assets (consolidated)/Return on Equity (ROE)



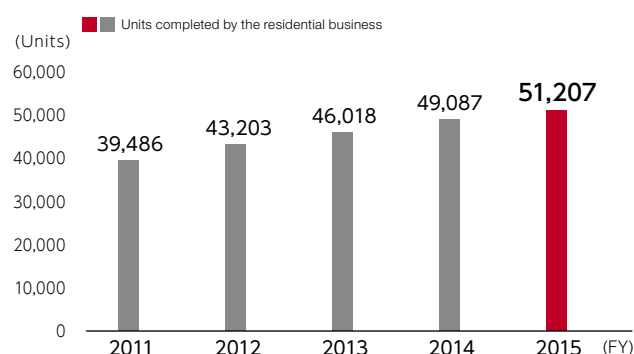
Net income (consolidated)/Ratio of net income to net sales



Number of employees (consolidated/non-consolidated)



Units completed by the residential business (Total of single-family houses, condominiums, and rental housing)



Major Awards the Daiwa House Group Received in Fiscal 2015

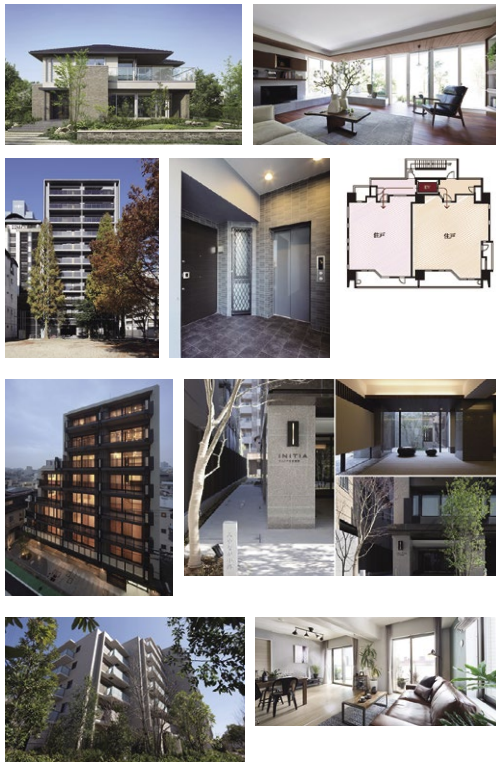
August
2015

- Achieved the No. 1 position in general construction performance in recognition of environmentally symbiotic housing for FY 2014



September
2015

- Presented with the Good Design Award for five Group products



- Included in the Dow Jones Sustainability Asia Pacific Index for the third consecutive year

MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM

October
2015

- Received the Special Reviewers' Award at the 4th Biodiversity-friendly Enterprise Activity Contest

January
2016

- Recognized as the No. 1 corporation in the construction industry, a first for a housing company, in the Environmental Management Research of the NIKKEI
- Won the Energy Conservation Center Chairman Prize in the 2015 Energy Conservation Grand Prize (product and business model section) for our work on "Energy-saving lighting and enhanced pleasantness using a natural lighting system"



February
2016

- Won the Environmental Report Excellence Award at the 19th Environmental Communication Awards for the Daiwa House Group Environmental Report 2015



- Rated in the highest rank in the DBJ Environmentally Rated Loan Program operated by Development Bank of Japan Inc.



March
2016

- Designated as a Nadeshiko Brand in fiscal 2015 (for the second straight year) and included in the New Diversity Management Selection 100 enterprise



- Received the Best Resilience Prize at the Japan Resilience Awards 2016 for our smart-town "SMA-ECO Town Harumidai"



Third-Party Opinion (on the Daiwa House Group's CSR Activities)



Mizue Unno

Managing Director
So-Tech Consulting Inc.

Ms. Unno is a consultant in the field of CSR and sustainability, who offers advice and recommendations on business management and provides support for practical corporate activities from the perspective of global management.

A characteristic of the Daiwa House Group in this year is their adoption of the step of identifying priority CSR themes and incorporating those themes into their future business development. More than the themes themselves, it is important to share the process for that identification, and it is my hope that the Group will be concretely involved in such priority themes in the future.

Assessment of this year's actions

● Continuation of the Stakeholders' Meeting

This year's Stakeholders' Meeting was part of a process for identifying issues, and it provided an opportunity for each stakeholder to reflect their thoughts in future business. As this meeting is held year upon year, I think that those in charge have become familiarized with the awareness of looking at things from the perspective of society in general. However, in addition to this public meeting, it is also important to report the individual communications that are carried out with NGOs and other organizations who are able to point out specific issues to the Group.

● Vision, management and indices for self-assessment

In addition to a report on activity performance, this CSR Report outlines issues and targets for each area, it provides a review using assessment indices, and it makes it possible to grasp the overall view of the Group's activities. And I hope that these indices will continue to be used as an axis to improve future results.

Future Plans

● Long-term social vision

Policies have been set in previously unclarified areas of CSR, and directions have been established. However, it seems that there is still an inadequate connection between those policies and a specific plan, and the content of those policies themselves need to be reexamined in consideration of sustainability.

● Embodiment of the "Asu Fukaketsuno" concept

Although "Asu Fukaketsuno" businesses are specified in the

Medium-Term Management Plan, the relationship between that plan and CSR is not explained well. While the Report does describe social contribution activities carried out by local residents, how that links to the Group's business is important and, therefore, explaining it as a management concept in adapting to changes in society is desirable.

● Integrating social and environmental aspects from the perspective of the overall community

Because social and environmental issues are assessed individually here within the identification of priority issues, there is no visible relationship between the two maps, and the levels of identifying issues are not aligned. The two issues are not separate and, in fact, are closely related, so it is necessary to first of all consider the "problems of local sustainability" from the perspective of the community as a whole.

The Group must lead the way in showing what kinds of problems there are in the community, how they can be solved, and how the Daiwa House Group can be involved as a housing manufacturer. This is the perspective of a private corporation participating in community development in affiliation with local residents and local administration. There should be a story in which individual concerns such as the conservation of resources, energy consumption, and health and welfare are linked to that view and lead both to product development and the activities of each worksite.

● CSR procurement activities

The "CSR Procurement Guideline" was newly established in 2015 with the intent of strengthening CSR activities that include business partners. Although biodiversity in the supply chain is currently stressed through the purchase of imported lumber, such social facets as local residents and workers are included in that issue and need to be addressed at the same time.

It is also necessary to handle construction subcontractors as a separate matter. The problem of a labor shortage, which is viewed as the most priority issue, is a case in which CSR becomes a business risk. So, in the future, I hope that a plan will be prepared that includes the consideration for human resource training and development at the Group's business partners.

● The concept of governance

Corporate governance requires a mechanism for the check and review of top management, as well as transparency therein, and it is an obligation that a company has to all its shareholders. Here, environmental and social factors that have a major affect on business, especially those that investors might see as risks, should be reported, but without including an excess of information on those stakeholders.

In this line of thought, the report on human rights can be viewed as a being in the social arena rather than an issue of governance. Since this issue is becoming a risk within global management, it is necessary to appropriately consider response that is separate from that for the domestic market.

Our Response to Third-Party Opinion

I would like to express our wholehearted appreciation to Ms. Unno for continuing to provide her valuable opinions on our Group's CSR activities. The information in this CSR Report 2016 is arranged in accordance with our "Medium-Term CSR Plan" and "Revision of CSR Self-Assessment Index" priority issue from the ESG perspective" and, under the "S: Society" heading, reports are provided on five of the different stakeholders whom the Group considers important. Significant improvements have also been made by introducing, at the beginning of the Report, the series of processes that were taken in formulating the Medium-Term CSR Plan and in revising the Indices for Self-Assessment of CSR Activities, as well as in introducing, on the Performance Report page, a summary of fiscal 2015 and our future commitment that was prepared by the executive officers in charge, followed by our activities in regard to the "Our Policy," "Management" and "Measures Being Taken" steps related to each priority issue.

I view the content of Ms. Unno's opinions under "Future Plans" as management issues to be dealt with and improved as we implement the 5th Medium-Term Management Plan, which commenced in fiscal 2016. Considering the fact that the relationship between CSR and business nowadays is becoming even more interconnected, we will try to understand specifically what society expects of the Group through communication with all of our stakeholders and work toward implementing sustainable management.



Tamio Ishibashi

Executive Vice President
Head of CSR

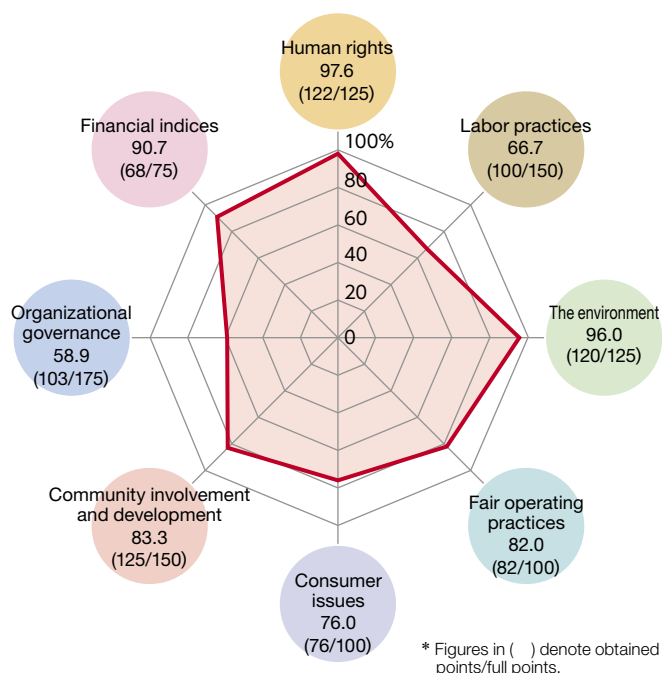
CSR self-assessment indices (CSR indicators)

In fiscal 2009, we conducted the first revision of our indices for selfassessment of CSR activities. In fiscal 2010, we expanded the scope of application of the indices to the entirety of the Daiwa House Group companies. In fiscal 2011, with reference to ISO 26000 and based on discussions held at the Stakeholders' Meeting and then within the Group, we selected eight themes, 18 issues, and 40 indices (applicable to Daiwa House Industry only).

In fiscal 2015, in our self-assessment, we obtained 796 points out of 1,000 points on the eight themes and 40 indices, or 79.6% as a ratio of points obtained, up 23 points from our fiscal 2014 performance of 773 points or 77.3%.

Using these results, we are continuing our efforts to promote and improve our CSR management.

■ Theme-by-theme points of CSR self-assessment, FY 2015



Organizational governance

* In the columns of yearly results and targets, the upper-column figures are actual numerical results, and the lower-column figures in () are points calculated by the company's assessment method.
 * Of the FY 2015 results and FY 2015 targets, items under which numerical evaluation by points cannot be conducted are left blank, and the FY 2015 results are set at 15 points (60% of full points).
 * Point allocation for each index was 25 points in total for all items.

| Issues of social responsibility | Concrete indices | Assessment method (sections corresponding to FY 2015 results in red) | FY 2014 results | FY 2015 targets | FY 2015 results | Remarks (related data, etc.) |
|-------------------------------------|---|---|-----------------|-----------------|----------------------------|---|
| Transparency | External assessment of the Annual Report | Rating by an external assessment organization Not ranked: 0, D: 12, C (C-, C, C+): 18, B or above (B-, B, B+, A-, A, A+): 25 | B+ (AR2013) | A+ (AR2014) | A- (AR2014) (25 pts) | |
| | External assessment of the CSR Report | External assessment of the CSR Report: points obtained converted to a scale of 25 | — | — | — (15 pts) | External assessment system adopted in FY 2012 was discontinued. |
| | External assessment of the IR website | External assessment of the IR website Below 4.5: 0, 4.5–below 5.0: 5, 5.0–below 5.5: 10, 5.5–below 6.0: 15, 6.0–below 6.5: 20, 6.5 or above: 25 | Below 4.5 | 5.5 pts | Below 4.5 (0 pts) | |
| Ethical conduct | In-house CSR awareness survey | Points obtained in the annual in-house CSR awareness survey, converted to a scale of 25 【Group】 | 73.26 pts | 75 pts | 74.43 pts (19 pts) | |
| Stakeholder engagement | Stakeholders' Meeting (attendants' satisfaction) | Questionnaire survey for Stakeholders' Meeting attendants: ① Percentage of those who found the meeting ambiance conducive to frank discussions ② Percentage of those who found the company's information easy to understand Average of the above two converted to a scale of 25 | ① 64% ② 64% | ① 90% ② 70% | ① 95% ② 84% (22 pts) | |
| Respect of rule of law | Number of times of participation per employee in company-wide ethics and compliance training programs | The total annual number of training program attendants divided by the total number of employees at year-end Below 0.3: 0, 0.3–below 0.4: 5, 0.4–below 0.5: 10, 0.5–below 0.6: 15, 0.6–below 0.7: 20, 0.7 or above: 25 * Limited to training programs organized by the Legal Affairs Dept. or the CSR Dept. only | 0.30 | 0.7 or above | 0.33 (5 pts) | FY 2015 results Legal Affairs Dept.: 4,864 persons Total number of employees at the year-end: 14,621 persons (As of March 31, 2016) |
| Understanding social responsibility | GRI Guideline responsiveness in the CSR Report | Disclosure rate in the CSR Report converted to a scale of 25 | 60.6% | 75.0% | 68.4% (17 pts) | |

Human rights

| Issues of social responsibility (★ = priority themes) | Concrete indices | Assessment method (sections corresponding to FY 2015 results in red) | FY 2014 results | FY 2015 targets | FY 2015 results | Remarks (related data, etc.) |
|--|--|--|----------------------|------------------|------------------------------|---|
| Adequate resolution of grievances relating to human rights | Response to Corporate Ethics and Human Rights Helpline users (rate of conflict resolution) | Rate of conflict resolution within one month from reporting, converted to a scale of 25 | 86.2% | 80% or above | 88.0% (22 pts) | |
| | Rate of recognition of the Corporate Ethics and Human Rights Helpline | Investigation at the same time as the in-house CSR awareness survey [Group] Percentage of employees who know how to access the Corporate Ethics and Human Rights Helpline Below 50%: 0, 50%–below 55%: 5, 55%–below 60%: 10, 60%–below 65%: 15, 65%–below 70%: 20, 70% or above: 25 | 77.5% | 80% or above | 78.4% (25 pts) | |
| Elimination of discrimination and provision of equal opportunities (Discrimination and vulnerable groups)★ | Human rights awareness-raising | ① Rate of participation in human rights awareness-raising programs [non-consolidated] Percentage of employees who have participated in human rights awareness-raising programs ② Rate of implementation of human rights awareness-raising programs [28 Group companies] Average of the Group companies' percentages of employees who have participated in human rights awareness-raising programs Average of ① and ②, converted to a scale of 25 | ① 108.5% ② 116.2% | ① 100% ② 100% | ① 99.1% ② 104.5% (25 pts) | Target: program participation twice per year Total rate of participation 217.0% set as 100 Grade- or purpose-specific programs excluded [non-consolidated] Target: program participation once per year [Group] |
| | Rate of employees with disabilities | Percentage of employees with disabilities on April 1 in next FY Below 1.80%: 0, 1.80%–below 1.85%: 5, 1.85%–below 1.90%: 10, 1.90%–below 1.95%: 15, 1.95%–below 2.0%: 20, 2.0% or above: 25 | 2.15% | 2.20% | 2.19% (25 pts) | |
| | Rate of female managers (rate of target achievement) | Rate of female managers (percentage of female managers out of the total managers) Rate of target achievement as of April 1 in the next FY, with the FY 2015 target of 1.5% set as 100, converted to a scale of 25 | 140% | — | 230% (25 pts) | Groupwide numerical target: 500 female managers by 2020 2014: 166 (2.6%) 2015: 200 (3%) |

Labor practices

| Issues of social responsibility (★ = priority themes) | Concrete indices | Assessment method (sections corresponding to FY 2015 results in red) | FY 2014 results | FY 2015 targets | FY 2015 results | Remarks (related data, etc.) |
|--|---|--|--------------------|-----------------|-----------------------------|--|
| Provide a safe and healthy work environment (Health and safety at work)★ | Number of labor accidents (on-site) [Rate of decrease from previous FY] | Rate of decrease from the previous FY in the number of labor (on-site) accidents Below 0%: 0, 0%–below 5%: 5 , 5%–below 10%: 10, 10%–below 15%: 15, 15%–below 20%: 20, 20% or above: 25 | 35.0% | –30% | –2% (5 pts) | 2014: 48 cases ⇒ 2015: 47 cases |
| | Rate of obtainment of paid holidays | The number of paid holidays actually claimed within the fiscal year divided by the total number of claimable paid holidays Below 20%: 0, 20%–below 25%: 5, 25%–below 30%: 10, 30%–below 35%: 15, 35%–below 40%: 20, 40% or above: 25 | 36.2% | 40.0% | 45.9% (25 pts) | |
| | Employee satisfaction survey | Investigation at the same time as the in-house CSR awareness survey [Group] Below 60 pts: 0, 60 pts–below 65 pts: 5 , 65 pts–below 70 pts: 10, 70 pts–below 75 pts: 15, 75 pts–below 80 pts: 20, 80 pts or above: 25 | 75.48 pts | 80 pts | 62.4 pts (5 pts) | Investigation reviewed in FY 2014, replaced by "Motivation for work" |
| Develop human resources [employee training] (Human development and training in the workplace)★ | Rate of acquisition of professional qualifications by young employees | ① Rate of success in the Real Estate Business Director Qualifying Examination * Of the employees who joined the company within the last three years and passed the examination in the fiscal year 0%–below 5%: 0, 5%–below 10%: 5, 10%–below 15%: 10, 15% or above: 15 ② Rate of success in the Grade II Registered Architect Qualifying Examination * Of the employees who joined the company within the last three years and passed the examination in the fiscal year Below 15%: 0, 15%–below 20%: 4, 20%–below 25%: 8, 25% or above: 10 The sum of ① and ② | ① 19.2% ② 32.2% | ① 22% ② 40% | ① 18.7% ② 29.9% (25 pts) | |
| | Number of times of participation in company-wide training programs per employee | The total annual number of participants in training programs divided by the total number of employees at year-end (annual actual) Below 0.6: 0, 0.6–below 0.7: 5, 0.7–below 0.8: 10, 0.8–below 0.9: 15, 0.9–below 1.0: 20, 1.0 or above: 25 | 1.16 times | 1.2 times | 1.3 times (25 pts) | |
| | External assessment of candidates for managerial posts | The number of employees who are ranked above a certain level in accordance with an external specialized organization's assessment criteria * Number of employees ranked at Grade 3 or above on a scale of five 0: 0, 1–3: 5, 4–6: 10, 7–9: 15, 10–12: 20, 13 or more: 25 | — | — | — (15 pts) | Numerical target not disclosed due to system change in FY 2013 ⇒ review of concrete indices |

Fair operating practices

| Issues of social responsibility | Concrete indices | Assessment method | FY 2014 results | FY 2015 targets | FY 2015 results | Remarks (related data, etc.) |
|--|---|--|-----------------------|-------------------------|------------------------------------|--|
| Fair competition | Response to reporting by business partners with regard to subcontracting law (rate of problem-solving) | Rate of conflict resolution within one month from reporting, converted to a scale of 25 | 100% | 100% | 100% (25 pts) | Corporate members of the Confederation of Partner Companies, the Trillion Club, the Setuwa Club, and the Souwa Club. Each member company (total number of reports in 2015: 16) |
| | Questionnaire survey for business partners about Daiwa House Industry employees' conduct | ① Rate of response ② Percentage of respondents who stated "no problem" with regard to Daiwa House Industry employees Average of ① and ②, converted to a scale of 25 | 63% ① 54% ② 72% | 67.5% ① 60% ② 75% | 68.1% ① 64% ② 72.2% (17 pts) | Corporate members of the Confederation of Partner Companies |
| Responsible action toward all business partners and users (Promoting social responsibility in the value chain) | State of management and improvement based on business partners' and Daiwa House Industry's criteria for purchasing duties | Supervision of purchasing duties handled by the Purchasing Department at branch offices across Japan (in-house criteria) National average points (full points: 70) under quantitative evaluation items, converted to a scale of 25 | 59.5 pts | 65 pts | 58.74 pts (21 pts) | |
| | Appropriateness of duties contracted to business partners based on in-house criteria | Supervision of purchasing duties handled by the Purchasing Department at offices across Japan (in-house criteria) Percentage of branch offices evaluated "Fair" (full points: 100) under qualitative evaluation items, converted to a scale of 25 | 67.55% | 72% | 74% (19 pts) | |

Consumer issues

| Issues of social responsibility | Concrete indices | Assessment method (sections corresponding to FY 2015 results in red) | FY 2014 results | FY 2015 targets | FY 2015 results | Remarks (related data, etc.) |
|---|---|--|-----------------|-----------------|-----------------|------------------------------|
| Guarantee of product safety during use (Protecting consumers' health and safety) | Anti-seismic performance (housing) [Rate of acquisition of the highest grade] | Percentage of housing units granted the highest grade for anti-seismic performance (with structural devices to prevent collapse) under the mandatory housing performance indication system The above percentage converted to a scale of 25 * Evaluation used the total corporate values shown in the reference material which specifies the values compiled for each region. | 90.1% | 93.0% | 88.7% (22 pts) | |
| | Percentage of implementation of special inspection regarding product performance and specifications | Rate of complete implementation: the number of cases of special inspection completed divided by the number of units requiring/entitled to special inspection Below 80%: 0, 80%–below 85%: 5, 85%–below 90%: 10, 90%–below 95%: 15 , 95%–below 100%: 20, 100%: 25 (25 points if the number of units requiring or entitled to special inspection is 0) * Rate of complete implementation within the scheduled period from the time of notification of special inspection; only units on which special inspection is completed within the same fiscal year are taken into account. | 89.2% | 100% | 90% (15 pts) | |
| Adequate after-sales service and appropriate handling of complaints (Consumer service, support, and complaint and dispute resolution) | Customer (single-family house owner) satisfaction | Percentage of responses of "Excellent" and "Good" in a questionnaire survey for single-family house owners The above percentage converted to a scale of 25 * In the questionnaire survey, respondents were invited to choose from four responses, "Excellent," "Good," "Not very good," and "Poor," to the question, "How do you find your house?" | 96.3% | 100% | 96.6% (24 pts) | |
| | Customer (cluster housing owner) satisfaction | Percentage of satisfied respondents in a questionnaire survey for condominium owners The above percentage converted to a scale of 25 * In the questionnaire survey, respondents were invited to choose from four responses, "Satisfied," "Somewhat satisfied," "Not satisfied," and "Dissatisfied." | 60.2% | 100% | 62.2% (15 pts) | |

Community involvement and development

| Issues of social responsibility (★ = priority themes) | Concrete indices | Assessment method (sections corresponding to FY 2015 results in red) | FY 2014 results | FY 2015 targets | FY 2015 results | Remarks (related data, etc.) |
|--|--|---|---|--|--|---------------------------------|
| Active involvement in, and collaboration with other parties for local community development (Community involvement)★ | Activities contributing to society (Head Office, branch offices) | ① Number of cases by the Head Office Below 30: 0, 30–below 40: 5, 40–below 50: 8, 50 or above: 10 ② Rate of implementation by branch offices (twice a year or more) Below 60%: 0, 60%–below 65%: 5, 65%–below 70%: 10, 70% or above: 15 Sum of ① and ② | ① Head Office: 98 cases ② Branch offices 100% | ① Head Office: 75 cases ② Branch offices 100% | ① Head Office: 92 cases ② Branch offices 100% (25 pts) | |
| | Collaboration with NPOs and NGOs (Head Office, branch offices) | ① Number of cases by the Head Office 0 cases: 0, 1–below 10: 5 , 10–below 20: 8, 20 or above: 10 ② Rate of implementation by branch offices (once a year or more) 0%: 0, above 0%–below 5%: 5, 5%–below 10%: 10, 10% or above: 15 Sum of ① and ② | ① Head Office: 20 cases ② Branch offices 27.7% | ① Head Office: 20 cases ② Branch offices 30% | ① Head Office: 6 cases ② Branch offices 60.6% (20 pts) | |
| | Cooperation with local organizations (Head Office, branch offices) | ① Number of cases by the Head Office 0 cases: 0, 1–below 15: 5, 15–below 30: 8, 30 or above: 10 ② Rate of implementation by branch offices (once a year or more) 0%: 0, above 0%–below 25%: 5, 25%–below 50%: 10, 50% or above: 15 Sum of ① and ② | ① Head Office: 73 cases ② Branch offices 78.7% | ① Head Office: 50 cases ② Branch offices 75% | ① Head Office: 30 cases ② Branch offices 64.9% (25 pts) | |
| Investment in local community development (Social investment)★ | Budget for social contribution | Percentage of social contribution budget in the ordinary profit (average of the five years up to the previous FY) Below 0.6%: 0, 0.6%–below 0.7%: 5, 0.7%–below 0.8%: 10, 0.8%–below 0.9%: 15, 0.9%–below 1.0%: 20, 1.0% or above: 25 | 2.8% | 1.0% or above | 1.62% (25 pts) | |
| | Donations and fund-raising (Rate of employee involvement) | Rate of involvement obtained by dividing the number of employees subscribing to the Endless and Heart Donation programs by the total number of employees at the year-end Below 20%: 0, 20%–below 25%: 5 , 25%–below 30%: 10, 30%–below 35%: 15, 35%–below 40%: 20, 40% or above: 25 | 23.3% | 25.0% | 21.9% (5 pts) | |
| | Rate of obtainment of holidays for volunteerism | Rate obtained by dividing the number of holidays obtained by the total number of employees at the year-end Below 5%: 0, 5%–below 10%: 10, 10%–below 15%: 15, 15%–below 20%: 20, 20% or above: 25 | 14.0% | 20.0% | 23.5% (25 pts) | |

Environment

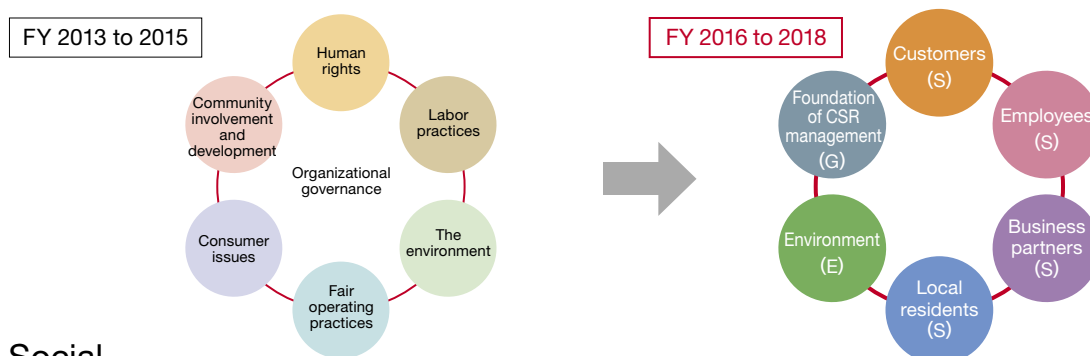
| Issues of social responsibility (★ = priority themes) | Concrete indices | Assessment method | FY 2014 results | FY 2015 targets | FY 2015 results | Remarks (related data, etc.) |
|--|--|---|------------------------------------|-----------------------------------|---|---------------------------------|
| Prevention of environmental pollution [water, air, soil, etc.] (Prevention of pollution) | Rate of decrease (%) from the FY 2012 figure in the quantity of construction-derived waste materials per unit of sales [Production] | Rate of achievement of the FY 2015 target (+1.0%) converted to a scale of 25 [3 Group companies] | –13.6% | +1% | –9.3% (25 pts) | |
| | Rate of decrease (%) from the FY 2012 figure in the quantity of construction-derived waste materials per unit of construction site surface area [Construction] | Rate of achievement of the FY 2015 target (–13.0%) converted to a scale of 25 [3 Group companies] | –14.7% | –13% | –19.5% (25 pts) | |
| Reduction of CO ₂ emissions and addressing of global warming (Mitigation of climate change and adaptation to climate change) (Protection of the environment, biodiversity and restoration of natural habitats)★ | Contribution to overall CO ₂ reduction (10,000 t-CO ₂) | Rate of achievement of the FY 2015 target (4.2 million t-CO ₂) converted to a scale of 25 [5 Group companies] | 3.902 million t-CO ₂ | 4.2 million t-CO ₂ | 3.712 million t-CO ₂ (22 pts) | |
| | Rate of decrease (%) from the FY 2005 figure in CO ₂ emissions per unit of sales | Rate of achievement of the FY 2015 target (42.0%) converted to a scale of 25 [32 Group companies] | –43.6% | –42% | –50.7% (25 pts) | |
| | Rate of conformity (%) to in-house criteria for biodiversity protection (Development) Green space surface area (m ²) | ① Rate of conformity to the in-house criteria for biodiversity protection (Development) ② Green space surface area (m ²) Average of the rates of achievement of the FY 2015 targets, ① development: 95.0% or above and ② 850,000 m ² , converted to a scale of 25 [① Daiwa House Industry Co., Ltd., ② 3 Group companies] | ① 100% ② 761,000 m ² | ① 95% ② 850,000 m ² | ① 100% ② 724,000 m ² (23 pts) | |

Financial indices

| Issues of social responsibility | Concrete indices | Assessment method | FY 2014 results | FY 2015 targets | FY 2015 results | Remarks (related data, etc.) |
|---------------------------------|--|--|-----------------|-----------------|------------------|--|
| | Profitability (Numerical index based on the operating profit ratio) | ① Average of the return on total assets of the last three years ② Average of the ratios of operating profit to sales in the last three years Numerical indication based on ① and ② (on a scale of 100) then converted to a scale of 25 | 70 pts | 75 pts | 80 pts (20 pts) | Published in the short-term financial report FY 2015 consolidated business results |
| | Growth (Numerical index based on the growth rates of sales and operating CF) | ① Average annual sales growth rate of the last three years ② Average annual operating CF growth rate of the last three years Numerical indication based on ① and ② (on a scale of 100) then converted to a scale of 25 | 50 pts | 70 pts | 90 pts (23 pts) | Published in the short-term financial report FY 2015 consolidated business results |
| | Safety (Numerical index of resistance to the interest payment burden) | Rate of resistance to interest payment burden = (pre-tax profit + interest to pay) divided by interest to pay Numerical indication based on the above (on a scale of 100) then converted to a scale of 25 | 100 pts | 100 pts | 100 pts (25 pts) | Published in the short-term financial report FY 2015 consolidated business results |

CSR self-assessment indices (CSR indicators)

In fiscal 2006, Daiwa House Group implemented a CSR self-assessment index to measure CSR activity results and “visualization.” This has been beneficial in making improvements to CSR activities. Since fiscal 2013, we were setting up and operating the index based on ISO 26000 international standards, but to clearly convey the “spirit of co-creating a brighter future with our stakeholders,” we have reorganized the topics by setting 26 priority issues and 47 indices based on stakeholder input, and revised the index to be shaped around ESG (environment, society, governance), as based on our newly-formulated Medium-Term CSR Plan. As a new endeavor, we have determined a three-year objective in accordance with the Fifth Medium-Term Management Plan put into effect in fiscal 2016. While incorporating the PDCA cycle, our aim is to strengthen our management foundation and to achieve performance objectives.



Social

Customers

* Point allocation for each index was 25 points in total for all items.

* Two indices were set for social priority issues (customers, employees, business partners, local residents), and three indices were set for the most important priority issues (★) to implement weighted scoring.

| Priority issues (★ = The most important priority issues) | New | Indices | Individual indices | Targets in three years | Assessment method |
|---|-----|---|---|------------------------|--|
| Provide high quality products | ○ | No-charge after-service amount within one-year of handover | Rate of long-term excellent housing | 90% or above | Ratio of houses certified under the Long-Life Quality Housing Certification System, converted to a scale of 25 pts. |
| | | | No-charge after-service amount within one-year of handover | Below 10 pts | 60 pts or above: 0 pts, 40 pts–below 60 pts: 5 pts, 30 pts–below 40 pts: 10 pts, 20 pts–below 30 pts: 15 pts, 10 pts–below 20 pts: 20 pts, Below 10 pts: 25 pts |
| | | | No-charge after-service amount within one-year of handover | Below 10 pts | 60 pts or above: 0 pts, 40 pts–below 60 pts: 5 pts, 30 pts–below 40 pts: 10 pts, 20 pts–below 30 pts: 15 pts, 10 pts–below 20 pts: 20 pts, Below 10 pts: 25 pts |
| | | | No-charge after-service amount within one-year of handover | Below 10 pts | 60 pts or above: 0 pts, 40 pts–below 60 pts: 5 pts, 30 pts–below 40 pts: 10 pts, 20 pts–below 30 pts: 15 pts, 10 pts–below 20 pts: 20 pts, Below 10 pts: 25 pts |
| | ○ | Percentage of implementation of special inspection regarding product performance and specifications | Percentage of implementation of special inspection regarding product performance and specifications | 100% | Below 80%: 0 pts, 80%–below 85%: 5 pts, 85%–below 90%: 10 pts, 90%–below 95%: 15 pts, 95%–below 100%: 20 pts, 100%: 25 pts |
| | | | Percentage of implementation of special inspection regarding product performance and specifications | 100% | Below 80%: 0 pts, 80%–below 85%: 5 pts, 85%–below 90%: 10 pts, 90%–below 95%: 15 pts, 95%–below 100%: 20 pts, 100%: 25 pts |
| Proper communication with customers | ○ | Improved skill for communicating with customers | Rate of participation in new employee training | 100% | Below 80%: 0 pts, 80%–below 90%: 5 pts, 90%–below 95%: 10 pts, 95%–below 98%: 15 pts, 98%–below 100%: 20 pts, 100%: 25 pts |
| | | | Rate of participation in new employee training | 100% | Below 80%: 0 pts, 80%–below 90%: 5 pts, 90%–below 95%: 10 pts, 95%–below 98%: 15 pts, 98%–below 100%: 20 pts, 100%: 25 pts |
| | | | Rate of employee participation in training for each level, and local seminars | 95% | Below 80%: 0 pts, 80%–below 85%: 5 pts, 85%–below 90%: 10 pts, 90%–below 92%: 15 pts, 92%–below 95%: 20 pts, 95% or above: 25 pts |
| | | | Rate of participation of beginner employees (new employees - third year) training, and tax training for all employees | 100% | Below 80%: 0 pts, 80%–below 90%: 5 pts, 90%–below 95%: 10 pts, 95%–below 98%: 15 pts, 98%–below 100%: 20 pts, 100%: 25 pts |
| | | | Rate of participation in role-playing competitions for sales employees within two years of joining the company | 100% | Below 80%: 0 pts, 80%–below 90%: 5 pts, 90%–below 95%: 10 pts, 95%–below 98%: 15 pts, 98%–below 100%: 20 pts, 100%: 25 pts |
| | ○ | No. of proposals made directly to the head office | Degree of satisfaction of support during construction and after concluding agreement in one-month questionnaire | 80% or above | Rate of how much evaluations of sales' handling after concluding the agreement, and that reporting and contacting during implementation by the construction in the one-month CS questionnaire were the highest very good occupied the total Below 30%: 0 pts, 30%–below 50%: 5 pts, 50%–below 60%: 10 pts, 60%–below 70%: 15 pts, 70%–below 80%: 20 pts, 80% or above: 25 pts |
| | | | No. of proposals made directly to the head office | 0 | 5 or above: 0 pts, 4: 5 pts, 3: 10 pts, 2: 15 pts, 1: 20 pts, 0: 25 pts * Letter to representative; telephone calls, emails, and visits to head office reception |
| | | | No. of proposals made directly to the head office | 0 | 5 or above: 0 pts, 4: 5 pts, 3: 10 pts, 2: 15 pts, 1: 20 pts, 0: 25 pts * Letter to representative; telephone calls, emails, and visits to head office reception |
| | | | No. of proposals made directly to the head office | 0 | 5 or above: 0 pts, 4: 5 pts, 3: 10 pts, 2: 15 pts, 1: 20 pts, 0: 25 pts * Letter to representative; telephone calls, emails, and visits to head office reception |
| | | | No. of proposals made directly to the head office | 0 | 5 or above: 0 pts, 4: 5 pts, 3: 10 pts, 2: 15 pts, 1: 20 pts, 0: 25 pts * Letter to representative; telephone calls, emails, and visits to head office reception |
| Long-term efforts to earn trust ★ | | Customer (owner) satisfaction | Degree of satisfaction in one-month questionnaire | 80% or above | Rate of how much I'm happy I used your company, and the highest evaluation of very good in the Overall Handling in the one-month CS questionnaire occupied the total Below 30%: 0 pts, 30%–below 50%: 5 pts, 50%–below 60%: 10 pts, 60%–below 70%: 15 pts, 70%–below 80%: 20 pts, 80% or above: 25 pts Calculated the average of the above. |

| Priority issues (★ = The most important priority issues) | New | Indices | Individual indices | Targets in three years | Assessment method |
|--|-----|---|---|---------------------------|---|
| Long-term efforts to earn trust ★ | | Customer (owner) satisfaction | Degree of satisfaction in resident questionnaire and owner questionnaire | 80% or above | Below 30%: 0 pts, 30%–below 50%: 5 pts, 50%–below 60%: 10 pts, 60%–below 70%: 15 pts, 70%–below 80%: 20 pts, 80% or above: 25 pts |
| | | | Degree of satisfaction in handover questionnaire by customer | 80% or above | Rate that Very satisfied and Satisfied in the Overall Evaluation in the handover questionnaire by customer occupy the total Below 30%: 0 pts, 30%–below 50%: 5 pts, 50%–below 60%: 10 pts, 60%–below 70%: 15 pts, 70%–below 80%: 20 pts, 80% or above: 25 pts |
| | | | Degree of satisfaction in relationship DM with existing owners | 80% or above | Below 30%: 0 pts, 30%–below 50%: 5 pts, 50%–below 60%: 10 pts, 60%–below 70%: 15 pts, 70%–below 80%: 20 pts, 80% or above: 25 pts |
| | | | Degree of satisfaction three months before taking residence | 1.25 pts | For the overall evaluation points: With Very Satisfied = 2; Satisfied = 1; Dissatisfied = -1; and Very Dissatisfied = -2, calculated the average of seven items (Handling from visiting the site to concluding agreement, handling residents explanatory meeting, handling private viewings, handling after concluding agreement, handling temporary after-care, handling of three-month inspection, and degree of purchasing satisfaction) |
| | ○ | Long-term viewpoint evaluations | Degree of satisfaction in ten-year inspection questionnaire | 100% | For Very Good, and Good in the total degree of satisfaction of the CS 10-year questionnaire: Below 80%: 0 pts, 80%–below 85%: 5 pts, 85%–below 90%: 10 pts, 90%–below 95%: 15 pts, 95%–below 100%: 20 pts, 100%: 25 pts |
| | | | Increase/decrease in re-ordering rate | 20% or above | Below 0%: 0 pts, 0%–below 5%: 5 pts, 5%–below 10%: 10 pts, 10%–below 15%: 15 pts, 15%–below 20%: 20 pts, 20% or above: 25 pts |
| | | | Increase/decrease in re-ordering rate to total amount of orders | 20% or above | Below 0%: 0 pts, 0%–below 5%: 5 pts, 5%–below 10%: 10 pts, 10%–below 15%: 15 pts, 15%–below 20%: 20 pts, 20% or above: 25 pts |
| | | | Rate of reordering by existing owners | 30% or above | Below 25%: 0 pts, 25%–below 26%: 5 pts, 26%–below 27%: 10 pts, 27%–below 28%: 15 pts, 28%–below 29%: 15 pts, 29%–below 30%: 20 pts, 30% or above: 25 pts |
| | | | Degree of total satisfaction in condominium association's board of directors questionnaire after 10 years | 80% or above | Rate of selection of Very Satisfied, or Satisfied in the 7 levels in the total degree of satisfaction in a questionnaire conducted by Daiwa LifeNext Co., Ltd., a group management company |
| | ○ | Questionnaire evaluation after taking residence | Rate of highest evaluation of intention to introduce in one-month questionnaire | 70% or above | Below 20%: 0 pts, 20%–below 40%: 5 pts, 40%–below 50%: 10 pts, 50%–below 60%: 15 pts, 60%–below 70%: 20 pts, 70% or above: 25 pts |
| | | | Intention to introduce in questionnaire evaluation after taking residence | 65% or above | Below 30%: 0 pts, 30%–below 35%: 5 pts, 35%–below 45%: 10 pts, 45%–below 55%: 15 pts, 55%–below 65%: 20 pts, 65% or above: 25 pts |
| | | | Rate of orders from introductions by owner member | 5% or above | Below 1%: 0 pts, 1%–below 2%: 5 pts, 2%–below 3%: 10 pts, 3%–below 4%: 15 pts, 4%–below 5%: 20 pts, 5% or above: 25 pts |
| | | | Degree of recommendations to friends and acquaintances | 95% or above | Average of three times of rate of selecting Will Actively Recommend, or I Would Recommend, in the Degree of recommendations to friends and acquaintances, in the questionnaire after taking residence (three months, one year, and two years) |

Employees

| Priority issues (★ = The most important priority issues) | New | Indices | Targets in three years | Assessment method |
|--|-----|--|---------------------------|---|
| Provide a safe and healthy work environment | | Rate of obtainment of paid holidays | 70% | Below 30%: 0 pts, 30%–below 40%: 5 pts, 40%–below 50%: 10 pts, 50%–below 60%: 15 pts, 60%–below 70%: 20 pts, 70% or above: 25 pts |
| | ○ | Diagnosis (living practices) score in the health analysis score | 70 pts | Below 50 pts: 0 pts, 50 pts–below 55 pts: 5 pts, 55 pts–below 60 pts: 10 pts, 60 pts–below 65 pts: 15 pts, 65 pts–below 70 pts: 20 pts, 70 pts or above: 25 pts |
| Develop human resources ★ | | Degree of satisfaction of employees to overall human resources training | 85% | Measured degree of satisfaction of status of overall human resources training for all employees Below 50 pts: 0 pts, 50 pts–59 pts: 5 pts, 60 pts–69 pts: 10 pts, 70 pts–79 pts: 15 pts, 80 pts–89 pts: 20 pts, 90 pts or above: 25 pts |
| | ○ | Evaluation of OJT | ① 80% ② 80% | ① Degree of new employee satisfaction of OJT Below 60%: 0 pts, 60%–69%: 5 pts, 70%–79%: 10 pts, 80% or above: 15 pts ② Rate of self-assessment of older employees Below 60%: 0 pts, 60%–69%: 4pts, 70%–79%: 8pts, 80% or above: 10 pts Total of ① and ② |
| | | Rate of acquisition of professional qualifications by young employees | ① 20% ② 25% | ① Passing rate of registered real-estate brokers Below 10%: 0 pts, 10%–below 15%: 5 pts, 15%–below 20%: 10 pts, 20% or above: 15 pts ② Passing rate of the examination for second-class architects Below 15%: 0 pts, 15%–below 20%: 4 pts, 20%–below 25%: 8 pts, 25% or above: 10 pts Total of ① and ② |
| Create a workplace where a diverse range of employees can work flexibly ★ | ○ | Acquisition rate of male absence from work for child-rearing | 50% | Below 30%: 0 pts, 30%–below 35%: 5 pts, 35%–below 40%: 10 pts, 40%–below 45%: 15 pts, 45%–below 50%: 20 pts, 50% or above: 25 pts |
| | | No. of female managers | 160 | Below 120: 0 pts, 120 or above: 5 pts, 130 or above: 10 pts, 140 or above: 15 pts, 150 or above: 20 pts, 160 or above: 25 pts |
| | | Rate of employees with disabilities | 2.30% | Below 2.10%: 0 pts, 2.10%–below 2.15%: 5 pts, 2.15%–below 2.20%: 10 pts, 2.20%–below 2.25%: 15 pts, 2.25%–below 2.30%: 20 pts, 2.30% or above: 25 pts |
| Provide employment opportunities for exceptional human resources | ○ | Rate of hiring of new graduate females (general employees) | 30% | Below 22%: 0 pts, 22%–below 24%: 5 pts, 24%–below 26%: 10 pts, 26%–below 28%: 15 pts, 28%–below 30%: 20 pts, 30% or above: 25 pts |
| | ○ | No. of hirings of qualified engineers | 150 | No. of hirings of First-class Architects, Second-class Architects, First-class Construction Managing Engineers, First-class Electrical Construction Managing Engineers, First-class Plumbing Construction Managing Engineers, First-class Civil Construction Managing Engineers, and others Below 110: 0 pts, 110–below 120: 5 pts, 120–below 130: 10 pts, 130–below 140: 15 pts, 140–below 150: 20 pts, 150 or above: 25 pts |

Business partners

| Priority issues (★ = The most important priority issues) | New | Indices | Individual indices | Targets in three years | Assessment method |
|---|-----|--|--|------------------------|---|
| Fair competition | | Rate of conflict resolution within one month from reporting by business partners with regard to subcontracting law | | 100% | Rate of conflict resolution within one month from reporting, converted to a scale of 25 |
| | | Responsible action toward all business partners | Questionnaire survey for business partners about Daiwa House Industry employees' conduct | ① 70% ② 75% | ① Rate of response ② Percentage of respondents who stated "no problem" with regard to Daiwa House Industry employees Average of ① and ②, converted to a scale of 25 |
| | | | Appropriateness of duties contracted to business partners based on in-house criteria | 80% or above | Supervision of purchasing duties handled by the Purchasing Department at branch offices across Japan (in-house criteria) Percentage of branch offices evaluated "Fair" under quantitative evaluation items, converted to a scale of 25 |
| Encourage business partners in CSR efforts ★ | ○ | Education of in-house employees | Rate of participation in training by level of purchasing employees | 95% | Below 75%: 0 pts, 75%–below 80%: 5 pts, 80%–below 85%: 10 pts, 85%–below 90%: 15 pts, 90%–below 95%: 20 pts, 95% or above: 25 pts |
| | | | Rate of participation in training by construction managers | 100% | Evaluating point=(participation rate – 86%) × 12/14 + 13 |
| | ○ | Evaluation of business partners and purchasing work based on in-house criteria | | 4.5 pts or above | Supervision of purchasing duties handled by the Purchasing Department at branch offices across Japan (in-house criteria) For nationwide average points of quantitative evaluation points (question 2) Below 2.5 pts: 0 pts, 2.5 pts–below 3 pts: 5 pts, 3 pts–below 3.5 pts: 10 pts, 3.5 pts–below 4 pts: 15 pts, 4 pts–below 4.5 pts: 20 pts, 4.5 pts or above: 25 pts |
| | ○ | Rate of response of self-checks based on the Business Partner Code of Conduct | | 70% | Below 50%: 0 pts, 50%–below 54%: 5 pts, 55%–below 60%: 10 pts, 60%–below 65%: 15 pts, 65%–below 70%: 20 pts, 70% or above: 25 pts |
| Improve labor conditions and ensure human resources for construction subcontractors ★ | ○ | No. of employees trained on-site | | ① 500 ② 330 | ① Housing: Evaluation points for no. of construction shop training assistants = (no. of assistants – 400) × 12/100 + 13 ② Architecture: Evaluation points for no. of excellent people in engineer/technician certification system = (no. of certifications – 250) × 12/80 + 13 Average of ① and ②, converted to a scale of 25 |
| | | No. of labor accidents | | –20% | Rate of decrease from the previous FY in the number of labor (on-site) accidents Below 0%: 0 pts, 0%–below 5%: 5 pts, 5%–below 10%: 10 pts, 10%–below 15%: 15 pts, 15%–below 20%: 20 pts, 20% or above: 25 pts |
| | ○ | No. of support company members | | 4,800 | Evaluation points=(no. of members – 4,500) × 12/300 + 13 |

Local residents

| Priority issues (★ = The most important priority issues) | New | Indices | Targets in three years | Assessment method |
|---|-----|---|---------------------------|--|
| Active involvement in, and collaboration with other parties for local community development ★ | | Collaboration with NPOs and NGOs | 50% | Below 30%: 0 pts, 30%–below 35%: 5 pts, 35%–below 40%: 10 pts, 40%–below 45%: 15 pts, 45%–below 50%: 20 pts, 50% or above: 25 pts |
| | ○ | Participation rate in endless donations | 25% | Below 20%: 0 pts, 20%–below 22%: 5 pts, 22%–below 23%: 10 pts, 23%–below 24%: 15 pts, 24%–below 25%: 20 pts, 25% or above: 25 pts |
| | ○ | Amount conversion of community co-creation activities by branch offices | 300 million yen | Below 100 mil. yen: 0 pts, 100 mil. yen–below 150 mil. yen: 5 pts, 150 mil. yen–below 200 mil. yen: 10 pts, 200 mil. yen–below 250 mil. yen: 15 pts, 250 mil. yen–below 300 mil. yen: 20 pts, 300 mil. yen or above: 25 pts |
| Contribute to the community by sharing business knowledge gleaned through experience | ○ | No. of classes given by dispatched instructors (D's School: Risk reduction, living environment) | 20 | Below 5: 0 pts, 5–below 10: 10 pts, 10–below 15: 15 pts, 15–below 20: 20 pts, 20 or above: 25 pts |
| | ○ | No. of cases of education support (Other: Career education, member of society instructor, on-site experience, and others) | 70 | Below 10: 0 pts, 10–30: 5 pts, 30–50: 10 pts, 50–60: 15 pts, 60–70: 20 pts, 70 or above: 25 pts |

Environment

Environment

| Priority issues | New | Indices | | Targets in three years | Assessment method |
|---|-----|-----------------------|--|---|--|
| Prevention of global warming | | Business activities | Rate of decrease (%) from the FY 2005 figure in CO ₂ emissions per unit of sales | 33% reduction | Rate of achievement of each year target converted to a scale of 25 |
| | | Products and services | Contribution to CO ₂ reduction (10,000 t-CO ₂) | 3,900,000 t | Rate of achievement of each year target converted to a scale of 25 |
| Harmony with the natural environment (Preservation of biodiversity) | ○ | Procurement | Ratio of C-ranked wood | 0% | Rate of achievement of each year target converted to a scale of 25 |
| | | Products and services | Surface area of green spaces | 910,000 m ² | Rate of achievement of each year target converted to a scale of 25 |
| Conservation of natural resources | | Business activities | Rate of decrease (%) from the FY 2012 figure in the quantity of construction-derived waste materials | Manufacturing: 14% reduction New construction: 15% reduction | Rate of achievement of each year target converted to a scale of 25 |
| | ○ | | Recycling rate (%) [Manufacturing, new construction, civil engineering, demolition, renovation] | See below* | |
| | ○ | Products and services | Ratio of houses certified under the Long-Life Quality Housing Certification System | 90% | Rate of achievement of each year target converted to a scale of 25 |
| | ○ | | Adoption rate of pre-engineered buildings | 60% | |
| Water resource conservation | ○ | Business activities | Rate of decrease (%) from the FY 2012 figure in water consumption per unit of sales | 30% reduction | Rate of achievement of each year target converted to a scale of 25 |
| Prevention of chemical pollution | ○ | Business activities | Rate of decrease (%) from the FY 2012 figure in release and transfer of PRTR-listed hazardous substances | 40% reduction | Rate of achievement of each year target converted to a scale of 25 |
| Prevention of soil contamination | ○ | Procurement | Serious risks of soil contamination during land purchases | Zero | Rate of achievement of each year target converted to a scale of 25 |

* Manufacturing, new construction, civil engineering, demolition: 95% or higher; Renovation: 85% or higher

Governance

Foundation of CSR management

| Priority issues | New | Indices | Targets in three years | Assessment method |
|--------------------------------|-----|--|------------------------|---|
| Transparency | ○ | External assessment of ESG information disclosures | ① 4.0 ② 80% | ① Converted 4.0 to to a scale of 25 as a benchmark for FY 2015 of the FTSE 4Good rating ② Converted 80% to to a scale of 25 as a benchmark for 68.4% in FY 2015 for the status of GRI handling of ESG disclosure information. Took an average of the evaluation points above, and used external evaluation |
| Ethical conduct | | In-house CSR awareness survey | 80 pts | Below 50 pts: 0 pts, 50 pts–below 70 pts: 10 pts, 70 pts–below 75 pts: 15 pts, 75 pts–below 80 pts: 20 pts, 80 pts or above: 25 pts |
| Stakeholder engagement | | Attendants' satisfaction with Stakeholders' Meeting | 100% | ① Percentage of those who found the meeting ambience conducive to frank discussions ② Percentage of those who found the company's information easy to understand Average of the above two converted to a scale of 25 |
| Creation of a CSR mindset | ○ | No. of branch offices visited for CSR training | 83 | FY 2016: 0: 0 pts, 1–20: 10 pts, 21–25: 15 pts, 26–29: 20 pts, 30 or above: 25 pts FY 2017: Below 30: 0 pts, 31–50: 10 pts, 51–55: 15 pts, 56–59: 20 pts, 60 or above: 25 pts FY 2018: Below 60: 0 pts, 61–80: 10 pts, 81–82: 20 pts, 83: 25 pts |
| Risk management | ○ | Incidence rate of risks specified to be handled with priority | 50% reduction | Rate of reduction of generating risks specified to be handled with priority |
| Safety | ○ | Safe driving management | 20% or more reduction | Rate of reduction of accidents causing injury during work Below 1%: 0 pts, 1%–below 5%: 5 pts, 5%–below 10%: 10 pts, 10%–below 15%: 15 pts, 15%–below 20%: 20 pts, 20% or above: 25 pts |
| Human rights awareness-raising | | Human rights awareness-raising | ① 200% ② 100% | ① Rate of participation in human rights awareness training (Single) (Calculated by dividing the total number of recipients by the number of people as of March 31, 2016) ② Rate of human rights awareness training implementation (Excluding Daiwa House Industry, 31 companies in Group) Added ① and ② and converted to to a scale of 25 |
| Handle human rights issues | | Response to Corporate Ethics and Human Rights Helpline users (rate of conflict resolution) | 100% | Below 80%: 0 pts, 80%–below 85%: 5 pts, 85%–below 90%: 10 pts, 90%–below 95%: 15 pts, 95%–below 100%: 20 pts, 100%: 25 pts |



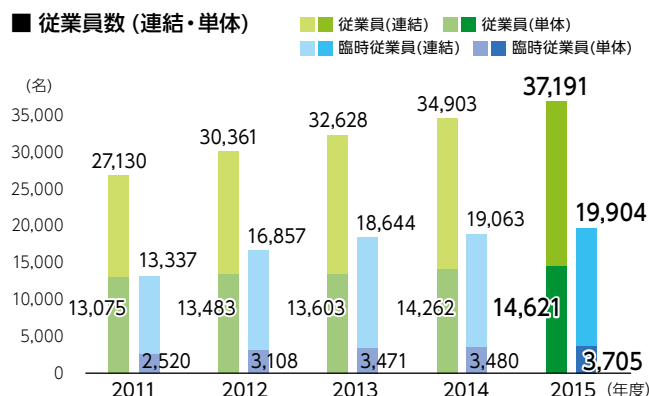
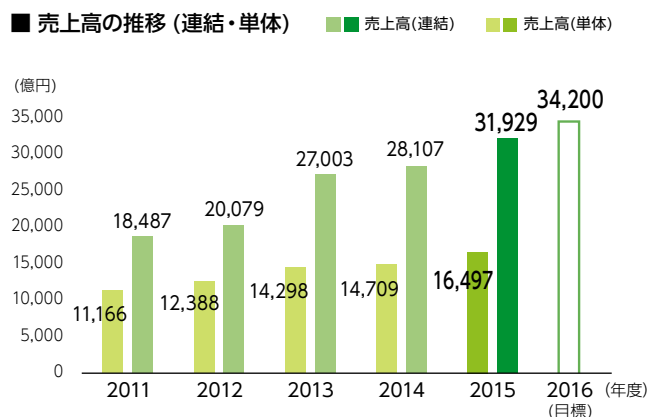
資料・データ編

目次

| | |
|--------------------------------------|-----|
| 目次・グループ概要 | 151 |
| 環境データの算定と報告について | 152 |
| 環境行動計画 (EGP 2015) の実績と自己評価 | 153 |
| 【戦略的環境活動】 | |
| ・スマート&エコ商品 | 155 |
| ・環境貢献型事業 | 155 |
| ・再生可能エネルギー (全量売電のみ) | 155 |
| ・省CO ₂ 先導プロジェクト | 156 |
| 【地球温暖化防止 (エネルギー・気候変動)】 | |
| ・CO ₂ 削減貢献度 | 157 |
| (ECOプロダクツ) | |
| ・CO ₂ 削減貢献量 (太陽光発電設置容量など) | 157 |
| (ECOプロセス) | |
| ・CO ₂ 排出量 | 159 |
| ・エネルギー使用量 | 159 |
| ・再生可能エネルギー (自家消費のみ・余剰売電) | 160 |
| ・バリューチェーンのCO ₂ 排出量 | 161 |
| 【自然環境との調和 (生物多様性保全)】 | |
| (ECOプロダクツ) | |
| ・開発・街づくりにおける生物多様性保全 | 163 |
| ・環境共生住宅 | 163 |
| (ECOプロセス) | |
| ・生態系に配慮した木材調達 | 163 |

| | |
|----------------------------------|-----|
| 【資源保護 (長寿命化、廃棄物削減、水資源保護、グリーン購入)】 | |
| (ECOプロダクツ) | |
| ・長期優良住宅認定率 | 166 |
| ・資源循環型建築商品 | 166 |
| (ECOプロセス) | |
| ・廃棄物排出量 | 167 |
| ・紙使用量・グリーン購入比率 | 169 |
| ・水使用量 | 169 |
| 【化学物質による汚染の防止】 | |
| (ECOプロセス) | |
| ・PRTR対象化学物質排出・移動量 | 171 |
| ・VOC排出量 | 171 |
| ・PRTR対象化学物質のマテリアルバランス | 172 |
| 【環境負荷マテリアルフロー、環境会計】 | |
| ・環境負荷マテリアルフロー | 173 |
| ・環境会計 | 173 |

グループ概要



環境データの算定と報告について

■ 基本事項

- ◇対象期間 : 2015年4月1日～2016年3月31日 (参考)全連結子会社数:142社 (国内:90社、海外:52社)
◇対象組織 : 大和ハウス工業および国内連結子会社32社 (2016年3月31日現在)

環境データの対象は、環境行動計画「エンドレス グリーン プログラム 2015」の対象組織である大和ハウス工業及び連結子会社32社の国内における事業活動です。ただし、各指標ごとに環境影響がない、または小さな会社については除外しています。

なお、対象としている33社における補捉率[※]は、95.2%と推計しています。

※対象会社の2015年度売上額の合計÷2015年度の連結売上額(ともに、内部取引相殺前)

また、海外拠点の環境負荷については、海外事業の売上高が連結売上高の約2.3%と小さいため、今年度は資料・データ編P61「海外拠点のCO₂排出量」でのみ開示しています。

さらに、環境マネジメント対象(連結子会社)に増減が生じた場合は、増減比較を容易にするため、下記の対応を基本としています。

【期中で対象組織が減った場合(売却など)】

該当組織のデータは、当該年度データの対象とせず、過去データからも除外する

【期中で対象組織が増えた場合(買収など)】

該当組織のデータを当該年度・基準年度データとも対象には含めず、次期環境行動計画より対象組織に含め、過去データも追加する

■対象の組織一覧(大和ハウス工業+32社)

大和ハウス工業(株)、大和リース(株)、(株)フジタ、(株)デザインアーク、大和物流(株)、大和リゾート(株)、ダイワロイヤルゴルフ(株)、ロイヤルホームセンター(株)、ダイワロイヤル(株)、大和情報サービス(株)、(株)大阪マルビル、スポーツクラブNAS(株)、大和エネルギー(株)、大和ランテック(株)、日本住宅流通(株)、大和リビングマネジメント(株)、大和リビング(株)、大和ハウスリフォーム(株)、大和ハウスインシュアランス(株)、エネサーブ(株)、大和ハウスフィナンシャル(株)、(株)メディアテック、大和ハウス・アセットマネジメント(株)、大和ライフネクスト(株)、大和ハウスライフサポート(株)、(株)伸和エージェンシー、大和ハウス・リート・マネジメント(株)、(株)東富士、大和コアファクトリー(株)、西協ロイヤルホテル(株)、大和ホームズオンライン(株)、(株)コスモスイニシア、大和ハウスパーキング(株)

■対象外の組織(110社)

| | |
|-------------------------|-----|
| 期中で連結子会社になった会社または設立した会社 | 1社 |
| 環境影響がないまたは小さい会社 | 57社 |
| 海外拠点の会社 | 52社 |

◇参考にした主なガイドライン

- ・GRI (Global Reporting Initiative) 「サステナビリティ レポーティング ガイドライン第4版(G4)」
- ・WBCSD/WRI 「A Corporate Accounting and Reporting standard (revised edition)」
- ・WBCSD/WRI 「Corporate Value Chain (Scope3) Accounting and Reporting Standard」
- ・環境省「環境報告ガイドライン(2012年版)」
- ・環境省「事業者からの温室効果ガス排出量算定方法ガイドライン」
- ・環境省・経済産業省「サプライチェーンを通じた温室効果ガス排出量算定に関する基本ガイドラインVer2.2」
- ・日本化学工業協会「CO₂排出削減貢献量算定のガイドライン」

◇基準年の設定と過去データの報告

環境行動計画の対象期間における前年度実績(現在は2012年度)を基準とし、その後3か年の実績を報告することを基本としています。なお、継続的な取り組みの経年変化を示すなど、必要に応じて3～5年程度の過去実績を報告しています。

◇CO₂排出係数

当社グループでは、当社自身の改善状況を正確に把握するため、原則として、環境行動計画の対象期間中(3 年)は固定値を使用することとしています。

燃料等については、基準年(現在は2012年度)の省エネ法(エネルギーの使用の合理化に関する法律)、温対法(地球温暖化対策推進に関する法律)にもとづく値を使用し、購入電力については、電気事業連合会が公表する2005年度 実績値(会員各社の平均)を使用しています。なお、再生可能エネルギー(売電)による相殺分の算定にあたっては、購入電力と同じ排出係数を用いています。

| | | | | | |
|-------|-------|------------------------|-------|-------|---|
| ・購入電力 | 0.423 | t-CO ₂ /MWh | ・灯油 | 2.489 | t-CO ₂ /kl |
| ・ガソリン | 2.322 | t-CO ₂ /kl | ・都市ガス | 2.234 | t-CO ₂ /1,000Nm ³ |
| ・軽油 | 2.585 | t-CO ₂ /kl | ・LPG | 2.999 | t-CO ₂ /t |
| ・A重油 | 2.710 | t-CO ₂ /kl | | | |

なお、CO₂の算定は、排出係数と数値データの決定に利用される科学的知識が不完全である等の理由により、固有の不確実性の影響を受けます

◇熱量換算係数

当社グループでは、エネルギー使用量について、熱量に関する国際単位系であるジュール(J)にて算出しており、各エネルギー種別ごとに下記の熱量換算係数を用いています。なお、再生可能エネルギー(自家消費)については、その使用によって、購入電力が削減したとみなし、購入電力と同じ熱量換算係数を用いています。

| | | | | | |
|-------|------|--------|-------|------|-------------------------|
| ・購入電力 | 9.76 | GJ/MWh | ・灯油 | 36.7 | GJ/kl |
| ・ガソリン | 34.6 | GJ/kl | ・都市ガス | 44.8 | GJ/1,000Nm ³ |
| ・軽油 | 37.7 | GJ/kl | ・LPG | 50.8 | GJ/t |
| ・A重油 | 39.1 | GJ/kl | | | |




環境行動計画 (EGP2015) の実績と自己評価







































各活動の「重点テーマ」に関する21項目のKPIのうち、14項目で目標を達成したものの、前年度より悪化した項目が5項目ありました。

| | 基本方針 | 重点テーマ | 管理指標 (KPI) | | 対象範囲 | 13年度実績 | 14年度実績 | |
|---------------------------------|--------------------------|---|------------------|------------------|---------|------------------------|------------------------|-------------------------------|
| 戦 略 的 環 境 活 動 | 住宅・建築、街づくりでの「スマート&エコ」の推進 | スマートシティへの取り組みを全国で加速 | 分譲住宅 | スマートシティの開発件数 | 大和ハウス工業 | 4件 | 7件 (累計11件) | |
| | | | 複合 | スマートシティの開発件数 | 大和ハウス工業 | 1件 | 1件 (累計2件) | |
| | | スマートハウス・スマートビルの普及を拡大 | スマート&エコ商品比率 | | 大和ハウス工業 | 37.9% | 38.5% | |
| | コア事業と連携した環境関連ビジネスの拡大 | 環境貢献型事業のさらなる成長 | 環境貢献型事業売上高 | | グループ | 1,762億円 (12年度比1.1倍) | 2,059億円 (12年度比1.3倍) | |
| | | 再生可能エネルギーによる発電事業の推進 | 発電容量 | | グループ | 56.9MW (12年度比4.8倍) | 101.5MW (12年度比8.5倍) | |
| | | | 再生可能エネルギー発電の割合 | 大和ハウス工業 | | 40% | 113% | |
| | | | | グループ | | 10% | 28% | |
| | 環境技術開発・環境マーケティング機能の強化 | 住宅・建築における次世代環境配慮商品の開発 | 住宅 | 生活者視点のスマートハウス開発 | | 大和ハウス工業 | [3電池制御システム]開発 | 太陽電池とリチウムイオン蓄電池のハイブリッドシステム]開発 |
| | | | 建築 | 次世代環境配慮型建築の進化 | | 大和ハウス工業 | [D's FEMS]開発 | [パッシブエアフローウィンドウ]開発 |
| | | 自社・グループ施設における省CO ₂ 先導プロジェクトの推進 | 新築 | スマートエコプロジェクト新規件数 | | グループ | 新規3件 | 新規5件 (累計8件) |
| 既存 | | | スマートエコプロジェクト累積件数 | | グループ | 4件 | 13件 | |

| | 基本方針 | 重点テーマ | | 管理指標 | | 対象範囲 | 13年度実績 | 14年度実績 |
|-------------|---|--------------|--|---|-----------------|-----------------|--|--|
| 基本的 環境活動 | <地球温暖化防止> 商品・サービス、事業活動 プロセスの両面で地球温 暖化対策を推進 | ECO プロダクツ | 環境配慮商品・サービスの普及に よるCO ₂ 削減貢献の拡大 | CO ₂ 削減貢献量 | | グループ | 342.6万トン (12年度比1.4倍) | 390.2万トン (12年度比1.6倍) |
| | | ECO プロセス | 事業活動プロセスに伴うCO ₂ 排出 の削減 | 売上高あたりCO ₂ 排出量 CO ₂ 排出総量 (再生可能エネルギー発電相殺後) | | グループ | 39.0%削減 (05年度比) 14.9%削減 (05年度比) | 43.6%削減 (05年度比) 25.1%削減 (05年度比) |
| | | ECO プロダクツ | 開発・街づくりにおける緑の保全・ 創出 | 開発 | 自主基準適合率 | 大和ハウス工業 | 100% | 100% |
| | 街 づくり | | | 緑被面積 | グループ | — | 761千㎡ | |
| | 分譲 住宅 | | | 環境共生住宅認定率 | 大和ハウス工業 | 47.6% | 48.5% | |
| | 環境目的 | 継続的改善テーマ | | 管理指標 | | 対象範囲 | 13年度実績 | 14年度実績 |
| | 資源保護 | ECO プロダクツ | 資源保護/循環に配慮した住宅・建 築物の普及 | 住宅 | 長期優良住宅認定率 | 大和ハウス工業 | 88.5% | 88.8% |
| | | | | 建築 | システム建築採用率 | 大和ハウス工業 | 21.9% | 24.2% |
| | | ECO プロセス | 生産・施工段階の廃棄物削減 | 生産 | 売上高あたり建設廃棄物排出量 | グループ | 5.9%削減 (12年度比) | 13.6%削減 (12年度比) |
| | | | | 新築 | 施工面積あたり建設廃棄物排出量 | グループ | 8.2%削減 (12年度比) | 14.7%削減 (12年度比) |
| | | | 建設廃棄物のリサイクル推進 | 生産 | リサイクル率 | グループ | 98.6% | 98.8% |
| | | | | 新築 | リサイクル率 | グループ | 96.3% | 96.5% |
| | | | | 土木 | リサイクル率 | フジタ | 99.8% | 98.8% |
| | | | | 改修 | リサイクル率 | グループ | 75.9% | 77.4% |
| | | | | 解体 | リサイクル率 | グループ | 95.4% | 95.8% |
| | | | | 環境目的 | 維持・管理テーマ | | 管理指標 | |
| | 自然環境との調和 (生物多様性保全) | ECO プロセス | 持続可能な木材の調達 | 木材調達ガイドラインの展開 | | グループ | 1社 | 3社 |
| | | | | 国産木材比率(木造住宅) | | 大和ハウス工業 | 88% | 90% |
| | 資源保護 | ECO プロセス | 事業活動プロセスに伴う紙・水使 用の抑制 | 紙 | 紙使用量 | 大和ハウス工業 | 1,061トン | 1,181トン |
| | | | | 水 | 売上高あたり水使用量 | グループ | 14.6%削減 (12年度比) | 17.4%削減 (12年度比) |
| | 化学物質による汚染の 防止 | ECO プロダクツ | 居住施設における室内空気質の 改善 | 住宅系 | 平均濃度達成率 | グループ | 96%以上 | 95%以上 |
| | | | | それ以外 | 平均濃度達成率 | | 100%以上 | 100%以上 |
| | | ECO プロセス | 生産段階における化学物質使用 の抑制 | 売上高あたりのPRTR対象化学物質の排出・ 移動量 売上高あたりのVOC(揮発性有機化合物) 排出量 | | グループ 大和ハウス工業 | 26.0%削減 (12年度比) 1.4%削減 (12年度比) | 34.8%削減 (12年度比) 7.2%削減 (12年度比) |

| | 基本方針 | 重点テーマ | 管理指標 | | 対象範囲 | 13年度実績 | 14年度実績 |
|-------------|---------|--------------------|------------------------|-------------|---------|----------|--------------------|
| 環境経営の 基盤 | 環境経営の基盤 | グローバル・取引先への環境活動の拡大 | 海外拠点における環境負荷の把握 | | グループ | 0社 | 100%子会社 (9社) |
| | | | 取引先組織を通じた環境活動 | | 大和ハウス工業 | — | CSR調達ガイド ラインの作成 |
| | | 全従業員の環境経営への参画意識の向上 | 環境業績 評価制度の 構築・運用 | Cランク以下の社数 | グループ | 2/15社 | 0/18社 |
| | | | | Cランク以下の事業所数 | 大和ハウス工業 | 24/93事業所 | 2事業所 |

-  : 2015年度目標達成
 : 2015年度目標未達成 (前年度より改善)
 : 2015年度目標未達成 (前年度より悪化)

| 15年度目標 | 15年度実績 | 自己評価 | | 関連ページ |
|---------------------------|---------------------------|---|--|------------------------|
| 4件以上 (累計15件) | 2件 (累計13件) |  | 分譲住宅では「セキユレア桜台」「スマ・エコアベニュー大宮小町」の2件、複合開発では、「光が丘エコタウン」、「セキユレアガーデン高尾サクラシティ」の2件の街を創出しました。分譲住宅では目標未達成でしたが、複合開発では目標を達成しました。 | P87、88、92、155 |
| 1件以上 (累計3件) | 2件 (累計4件) |  | | |
| 45%以上 | 42.1% |  | 全事業において省エネ・省CO ₂ の住宅・建築物の提案に取り組みましたが、昨年度まで順調に伸びていた太陽光発電システムの採用率が下がり、目標の達成にはいたりませんでした。 | P87、88、91、155 |
| 約2,100億円 (12年度比1.3倍) | 2,124億円 (12年度比1.3倍) |  | 環境エネルギー事業、住宅ストック事業を中心に順調に売上を拡大、目標を達成しました。 | P155 |
| 約120MW (12年度比10倍) | 162MW (12年度比13.6倍) |  | | |
| 120% | 163% |  | グループ全体で取り組んでいるドリームソーラープロジェクトを中心に、順調にメガソーラー事業を展開し、太陽光発電153MW、風力発電9MWを稼動。一方、継続的な省エネや節電活動により当社グループの購入電力量は、微増にとどまりました。その結果、目標を大幅に上回り達成しました。 | P86、90、155 |
| 30% | 40% |  | | |
| xexoΣ Grande開発 | xexoΣ Grande開発 |  | xexoΣの特長の一つである大開口を活かした開放的なプランと、ZEH基準を満たす高い断熱性能を両立させる「ハイクラスプラス断熱仕様」を新たに設定した「xexoΣGrande」を開発、目標を達成しました。 | P91 |
| システム建築 3 商品開発 ZEB建物25棟 | システム建築 3 商品開発 ZEB建物31棟 |  | システム建築の新商品「D's ALGO」「D-saju-LC」「D's READII」を開発。躯体の軽量化と分別解体を容易にするなど新しい建物利用提案を行いました。またNearlyZEB、ZEB Readyを含むZEB建物を31棟建設、目標を達成しました。 | P107 |
| 新規7件以上 (累計15件以上) | 新規12件 (累計20件) |  | 自社・グループ施設の新築工事において省エネ基準を3段階に分けて「スマートエコプロジェクト」の要件を設定し、共有することで意識を高めました。その結果、12件の施設がその要件を満たし、目標を達成しました。 | P88、156 |
| 13件(継続) | 13件(継続) |  | グループ13施設において、省エネ目標及び改善施策の立案・実行・レビューを行い、その成果を他施設に水平展開し、目標を達成しました。 | |
| 15年度目標 | 15年度実績 | 自己評価 | | 関連ページ |
| 420万トン (12年度比1.7倍) | 371.2万トン (12年度比1.5倍) |  | 戸建住宅xexoΣの拡販をはじめ、全事業において省エネルギーの住宅・建築物等の提案力強化に取り組みましたが、再生可能エネルギーの固定価格買取制度の買取価格引き下げ等により、前年度まで増加傾向にあった太陽光発電システムの設置が減少、目標の達成にはいたりませんでした。 | P88、157 |
| 42%削減 (05年度比) | 50.7%削減 (05年度比) |  | 2015年度は、自社・グループ施設(事務所・工場・商業施設)の新築工事において、ZEB化を目指した省CO ₂ 先導モデルプロジェクトを創出するとともに、既存施設では運用改善及び高効率空調機やLED照明などへの積極的な省エネ投資を進めました。その結果、グループ全体のエネルギー使用量が減少し、目標を達成しました。 | P90、159 |
| 22%削減 (05年度比) | 30.6%削減 (05年度比) |  | | P159 |
| 95%以上 | 100% |  | 生物多様性ガイドライン【開発・街づくり編】の6つの配慮項目に関してまとめたチェックリストに基づいた取り組みでは、自主基準適合率が昨年に引き続き100%を維持、目標を達成しました。 | P96-98、163 |
| 850千㎡ | 724千㎡ |  | 緑被面積拡大の目標を掲げて全事業で取り組みを推進しましたが、グループ会社の実績が大幅に減ったため、昨年を下回る結果となり、目標の達成にはいたりませんでした。 | |
| 80% | 35.3% |  | 分譲住宅で標準化を進めるなど取り組みを推進しましたが、目標の達成にはいたりませんでした。 | P98、163 |
| 15年度目標 | 15年度実績 | 自己評価 | | 関連ページ |
| 90% | 89.9% |  | 長期優良住宅の認定要件を満たす住宅の普及を推進したことにより、高い水準を維持したものの目標の達成にはいたりませんでした。 | P104、105、166 |
| 25% | 18.5% |  | 商品の改良や生産性の向上に努めましたが、新規出店の抑制や大型物件へのシフトにより、店舗用途においてシステム建築採用率が減少し、目標の達成にはいたりませんでした。 | P104、105、107、166 |
| 1%増加 (12年度比) | 9.3%削減 (12年度比) |  | 部材の納入寸法・梱包仕様の見直しや端材の有効活用、処理ルート見直しによる有価物化などの取り組みを推進した結果、目標を達成しました。 | |
| 13%削減 (12年度比) | 19.5%削減 (12年度比) |  | 施工部門だけではなく、設計部門とも協力して削減活動に取り組むことによって、目標を達成しました。 | |
| 98% | 98.7% |  | | P104、106、167、168、170 |
| 95% | 93.5% |  | | |
| 95% | 99.3% |  | 廃棄物の分別回収及び、廃棄物処理ルートの見直しを推進することにより、これまで同様に高いリサイクル率を維持することができ、生産・土木・解体部門では目標を達成しました。 | |
| 85% | 78.7% |  | | |
| 95% | 96.5% |  | | |
| 15年度目標 | 15年度実績 | 自己評価 | | 関連ページ |
| | 6社 |  | 新たにグループ3社(大和リース、フジタ、コスモスイニシア)に「木材調達ガイドライン」を展開し、グループ6社で持続可能な木材調達を推進。前年度より改善しました。 | P96、99、100、102、163-165 |
| | 91% |  | 国産木材の活用は、国内における森林の多面的機能の活性化につながると考え、安定調達が可能な範囲で国産木材の調達を進めた結果、前年度より改善しました。 | P163、164 |
| | 1,204トン |  | 会議のペーパーレス化や両面印刷、集約印刷を積極的に進めた結果、紙使用量は前年度に比べ微増にとどまりました。 | P169、170 |
| | 26.8%削減 (12年度比) |  | 水使用量の多いリゾートホテル・スポーツ施設・介護施設において、節水コマや節水型シャワーヘッド等の設置に取り組んだ結果、水使用量の削減が前年度に比べ大きく進みました。 | P108、169、170 |
| | 100%以上 |  | 低ホルムアルデヒド放散建材への切り替え効果により、前年度より改善しました。 | P110-112、172 |
| | 68% |  | 補修作業などの影響によりトルエンが一時的に高濃度となった建物があったため、前年度に比べ改善することができませんでした。 | |
| | 39.8%削減 (12年度比) |  | 当社戸建住宅・賃貸住宅部門において、外壁面材裏面固定技術の拡充により補修塗料を削減、また当社商業・事業施設部門や大和リースにおいて、塗料・シンナーの弱溶剤化を進めたことにより、前年度より改善しました。 | P110、113、114、171、172 |
| | 10.2%削減 (12年度比) |  | | |
| 15年度目標 | 15年度実績 | 自己評価 | | 関連ページ |
| 100%子会社 (10社) | 海外拠点及び連結子会社 すべて(52社) |  | すべての海外拠点および連結子会社において、事務所やホテルなどの施設・車両で使用されるエネルギーについて調査を実施し、環境負荷を算出、目標を達成しました。 | P159 |
| CSR調達ガイド ラインの発行 | CSR調達ガイド ラインの発行 |  | 2015年7月に「CSR調達ガイドライン」を発行。各サプライヤーに対して説明会を行い、調達段階における環境負荷低減及び、環境リスク低減の重要性についてご理解いただき、ガイドラインに対する同意書を受領、目標を達成しました。 | P93、94、99、100、111、118 |
| 0/18社 | 3/18社 |  | 各社高い目標を掲げて省エネ活動に取り組みましたが、再生可能エネルギーの固定価格買取制度の買取価格引き下げ等による太陽光発電システムの設置が減少するなどにより、18社中3社がCランクとなり、目標の達成にはいたりませんでした。 | P115 |
| 5事業所以下 | 13事業所 |  | ECOサポーターによる事業所の環境マネジメント活動が定着し、改善が見られましたが、評価基準の引き上げにより目標の達成にはいたりませんでした。 | P115、117 |

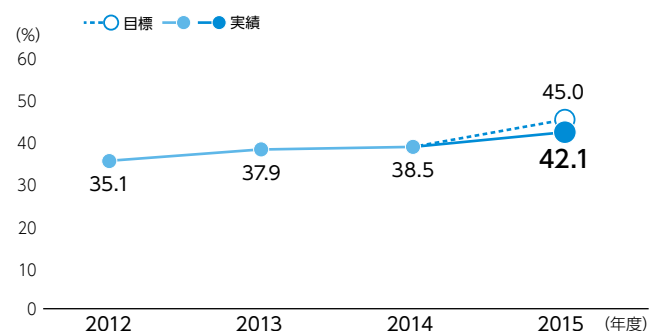
戦略的環境活動

スマート&エコ商品

■ スマートシティの開発実績(2015年度)

| | 物件名 | 区画数 | 建設地 |
|----|---------------------|--|-----------------|
| 住宅 | セキュレア桜台 | 30区画 | 東京都練馬区 |
| | スマ・エコアベニュー 大宮上小町 | 9区画 | 埼玉県さいたま市 大宮区 |
| 複合 | セキュレアシティ つくば学園の森 | 住宅:171区画 集会場:1棟 アパート:21棟 商業・教育施設:3棟 | 茨城県つくば市 |
| | セキュレア豊田柿本 | 住宅:21区画 集会場:1棟 アパート:2棟 | 愛知県豊田市柿本町 |

■ スマート&エコ商品比率の推移



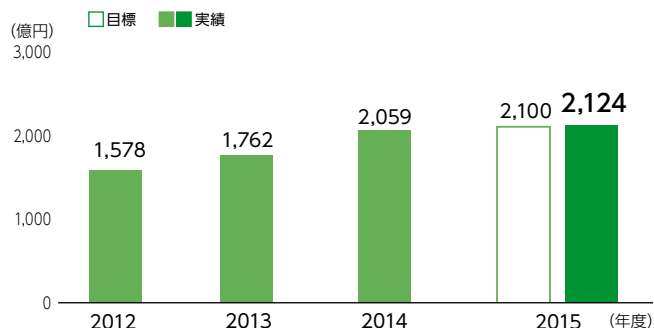
■ スマート&エコ商品比率の推移(部門別)

単位: %

| | 2012 | 2013 | 2014 | 2015 |
|-----------|------|------|------|------|
| 戸建住宅事業 | 64.3 | 64.1 | 65.0 | 56.9 |
| 賃貸住宅事業 | 低層 | 37.1 | 43.5 | 45.0 |
| | 中高層 | 22.0 | 11.1 | 35.6 |
| マンション事業 | 17.5 | 36.8 | 79.8 | 71.4 |
| 商業・事業施設事業 | 商業施設 | 3.5 | 10.9 | 5.4 |
| | 事業施設 | 23.7 | 18.8 | 10.3 |

環境貢献型事業

■ 環境貢献型事業売上高の推移

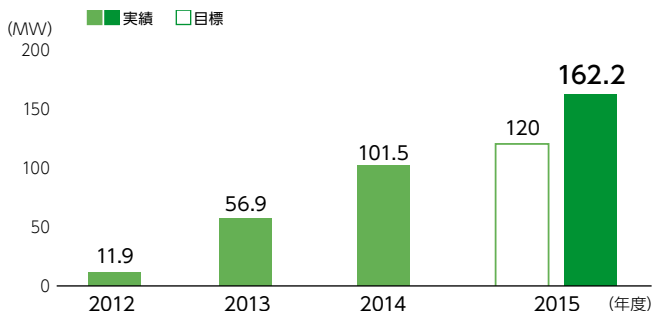


■ 環境貢献型事業売上高の推移(部門別)

単位: 億円

| | 2012 | 2013 | 2014 | 2015 |
|--------------|------|------|------|------|
| 環境エネルギー事業 | 317 | 517 | 720 | 807 |
| 住宅ストック事業 | 764 | 751 | 798 | 813 |
| リース事業 | 485 | 482 | 523 | 474 |
| 環境緑化事業 | 10 | 10 | 15 | 25 |
| 環境エンジニアリング事業 | 2 | 3 | 3 | 5 |

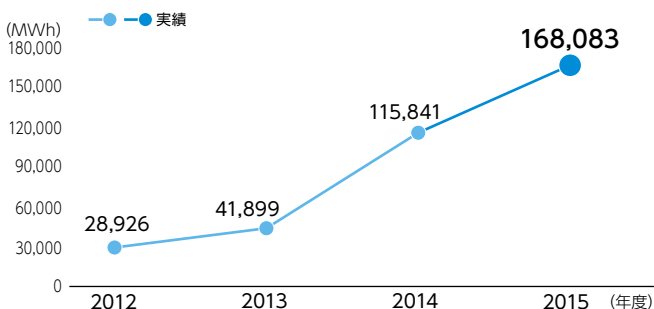
再生可能エネルギー

■ 再生可能エネルギーの発電設置容量の推移
(全量売電のみ)

■ 再生可能エネルギーの発電設備容量の推移(種類別)

単位: MW

| | 2012 | 2013 | 2014 | 2015 |
|-------|------|------|------|-------|
| 風力発電 | 9.0 | 9.0 | 9.0 | 9.0 |
| 太陽光発電 | 2.9 | 47.9 | 92.5 | 153.2 |

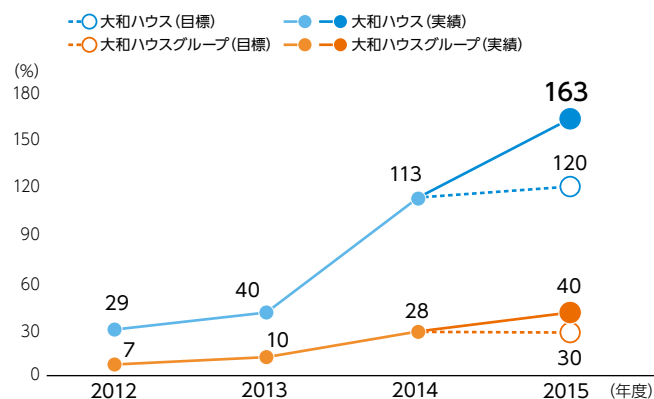
■ 再生可能エネルギーの発電量の推移
(全量売電のみ)

■ 再生可能エネルギーの発電量の推移(種類別)

単位: MWh

| | 2012 | 2013 | 2014 | 2015 |
|-------|--------|--------|--------|---------|
| 風力発電 | 28,574 | 28,747 | 26,926 | 26,549 |
| 太陽光発電 | 352 | 13,152 | 88,914 | 141,534 |

■ 購入電力に対する再生可能エネルギー発電割合の推移



省CO₂先導プロジェクト

■ 自社・グループ施設(新築)における省CO₂先導プロジェクト

| 物件名 | 竣工年月 | 用途 | 延面積 | 階数 | 環境性能 |
|--------------------|--------------|------------|------------|--------------|--|
| スポーツクラブ NAS大高店 | 2015年 10月 | スポーツ 施設 | 4,267.96㎡ | 地下1階 地上4階 | BEI:0.51 太陽光発電システム インバーター・コジェネ |
| BRANCH茅ヶ崎 事務所棟 | 2015年 4月 | 事務所 | 7,777.55㎡ | 地上3階 | CASBEE:Aランク 太陽光発電システム 壁面緑化 |
| BiVi千里山 | 2015年 3月 | 商業施設 | 6,726.76㎡ | 地下1階 地上3階 | CASBEE:Aランク 壁面緑化・屋上緑化 屋内緑化 |
| BiViつくば | 2015年 9月 | 商業施設 | 8,572.91㎡ | 地上5階 | CASBEE:Aランク BEI:0.55 壁面緑化・屋内緑化 |
| ロイヤルホーム センター津島店 | 2016年 2月 | 商業施設 | 17,200.00㎡ | 地上1階 | CASBEE:Sランク 太陽光発電システム 1.2MW・ZEB化 |

■ 自社・グループ施設(既存)における省CO₂先導プロジェクト

| 施設名 | 用途 | 基準年 | CO ₂ 削減率(基準年比) | | | |
|--------------------|-------------|------|---------------------------|--------------|--------------|--------------|
| | | | 2014年度 実績 | 2015年度 目標 | 2015年度 実績 | 2016年度 目標 |
| 大和ハウス大阪ビル | 事務所 | 2005 | 38.9% | 35.8% | 39.0% | 39.6% |
| 大和ハウス東京ビル | | 2005 | 26.5% | 30.5% | 29.7% | 30.4% |
| イースつくば | | 2010 | 4.0% | 12% | 14.2% | 14.6% |
| BiVi福岡 | 商業施設 | 2009 | 19.0% | 21% | 26.4% | 29.2% |
| コムボックス光明池 | | 2009 | 35.3% | 41% | 44.3% | 44.6% |
| 湘南モールフィル | | 2007 | 39.0% | 32% | 41.8% | 40.0% |
| ロイヤルホームセンター 西宮店 | | 2005 | 43.3% | 41.4% | 43.2% | 44.3% |
| 浜名湖ロイヤルホテル | リゾート ホテル | 2007 | 33.2% | 46% | 36.3% | 40.2% |
| 伊勢志摩ロイヤルホテル | | 2007 | 42.6% | 46% | 37.8% | 42.5% |
| 天橋立宮津ロイヤルホテル | | 2009 | 30.4% | 47% | 38.5% | 40.2% |
| 大和ハウス工業九州工場 | 工場 | 2005 | 61.0% | 63% | 62.1% | 63.0% |
| 大和リース関東工場 | | 2007 | 60.0% | 62% | 60.0% | 60.7% |
| デザインアーク三重工場 | | 2007 | 11% | 38% | 15.9% | 21.3% |

〈環境データの算定方法、対象範囲〉

■ スマート&エコ商品比率

◇概要

スマート&エコ商品比率とは、当社の提供する新築建物において、「スマートハウス・スマートビル」の普及拡大を図るにあたり、その進捗を評価するための指標です。
各事業ごとに「スマート&エコ商品」の定義を定め、当該年度に提供した新築建物のうち「スマート&エコ商品」に該当する割合を算定したうえで、各事業の売上高による加重平均を求めています。

◇対象範囲等

大和ハウス工業(単体)における5事業を対象とし、スマート&エコ商品の定義は下表のとおりです。

| 部門 | 対象範囲 | スマート&エコ商品の定義 | | | | |
|-----------|---------------------------------|--------------------------------|--------------------------------------|--|------------------------|--------------------|
| | | 要件 | (A)バッシブ設計 (高断熱) | (B)省エネ | (C)創・蓄エネ | (D)エネルギー マネジメント |
| 戸建住宅事業 | 戸建住宅事業の新築物件のすべて | 【必須】(A)かつ(B) 【選択】(C)または(D) | 外張り断熱通気外壁 | 高効率給湯器 | 太陽光発電または燃料 電池または蓄電池 | HEMS |
| 賃貸住宅事業 | 賃貸住宅事業の新築物件のすべて | 【必須】(A) 【選択】(B)または(C)または(D) | 外皮断熱性能 [平成25年基準] | 高効率給湯器 | 太陽光発電または 蓄電池 | HEMS |
| マンション事業 | マンション事業の着工物件のすべて | 【必須】(A)かつ(B) 【選択】(C)または(D) | 外皮断熱性能 [平成25年基準] | 高効率給湯器または LED照明 | 太陽光発電または 蓄電池 | HEMS |
| 商業・事業施設事業 | 商業施設事業の300㎡以上非住宅 建築の着工物件のすべて | 【必須】(A)かつ(B) 【選択】(C)または(D) | 外皮断熱性能 [平成25年基準+10%] (BPI≤0.9) | 省エネルギー性能 [平成25年基準+10%] (BPI≤0.9) | 太陽光発電または 蓄電池 | BEMSまたは FEMS |

■ 環境貢献型事業売上高

◇概要

当社グループの事業において、コア事業である建築請負での環境配慮とは別に、多角化事業として取り組む事業そのものが脱炭素社会・循環型社会・自然共生社会の実現に貢献するものを「環境貢献型事業」と定義し、当該事業の売上高を用いてその進捗を評価しています。

◇対象範囲等

大和ハウス工業およびグループ会社における5事業を対象とし、算定範囲は右表のとおりです。

| 部門 | 対象範囲 | 算定範囲 |
|--------------|------------|-------------------------------|
| 環境エネルギー事業 | 大和ハウス工業 | 環境エネルギー事業の全売上高 |
| | 大和エネルギー | 全売上高 |
| | エネサーブ | 全売上高 |
| 住宅ストック事業 | 大和ハウス工業 | ストック事業の全売上高 |
| | 大和ハウスリフォーム | 全売上高 |
| | 日本住宅流通 | ストック事業の全売上高 |
| リース事業 | 大和リース | 流通・建築リース事業の全売上高(ただし、流通・建築は除く) |
| 環境緑化事業 | 大和リース | 環境緑化事業の全売上高 |
| 環境エンジニアリング事業 | フジタ | 環境エンジニアリング事業の全売上高 |

■ 再生可能エネルギーの発電設備容量(全量売電)と発電割合

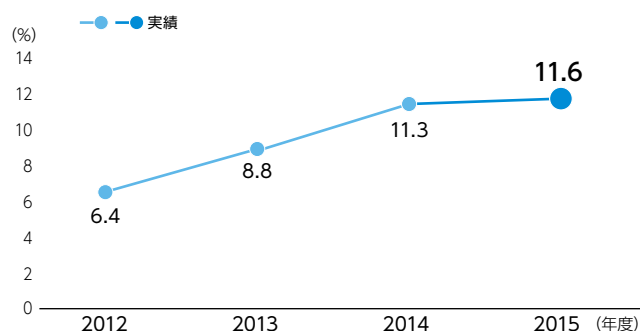
◇概要

発電設備容量は、年度末において、当社グループが発電事業者として運営(稼働)する再生可能エネルギー(風力発電・太陽光発電・水力発電など)による発電設備容量を示しています。なお、発電設備容量の算定にあたっては、全量売電のみを対象とし、自家消費・余剰売電のものは対象としていません。また、特定電気事業者(PPS)として、直接顧客に電力販売を行っているエネサーブの運営する発電設備は含めていません。
購入電力に対する再生可能エネルギー発電の割合とは、当社(または当社グループ)の購入電力量に対する、当社グループが運営する再生可能エネルギー発電設備による電力系統への売電量を示しており、100%以上となると購入電力による間接CO₂排出量をネットゼロと考えることができます。

◇算定式

購入電力に対する再生可能エネルギー発電割合(%)
= Σ(再生可能エネルギーによる売電量(kWh))
÷ Σ(当社(または当社グループ)の購入電力量(kWh))

地球温暖化防止(エネルギー・気候変動)

CO₂削減貢献度■ CO₂削減貢献度の推移■ CO₂削減貢献度

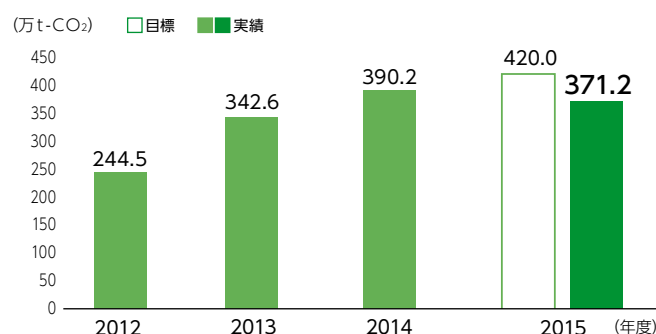
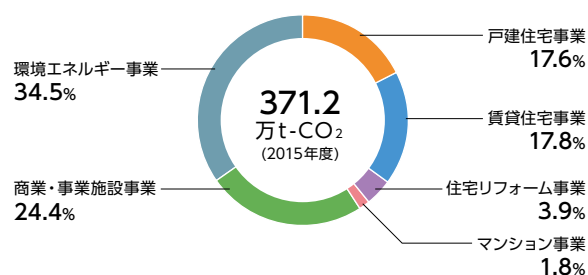
単位: 万t-CO₂

| | 2012 | 2013 | 2014 | 2015 |
|--|-------|-------|-------|-------|
| CO ₂ 削減貢献度(倍) ^{※1} | 6.4 | 8.8 | 11.3 | 11.6 |
| CO ₂ 削減貢献量 | 244.5 | 342.6 | 390.2 | 371.2 |
| 売電分相殺後のCO ₂ 排出量 ^{※2} | 38.3 | 39.1 | 34.5 | 31.9 |
| CO ₂ 排出量 | 39.5 | 40.9 | 39.4 | 39.0 |
| 再生可能エネルギー(売電)による相殺分 | 1.2 | 1.8 | 4.9 | 7.1 |

※1 CO₂削減貢献度=CO₂削減貢献量÷売電分相殺後のCO₂排出量

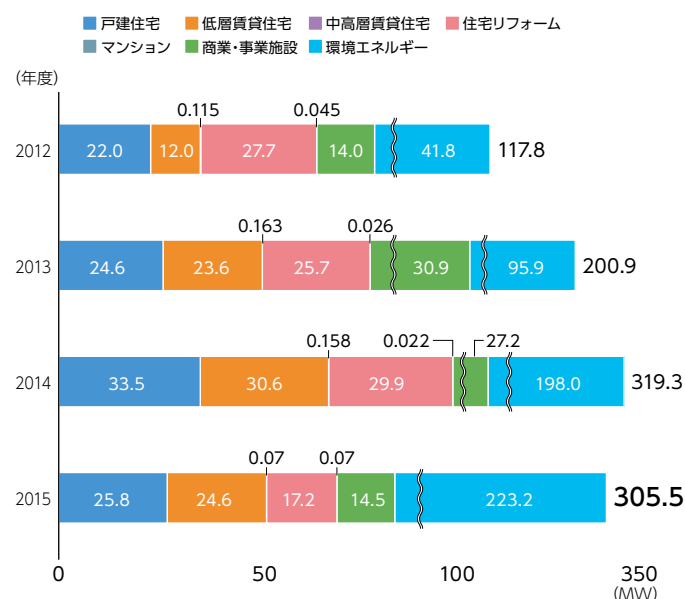
※2 売電分相殺後のCO₂排出量=CO₂排出量-再生可能エネルギー(売電)による相殺分

ECOプロダクト

CO₂削減貢献量■ CO₂削減貢献量の推移■ CO₂削減貢献量の推移■ CO₂削減貢献量の推移(部門別)単位: 万t-CO₂

| 部門 | 2012 | 2013 | 2014 | 2015 |
|---------------|------|------|-------|-------|
| 戸建住宅事業 | 61.6 | 66.3 | 69.0 | 65.2 |
| 賃貸住宅事業 | 44.4 | 52.4 | 63.5 | 66.0 |
| 住宅リフォーム事業 | 19.2 | 19.0 | 20.5 | 14.6 |
| マンション事業 | 6.4 | 8.6 | 8.2 | 6.5 |
| 商業・事業施設事業 | 25.4 | 39.8 | 51.9 | 41.8 |
| 大和ハウス工業(商業施設) | 29.1 | 48.8 | 36.7 | 28.2 |
| 大和ハウス工業(事業施設) | 4.5 | 8.6 | 15.1 | 15.3 |
| 大和リース | 11.3 | 9.8 | 6.9 | 5.4 |
| フジタ | 33.1 | 75.6 | 105.3 | 115.7 |
| 環境エネルギー事業 | 9.6 | 13.8 | 13.2 | 12.4 |
| 大和ハウス工業 | | | | |
| 大和エネルギー | | | | |

■ 太陽光発電システム設備容量の推移

■ 太陽光発電システムの設置状況
〈設置容量の推移(部門別)〉

単位: kW

| 部門 | 2012 | 2013 | 2014 | 2015 |
|-----------|--------|--------|---------|---------|
| 戸建住宅事業 | 21,997 | 24,627 | 33,539 | 25,817 |
| 賃貸住宅事業 | 12,060 | 23,582 | 30,561 | 24,561 |
| 低層 | | | | |
| 中高層 | 115 | 163 | 158 | 70 |
| 住宅リフォーム事業 | 27,715 | 25,715 | 29,855 | 17,220 |
| マンション事業 | 45 | 26 | 22 | 69 |
| 商業・事業施設事業 | 14,045 | 30,940 | 27,207 | 14,469 |
| 環境エネルギー事業 | 41,804 | 95,868 | 198,002 | 223,235 |

〈設置率の推移(部門別)〉

単位: %

| 部門 | 2012 | 2013 | 2014 | 2015 |
|------------|------|------|------|------|
| 戸建住宅事業 | 64.3 | 64.1 | 65.0 | 56.9 |
| 賃貸住宅事業(低層) | 36.9 | 43.5 | 45.0 | 37.8 |

■ 高効率給湯器の設置状況
〈設置率の推移(部門別)〉

単位: %

| 部門 | 2012 | 2013 | 2014 | 2015 |
|------------|------|------|------|------|
| 戸建住宅事業 | 91.0 | 95.0 | 95.6 | 95.1 |
| 賃貸住宅事業(低層) | 18.2 | 23.7 | 22.3 | 64.3 |

〈環境データの算定方法、対象範囲〉

■ CO₂削減貢献量

◇概要

CO₂削減貢献量とは、「当社グループが、住宅や建築物、省エネ・創エネソリューションを提供することにより、どれだけCO₂排出量の削減に貢献できたか」を示す数値です。
当社グループでは、フローベース法による算定を基本としており、当該年度に提供した商品（住宅や建築物、太陽光発電など）がライフエンドまで使用された場合の使用・運用段階のCO₂排出量を算出し、これに相当する比較対象商品のCO₂排出量から差し引いて削減貢献量を算定しています。なお、ESCO事業による削減貢献量については、ストックベース法による算定とし、当該年度に提供しているESCOサービスの対象設備すべて（ストック累積分）の年間CO₂排出量を算出し、これに相当する比較対象設備のCO₂排出量から差し引いて削減貢献量を算定しています。

※ESCO事業=Energy Service Company事業の略。顧客の光熱水費等の経費削減を行い、削減実績から対価を得るビジネスのこと

◇算定式

【フローベース法の場合】

方法①（新築住宅）：CO₂削減貢献量(t)＝{(比較対象商品の使用・運用段階の戸あたり年間CO₂排出量(t/戸・年))
－(当該年度に提供した商品の使用・運用段階の戸あたり年間平均CO₂排出量(t/戸・年))}
×当該年度の販売(着工)戸数(戸)×想定使用年数(年)}

方法②（新築建物）：CO₂削減貢献量(t)＝Σ(延床面積(m²)×用途別・規模別床面積あたり年間エネルギー消費量(MJ/m²・年)
×エネルギー低減率(%)×CO₂排出係数(t/MJ)×想定使用年数(年))
※エネルギー低減率(%)＝1－BEI ※BEI＝設計エネルギー消費量(MJ/年)÷基準エネルギー消費量(MJ/年)

方法③（創エネ設備）：CO₂削減貢献量(t)＝Σ[(再生可能エネルギーによる年間発電量(kWh/年)×CO₂排出係数(t/kWh)×想定使用年数(年))
※発電分も含む]

方法④（省エネ改修）：CO₂削減貢献量(t)＝Σ{(省エネ改修前の年間CO₂排出量(t/年)－省エネ改修後の年間CO₂排出量(t/年))×想定使用年数(年)}

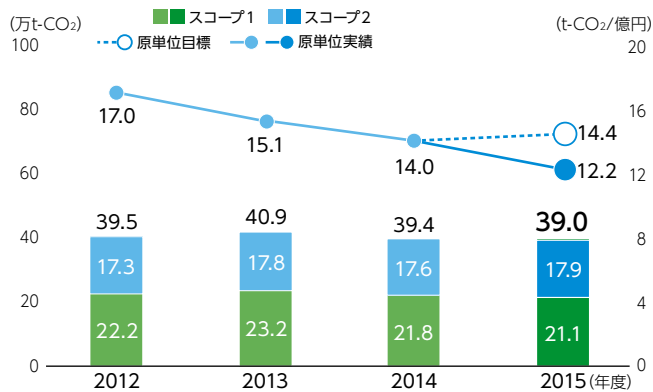
【ストックベース法の場合】CO₂削減貢献量(t/年)＝Σ{(比較対象設備の年間CO₂排出量(t/年))
－(当該年度に提供しているESCOサービス対象設備の年間CO₂排出量(t/年))}

◇対象範囲と算定基準

| 部門 | | 対象範囲 | 算定基準 | | |
|------------|-----------|---|--|---|--|
| | | | 算定方法・算定ツール | 比較対象 | 想定使用年数 |
| 大和ハウス工業 | 戸建住宅事業 | 戸建住宅事業における新築住宅のすべて | 【算定方法】フローベース法① 【使用した算定ツール】省エネ法/住宅事業主の判断基準算定用プログラム（同プログラムでは評価できない設備等は当社独自の計算による） 【エネルギー消費量の算定について】当該年度に供給した住戸のすべてが比較対象住戸と同じ建設地、プランと仮定。同プログラムの方法論を用いて、当該年度の各省エネ対策の導入率を考慮した、戸あたり年間エネルギー消費量の平均値を算出 | 【戸建】<建設地>大阪市、<家族構成>4人家族、<プラン>住宅事業主基準算定用モデルプラン/延床面積：134.16m ² 【賃貸(低層・中高層)】<建設地>大阪市、<家族構成>3人家族、<プラン>当社標準プラン/(低層)住戸面積50.49m ² /(中高層)住戸面積60.28m ² 【マンション】<建設地>大阪府ほか（各断熱地域区分ごとに設定）、<家族構成>3人家族、<プラン>当社標準プラン/住戸面積72.8m ² 【共通仕様】<外皮断熱>S55年省エネ基準、<空調>エアコン（COP:暖房2.90 冷房2.39）、<給湯>一般ガス給湯器、<調理>ガスコンロ、<発電設備>なし | 躯体:30年 設備:15年 |
| | 賃貸住宅事業 | 賃貸住宅事業における新築住戸のすべて | | 【賃貸(低層・中高層)】<建設地>大阪市、<家族構成>3人家族、<プラン>当社標準プラン/(低層)住戸面積50.49m ² /(中高層)住戸面積60.28m ² 【マンション】<建設地>大阪府ほか（各断熱地域区分ごとに設定）、<家族構成>3人家族、<プラン>当社標準プラン/住戸面積72.8m ² 【共通仕様】<外皮断熱>S55年省エネ基準、<空調>エアコン（COP:暖房2.90 冷房2.39）、<給湯>一般ガス給湯器、<調理>ガスコンロ、<発電設備>なし | 躯体:30年 設備:15年 |
| | マンション事業 | マンション事業における着工住戸のすべて | | 【マンション】<建設地>大阪府ほか（各断熱地域区分ごとに設定）、<家族構成>3人家族、<プラン>当社標準プラン/住戸面積72.8m ² 【共通仕様】<外皮断熱>S55年省エネ基準、<空調>エアコン（COP:暖房2.90 冷房2.39）、<給湯>一般ガス給湯器、<調理>ガスコンロ、<発電設備>なし | 躯体:47年 設備:15年 |
| | 商業・事業施設事業 | 商業・事業施設事業における300m ² 以上の非住宅建築の着工物件、太陽光発電設置工事すべて | | 省エネ法/H25年基準における標準建物 ただし、H11年基準での評価物件は、H11年基準における標準建物 | 店舗・倉庫・工場用途:20年 それ以外の用途:30年 太陽光発電:20年 |
| | 環境エネルギー事業 | 環境エネルギー事業における省エネ・創エネソリューション案件すべて | | 【省エネソリューションの場合】 省エネ改修の実施前 【創エネソリューションの場合】 創エネ設備の導入前 | 照明設備改修:8～10年 空調設備改修:10年 太陽光発電:15年 |
| 大和リース | 商業・事業施設事業 | 商業・事業施設事業における非住宅建築の着工物件すべて | 【算定方法】フローベース法② 【使用した算定ツール】省エネ法/一次エネルギー消費量算定プログラム | 省エネ法/H25年基準における標準建物 ただし、H11年基準での評価物件は、H11年基準における標準建物 | 販売物件:30年 リース物件:リース期間 |
| フジタ | 事業施設事業 | 事業施設事業における300m ² 以上の非住宅建築の着工物件、太陽光発電設置工事すべて | 【算定方法】フローベース法②・③ 【使用した算定ツール】省エネ法/一次エネルギー消費量算定プログラム | 省エネ法/H25年基準における標準建物 ただし、H11年基準での評価物件は、H11年基準における標準建物 | 店舗・倉庫・工場:20年 それ以外:30年 太陽光発電:20年 |
| 大和ハウスリフォーム | 住宅リフォーム事業 | 住宅リフォーム工事における省エネ・創エネリフォーム案件すべて | 【算定方法】フローベース法③・④ 【使用した算定ツール】省エネ法/住宅事業主の判断基準算定用プログラム（同プログラムでは評価できない設備等は当社独自の計算による） 【発電量・省エネ効果の算定について】当該年度の省エネ・創エネリフォームのすべてが比較対象住宅と同じ建設地、プランと仮定。同プログラムの方法論を用いて、各省エネ対策の効果を試算し、当該年度の各工事件数を乗じて削減効果を算出 | <建設地>大阪市、<家族構成>4人家族、<プラン>住宅事業主基準算定用モデルプラン/延床面積：134.16m ² <外皮断熱>S55年省エネ基準、<給湯>一般ガス給湯器、<調理>ガスコンロ、<発電設備>なし | 断熱改修:15年 照明設備改修:15年 空調設備改修:15年 太陽光発電:15年 など |
| 大和エネルギー | 環境エネルギー事業 | ESCO事業、省エネ・創エネソリューション案件すべて | 【算定方法】フローベース法③・④、ストックベース法（ESCO事業のみ） 【発電量・省エネ効果の算定について】当社独自のシミュレーションによる（メーカーの試算も併用） | 【省エネソリューションの場合】 省エネ改修の実施前 【創エネソリューションの場合】 創エネ設備の導入前 | 照明設備改修:15年 空調設備改修:15年 太陽光発電:20年 など |

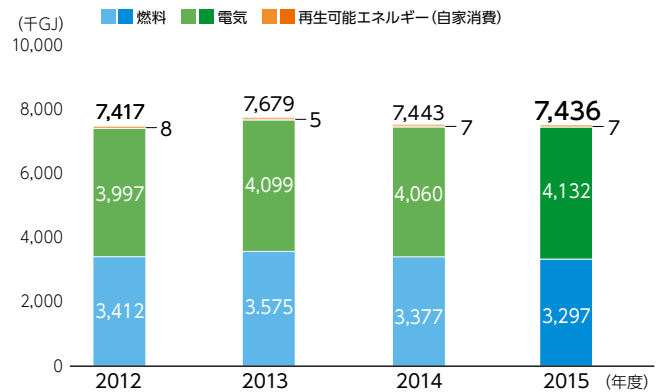
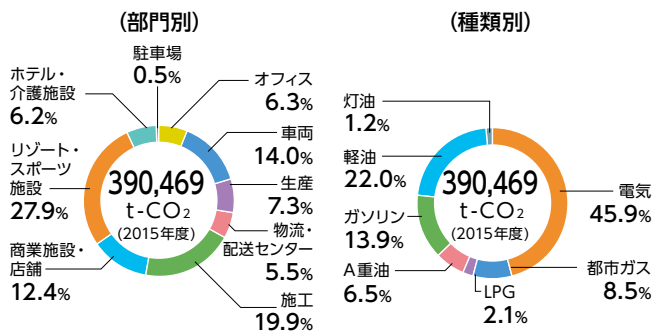
地球温暖化防止(エネルギー・気候変動)

ECOプロセス

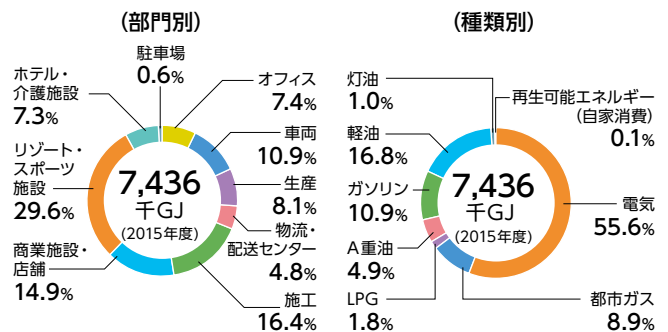
CO₂排出量CO₂排出量と原単位の推移

エネルギー使用量

エネルギー使用量の推移

(2015年度) CO₂排出量の内訳

(2015年度) エネルギー使用量の内訳

CO₂排出量の推移(部門別)

| | 2012 | 2013 | 2014 | 2015 |
|-------------|---------|---------|---------|---------|
| オフィス | 25,629 | 25,921 | 24,914 | 24,640 |
| 車両 | 51,502 | 55,397 | 54,965 | 54,490 |
| 生産 | 26,240 | 28,283 | 27,581 | 28,536 |
| 物流・配送センター | 22,218 | 23,902 | 22,348 | 21,297 |
| 施工 | 89,711 | 91,065 | 82,459 | 77,742 |
| 商業施設・店舗 | 50,944 | 52,317 | 50,625 | 48,438 |
| リゾート・スポーツ施設 | 106,488 | 107,409 | 105,322 | 109,057 |
| ホテル・介護施設 | 22,117 | 24,488 | 24,555 | 24,286 |
| 駐車場 | — | 393 | 739 | 1,982 |

エネルギー使用量の推移(部門別)

| | 2012 | 2013 | 2014 | 2015 |
|-------------|-------|-------|-------|-------|
| オフィス | 574 | 581 | 559 | 554 |
| 車両 | 767 | 825 | 819 | 812 |
| 生産 | 544 | 591 | 577 | 599 |
| 物流・配送センター | 361 | 394 | 372 | 355 |
| 施工 | 1,415 | 1,406 | 1,292 | 1,218 |
| 商業施設・店舗 | 1,162 | 1,189 | 1,152 | 1,108 |
| リゾート・スポーツ施設 | 2,099 | 2,138 | 2,108 | 2,204 |
| ホテル・介護施設 | 494 | 546 | 548 | 541 |
| 駐車場 | — | 9 | 17 | 46 |

CO₂排出量の推移(種類別)

| | 2012 | 2013 | 2014 | 2015 |
|-------|---------|---------|---------|---------|
| スコープ2 | | | | |
| 電気 | 173,212 | 177,657 | 175,945 | 179,089 |
| 都市ガス | 27,736 | 30,304 | 30,971 | 33,084 |
| LPG | 6,625 | 7,967 | 8,732 | 8,091 |
| スコープ1 | | | | |
| A重油 | 32,040 | 29,638 | 26,756 | 25,313 |
| ガソリン | 51,981 | 55,743 | 55,244 | 54,170 |
| 軽油 | 97,284 | 102,380 | 90,956 | 85,902 |
| 灯油 | 5,972 | 5,487 | 4,903 | 4,820 |

エネルギー使用量の推移(種類別)

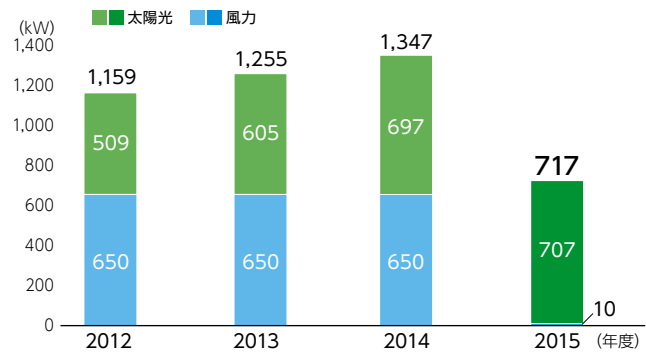
| | 2012 | 2013 | 2014 | 2015 |
|------------------|-------|-------|-------|-------|
| 電気 | 3,997 | 4,099 | 4,060 | 4,132 |
| 都市ガス | 556 | 608 | 621 | 663 |
| LPG | 112 | 135 | 148 | 137 |
| A重油 | 462 | 428 | 386 | 365 |
| ガソリン | 775 | 831 | 823 | 807 |
| 軽油 | 1,419 | 1,493 | 1,327 | 1,253 |
| 灯油 | 88 | 81 | 72 | 71 |
| 再生可能エネルギー (自家消費) | 8 | 5 | 7 | 7 |

海外拠点のCO₂排出量(参考)

| (部門別) | 単位: t-CO ₂ | (地域別) | 単位: t-CO ₂ |
|--------|-----------------------|-------|-----------------------|
| 2015 | | 2015 | |
| オフィス | 1,127 | アジア | 1,107 |
| 車両 | 1,858 | 北アメリカ | 49 |
| リゾート施設 | 4,682 | 東南アジア | 399 |
| 計 | 7,668 | オセアニア | 5,853 |
| | | 西アジア | 260 |
| | | 計 | 7,668 |

再生可能エネルギー

再生可能エネルギーの発電設置容量の推移
(自家消費のみ・余剰売電)



再生可能エネルギーの発電設備容量の推移 (部門別)
(自家消費のみ・余剰売電)

単位: kW

| | 2012 | 2013 | 2014 | 2015 |
|-------------|------|------|------|------|
| オフィス | 116 | 116 | 152 | 191 |
| 生産 | 110 | 176 | 176 | 166 |
| 物流・配送センター | 128 | 128 | 128 | 81 |
| 商業施設・店舗 | 108 | 108 | 128 | 128 |
| リゾート・スポーツ施設 | 660 | 690 | 726 | 121 |
| ホテル・介護施設 | 30 | 30 | 30 | 30 |
| 駐車場 | 7 | 7 | 7 | 0 |

〈環境データの算定方法、対象範囲〉

CO₂排出量・エネルギー使用量

概要

CO₂排出量は、エネルギー起源のCO₂排出量のみを対象とし、エネルギー使用量は、熱量換算での算定としています。なお、海外拠点のCO₂排出量は参考値のため、含まれていません。それぞれ、電力、燃料の購入データを基に、エネルギー種別ごとのCO₂排出係数、熱量換算係数を乗じて算出していますが、施工部門など一部推計が含まれています。

対象範囲と算定基準

| 部門 | 対象組織 | 対象範囲 (拠点数は2016年3月末現在) | 算定基準 |
|-------------|-----------|---|---|
| オフィス | 大和ハウスグループ | 事務所(本社・支社・支店・営業所)・研究所・研修センター・展示場・モデルルームのすべて 計 920ヶ所 事務所 667ヶ所 研究所 2ヶ所 研修センター 5ヶ所 展示場 246ヶ所 | 各拠点にて、電力・燃料供給会社からの月次請求書を基に、エネルギー使用量を把握し、各CO ₂ 排出係数を乗じて算出 |
| 車両 | 大和ハウスグループ | 社用車および、マイカー許可車のすべて 計 12,942台 | 各拠点にて、ガソリンカードの請求データまたは給油時の領収書を基に、ガソリン使用量を把握し、CO ₂ 排出係数を乗じて算出 ※ただし、マイカー許可車の使用量には、私用走行分を含む |
| 生産 | 大和ハウスグループ | 生産拠点のすべて 計 26ヶ所 | 各拠点にて、電力・燃料供給会社からの月次請求書を基に、エネルギー使用量を把握し、各CO ₂ 排出係数を乗じて算出 |
| 物流・配送センター | 大和ハウスグループ | 輸送 物流事業における輸送のすべて(自社車両のみ) 配送 部材輸送等に要する配送センターのすべて(自社運営のみ) 計 507台 | 各拠点にて、燃料供給会社からの月次請求書を基に、エネルギー使用量を把握し、各CO ₂ 排出係数を乗じて算出 |
| 施工 | 大和ハウスグループ | 住宅・建築の新築工事、土木工事の施工現場(解体・改修工事は除く) 計 7,987千㎡ 住宅工事 2,913千㎡ 建築工事 5,074千㎡ 土木工事 259件 | サンプル物件における床面積(または売上金額)あたりのエネルギー使用量(固定値)に集計期間の売上床面積(売上金額)を乗じて全体を推計。その数値から、省エネルギー活動の実施率にもとづき推計したエネルギー使用削減量を減じて、エネルギー使用量を推計し、各CO ₂ 排出係数を乗じて算出 |
| 商業施設・店舗 | 大和ハウスグループ | 当社が運営する商業施設・店舗 計 391ヶ所 商業施設 338ヶ所 ホームセンター 53ヶ所 | 各拠点にて、電力・燃料供給会社からの月次請求書を基に、エネルギー使用量を把握し、各CO ₂ 排出係数を乗じて算出 ※テナント部分は除く(ただし、省エネ法上算入を求められている施設では一部テナント部分を含む) |
| リゾート・スポーツ施設 | 大和ハウスグループ | 当社が運営するリゾートホテル・ゴルフ場・スポーツクラブ、温浴施設 計 112ヶ所 リゾートホテル 29ヶ所 ゴルフ場 10ヶ所 スポーツクラブ 71ヶ所 温浴施設 2ヶ所 | 各拠点にて、電力・燃料供給会社からの月次請求書を基に、エネルギー使用量を把握し、各CO ₂ 排出係数を乗じて算出 |
| ホテル・介護施設 | 大和ハウスグループ | 当社が運営する都市型ホテル・介護施設 計 44ヶ所 都市型ホテル 38ヶ所 介護施設 6ヶ所 | 各拠点にて、電力・燃料供給会社からの月次請求書を基に、エネルギー使用量を把握し、各CO ₂ 排出係数を乗じて算出 |
| 駐車場 | 大和ハウスグループ | 当社が運営する駐車場 計 1833ヶ所 | 各拠点にて、電力・燃料供給会社からの月次請求書を基に、エネルギー使用量を把握し、各CO ₂ 排出係数を乗じて算出 |

海外拠点 (参考)

| | | | | |
|--------|-----------|--------------------|--------|---|
| オフィス | 大和ハウスグループ | 事務所 | 計 40ヶ所 | 各拠点にて、電力・燃料供給会社からの請求書を基に、エネルギー使用量 ^{*1} を把握し、各国のCO ₂ 排出係数 ^{*2} を乗じて算出 |
| 車両 | 大和ハウスグループ | 社用車 | | ※1 一部拠点においては、請求金額からの推計値による |
| リゾート施設 | 大和ハウスグループ | 当社グループが運営するリゾートホテル | 計 2ヶ所 | ※2 GHGプロトコルもしくはIEA CO ₂ emissions from fuel consumption |

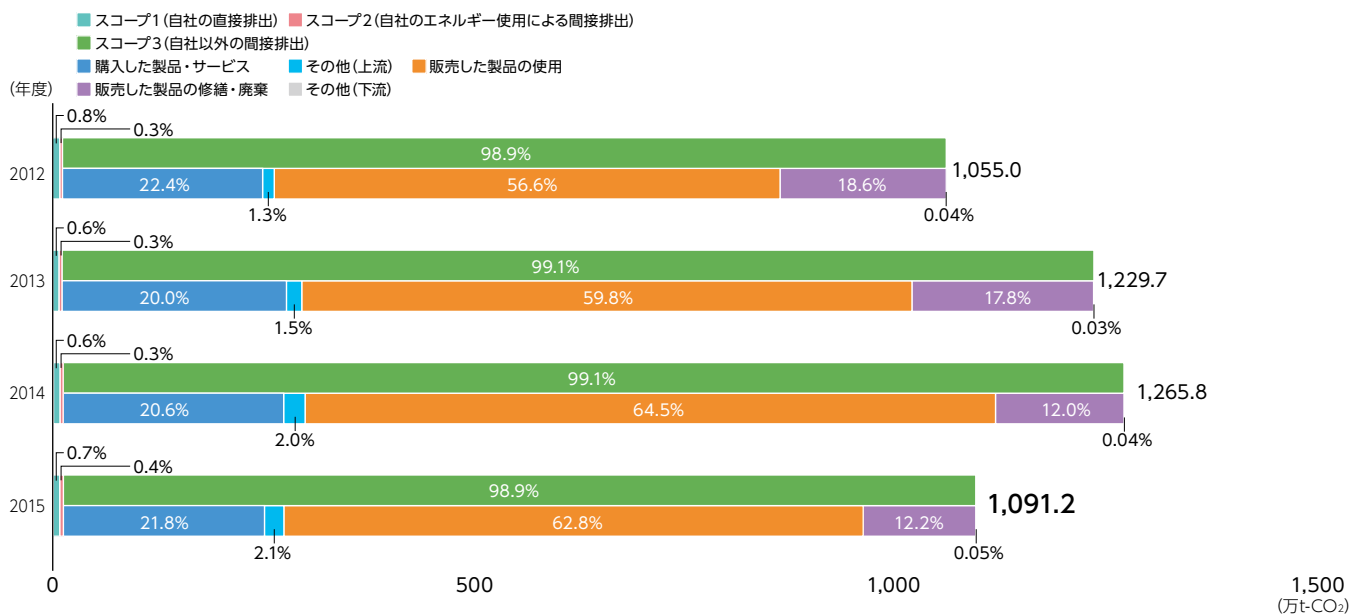
再生可能エネルギーによる発電設備容量(自家消費のみ・余剰売電)

概要

発電設備容量は、年度末において、当社グループが保有(稼働)する再生可能エネルギー(風力発電・太陽光発電など)による発電設備のうち、自家消費のみ、または余剰売電を行っている設備の発電容量を示しています。

対象範囲と算定基準

CO₂排出量の対象範囲、算定基準に同じ
ただし、車両・輸送・施工は除く

バリューチェーンのCO₂排出量■ バリューチェーンのCO₂排出量の推移■ スコープ1・2・3CO₂排出量の推移

| 分 類 | | 2013年度 (万t-CO ₂) | 2014年度 (万t-CO ₂) | 2015年度 (万t-CO ₂) | 合計に対する 割合 |
|----------------------|--|---------------------------------|---------------------------------|---------------------------------|--------------|
| スコープ1 | 当社が所有または管理する排出源から直接排出される温室効果ガス | 7.7 | 7.2 | 7.4 | 0.7% |
| スコープ2 | 当社のエネルギーの使用に伴い間接的に排出される温室効果ガス | 3.7 | 4.3 | 4.4 | 0.4% |
| スコープ3 | 当社の事業活動に関連して、当社が所有または管理していない排出源から間接的に排出される温室効果ガス | 1218.3 | 1254.2 | 1079.4 | 98.9% |
| | 購入した製品・サービス | 245.6 | 260.2 | 237.7 | 21.8% |
| | 資本財 | 8.4 | 14.4 | 10.7 | 1.0% |
| | スコープ1、2に含まれない燃料およびエネルギー関連活動 | 1.2 | 1.2 | 1.2 | 0.1% |
| | 輸送、配送(上流) | 4.3 | 4.2 | 4.6 | 0.4% |
| | 事業から出る廃棄物 | 3.4 | 4.4 | 5.2 | 0.5% |
| | 出張 | 0.5 | 0.4 | 0.5 | 0.04% |
| | 雇用者の通勤 | 0.5 | 0.6 | 0.5 | 0.05% |
| | リース資産(上流) | 0.02 | 0.02 | 0.02 | 0.002% |
| | 輸送、配送(下流) | — | — | — | (該当なし) |
| | 販売した製品の加工 | — | — | — | (該当なし) |
| | 販売した製品の使用 | 735.5 | 816.6 | 684.8 | 62.8% |
| | 販売した製品の修繕・廃棄 | 218.5 | 151.7 | 133.5 | 12.2% |
| | リース資産(下流) | 0.4 | 0.5 | 0.5 | 0.05% |
| | フランチャイズ | — | — | — | (該当なし) |
| | 投資 | — | — | — | (該当なし) |
| スコープ1 + 2 + 3排出量(合計) | | 1229.7 | 1265.8 | 1091.2 | 100.0% |

〈環境データの算定方法、対象範囲〉

■ バリューチェーンのCO₂排出量

◇対象組織

大和ハウス工業（単体）

◇概要

スコープ1、2については、P62参照（ただし、対象範囲は大和ハウス工業のみ）。
スコープ3については、右記算定式で算定しており、活動量は主に当社実績にもとづく一次データを使用し、活動量あたりのCO₂排出量は信頼性の高い二次データを使用しています。なお、二次データにおいては、毎年入手可能な最新版を利用するものとし、過去にさかのぼっての修正は行っていない。

◇算定式

$$\text{CO}_2\text{排出量(t)} = \Sigma\{(\text{活動量}) \times (\text{活動量あたりのCO}_2\text{排出量})\}$$

◇利用した二次データの出典元

- ①サプライチェーンを通じた組織の温室効果ガス排出等の算定の排出原単位データベース(ver.2.2)（経済産業省・環境省）
- ②カーボンフットプリントコミュニケーションプログラムの「基本データベース Ver.1.01（国内データ）」（一般社団法人産業環境管理協会）
- ③建築環境総合性能評価システム(CASBEE)2014年度版のLCCO₂算出ツール（一般社団法人日本サステナブル建築協会）

◇対象範囲と算定基準

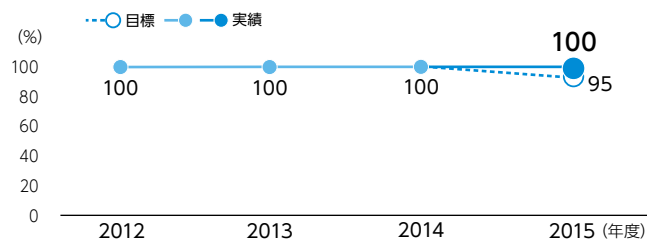
| 分類 | スコープ3の対象カテゴリ | | 対象範囲 (非該当カテゴリ(◆)についてはその理由) | 算定基準（排出量＝活動量×活動量あたりのCO ₂ 排出量(原単位)） | |
|----|--------------|-----------------------------|--|---|---|
| | | | | 活動量 | 原単位(出典) |
| 上流 | 1 | 購入した製品・サービス | 戸建・賃貸住宅・マンション・非住宅建築物の建設に要した資材および購入した水・紙の採取・製造・輸送(マンションは建設時も含む) | 用途別の供給面積 水・紙の購入金額 | 面積あたりの原単位(出典③) 金額あたりの原単位(出典①) |
| | 2 | 資本財 | 購入または取得した資本財の採取・製造・輸送 | 設備投資金額 | 設備投資金額あたりの原単位(出典①) |
| | 3 | スコープ1、2に含まれない燃料およびエネルギー関連活動 | 購入・取得した燃料およびエネルギーの採取・生産・輸送(スコープ1、2に含まれないもの) | 購入した燃料・エネルギー消費量 | 燃料・エネルギー別採取・生産・輸送段階の原単位(出典①、②) |
| | 4 | 輸送、配送(上流) | 当社が所有権を有する貨物の調達・移動、排出責任を負う廃棄物の輸送 | 荷主分の輸送に関わる燃料の発熱量 | 発熱量あたりの原単位(省エネ法による) |
| | 5 | 事業から出る廃棄物 | 生産拠点および建設・解体現場で発生した産業廃棄物の廃棄・処理 | 品目ごとの廃棄物排出量 | 品目ごとの廃棄・処理段階の原単位(出典①) |
| | 6 | 出張 | 従業員による事業に関わる活動のための移動(海外・国内)・宿泊 | 移動手段別の出張旅費金額 | 移動手段別の交通費支給額あたりの原単位(出典①) |
| | 7 | 雇用者の通勤 | 従業員による自宅と就業地点間の移動 | 移動手段別の通勤費支給額 | 移動手段別の交通費支給額あたりの原単位(出典①) |
| | 8 | リース資産(上流) | リース使用したデータセンター・文書管理倉庫の稼働 | 専有面積(倉庫・データセンター) | 面積あたりの原単位(出典③) |
| 下流 | 9 | 輸送、配送(下流) | ◆販売した製品(住宅・建築物)の輸送・流通というプロセスがないため、このカテゴリに該当するCO ₂ 排出量はありません。 | 該当なし | 該当なし |
| | 10 | 販売した製品の加工 | ◆販売した製品(住宅・建築物)の加工というプロセスがないため、このカテゴリに該当するCO ₂ 排出量はありません。 | 該当なし | 該当なし |
| | 11 | 販売した製品の使用 | 戸建・賃貸住宅・マンション・非住宅建築物の生涯における使用(戸建/賃貸住宅・物販/飲食店舗・工場/倉庫:30年、それ以外:60年) なお、リースで提供される製品の使用についても、まとめて算入しています。また、修繕・更新に伴うCO ₂ 排出量は、カテゴリ12に含めています。 | 用途別の供給面積 | 用途別供給面積あたりの年間CO ₂ 排出量(自社計算)×想定使用年数 |
| | 12 | 販売した製品の修繕・廃棄 | 戸建・賃貸住宅・マンション・非住宅建築物の生涯における修繕・更新と解体・廃棄 | 用途別の供給面積 | 面積あたりの原単位(出典③) |
| | 13 | リース資産(下流) | 当社が保有する貸しビルの稼働 | 賃貸面積(事務所) | 面積あたりの原単位(出典③) |
| | 14 | フランチャイズ | ◆フランチャイズ制を採用していないため、このカテゴリに該当するCO ₂ 排出量はありません。 | 該当なし | 該当なし |
| | 15 | 投資 | ◆投資先のスコープ1、2排出量について、一部実データに基づく推計の結果、スコープ3排出量全体の2%以下となり、データ収集の困難さに対して排出量が小さいと判断し対象外としています。 | 該当なし | 該当なし |

自然環境との調和(生物多様性保全)

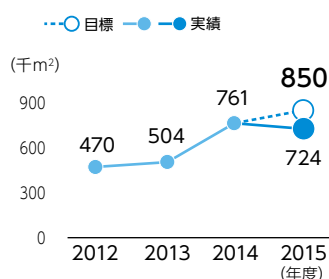
ECOプロダクツ

開発・街づくりにおける生物多様性保全

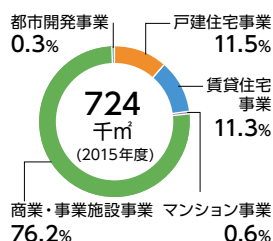
■【開発】生物多様性自主基準適合率の推移



■【街づくり】緑被面積の推移



■【街づくり】(2015年度) 緑被面積の内訳(部門別)

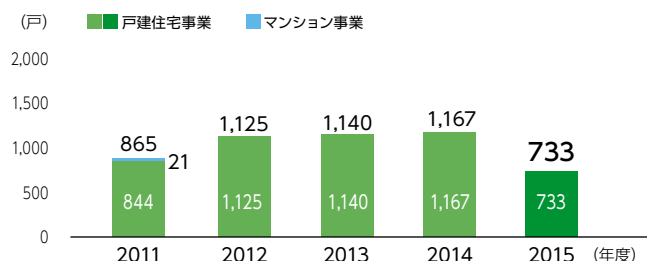


■【街づくり】緑被率の推移(部門別)

| 部 門 | | 単位:% | | |
|-----------|---------------|------|------|------|
| 部 門 | | 2013 | 2014 | 2015 |
| 戸建住宅事業 | | — | 54.3 | 47.3 |
| 賃貸住宅事業 | 低層 | — | 14.8 | 14.7 |
| | 中高層 | — | 13.4 | 17.0 |
| マンション事業 | 都市型 | 31.5 | 34.5 | — |
| | 郊外型 | | 42.8 | 29.3 |
| 商業・事業施設事業 | 大和ハウス工業(商業施設) | 22.0 | 15.2 | 15.0 |
| | 大和ハウス工業(事業施設) | 31.5 | 21.2 | 23.2 |
| | フジタ | — | 29.4 | 22.5 |

環境共生住宅

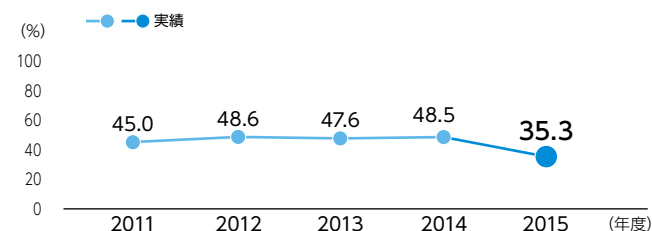
■ 環境共生住宅認定戸数の推移



■ 環境共生住宅の認定戸数の推移(部門別)

| 部 門 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---------|------|-------|-------|-------|------|
| 戸建住宅事業 | 844 | 1,125 | 1,140 | 1,167 | 733 |
| マンション事業 | 21 | 0 | 0 | 0 | 0 |

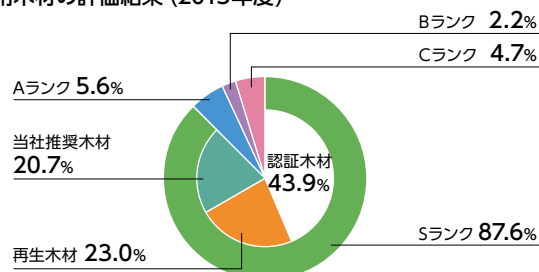
■ 環境共生住宅の認定率の推移(分譲住宅のみ)



ECOプロセス

生態系に配慮した木材調達

■ 使用木材の評価結果(2015年度)



■ 使用木材の評価結果の推移

[全体]

| | 2014 | 2015 |
|------|-------|-------|
| Sランク | 81.5% | 87.6% |
| Aランク | 7.4% | 5.6% |
| Bランク | 3.8% | 2.2% |
| Cランク | 7.3% | 4.7% |

[Sランク内]

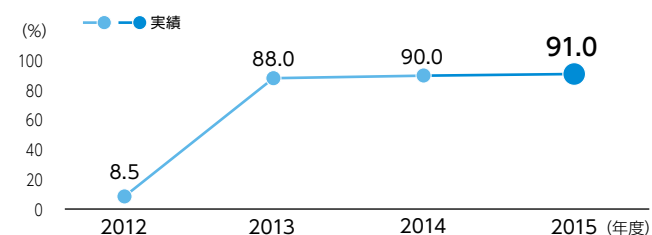
| | 2014 | 2015 |
|--------|-------|-------|
| 認証木材 | 66.7% | 43.9% |
| 再生木材 | 7.9% | 23.0% |
| 当社推奨木材 | 6.9% | 20.7% |

■ 評価対象の部門における木材調達量の推移

単位: m³

| | 2013 | 2014 | 2015 |
|-------------|---------|---------|---------|
| 大和ハウス工業 | 206,810 | 207,836 | 254,132 |
| ロイヤルホームセンター | — | 30,263 | 25,723 |
| デザインアーク | — | 1,037 | 1,726 |
| 大和リース | — | — | 6,073 |
| フジタ | — | — | 5,185 |
| コスモスイニシア | — | — | 140 |
| 合計 | 206,810 | 239,136 | 292,979 |

■ 国産木材比率の推移(木造住宅のみ)



〈環境データの算定方法、対象範囲〉

■【開発】生物多様性自主基準適合率

◇概要

生物多様性自主基準【開発】とは、生物多様性ガイドライン【開発・街づくり編】にもとづき、大規模開発事業を対象に当社が独自に定めた30項目からなる評価ツールにおいて、評価ランクがBランク以上となることをいいます。対象物件ごとに担当者による評価を行い、本社部門にて基準への適合状況を確認しています。

■【街づくり】緑被面積、緑被率

◇概要

緑被面積とは、当社グループが分譲住宅の販売や建築請負とともに実施する外構工事において、緑化を行った総面積をいいます。
また、緑被率は、各案件の敷地面積から建築面積*を除外した外構面積のうち、緑化された面積の割合を示します。

*建築面積とは建物の水平投影面積のこと（ただし、戸建住宅においては、想定建築面積（＝敷地面積×法定建ぺい率）を用いています）

◇対象範囲

| 部 門 | 対象組織 | 対象範囲 | |
|-----------|---------|--|--|
| | | 緑被面積 | 緑被率 |
| 戸建住宅事業 | 大和ハウス工業 | 分譲住宅の全販売物件 | 分譲住宅の全販売物件 |
| 賃貸住宅事業 | 大和ハウス工業 | 【緑化規制あり】 全新築物件 【緑化規制なし】 敷地面積 1,000m ² 以上 | 【緑化規制あり】 全新築物件 【緑化規制なし】 対象外 |
| マンション事業 | 大和ハウス工業 | 全着工物件（JV非幹事物件は除く） | 【緑化規制あり】 全着工物件（JV非幹事物件は除く） 【緑化規制なし】 対象外 |
| 商業・事業施設事業 | 大和ハウス工業 | 【緑化規制あり】 全着工物件 【緑化規制なし】 敷地面積 3,000m ² 以上 | 【緑化規制あり】 全着工物件 【緑化規制なし】 対象外 |
| | 大和リース | 【緑化規制あり】 全着工物件 | 【緑化規制あり】 全着工物件 【緑化規制なし】 対象外 |
| | フジタ | 【緑化規制あり】 全着工物件 | 【緑化規制あり】 全着工物件 【緑化規制なし】 対象外 |
| 都市開発事業 | 大和ハウス工業 | 全着工物件 | |

■ 環境共生住宅認定

◇概要

自然と調和した街づくりを進めるにあたり、その進捗を測る指標として、一般財団法人「建築環境・省エネルギー機構」が実施する環境共生住宅認定制度を活用しています。認定にあたっては、戸建住宅においてはシステム供給型（認定No.CS2011-3、CS2011-4）における認定を基本とし、大規模団地等の開発においては一部、団地供給型を併用しています。また、分譲マンションにおいては主に個別供給型を活用しています。

◇算定式 環境共生住宅認定率（%）＝ $\frac{\sum（分譲住宅における認定戸数（戸））}{\sum（分譲住宅の販売戸数（戸））}$

■ 使用木材の合法性・持続可能性評価、木材調達量

◇概要

生物多様性ガイドライン【木材調達編】にもとづき、認証木材・再生木材・当社推奨木材の3種類の認定基準を定めています。
年一回、木材の供給サプライヤーに納入木材の実態調査を行い、認定基準への適合状況を確認しています。
（認証木材・再生木材以外の木材については、Sランク：推奨、Aランク：標準、Bランク：購入可、Cランク：改善の4段階に評価）

*2015年度は評価基準を一部改訂

■ 国産木材比率

◇概要

国内の森林の多面的機能を維持向上させるため、木造住宅における構造材の国産化を進めています。

◇算定式

国産木材比率（%）＝ $\frac{\sum（国産木材使用量（m^3））}{\sum（全木材使用量（m^3））}$

*2012年度の国産木材比率について、環境報告書2015に掲載した数値を訂正します。

◇算定式

生物多様性自主基準適合率（%）＝ $\frac{\sum（自主基準適合物件の敷地面積（m^2））}{\sum（評価対象物件の敷地面積（m^2））}$

◇対象範囲

| 部 門 | 対象組織 | 対象範囲 |
|-----|---------|-----------------------------------|
| 開発 | 大和ハウス工業 | 開発面積3,000m ² 以上の自社開発事業 |

◇算定式

緑被面積（m²）＝ $\sum（各事業における対象物件の緑被面積（m^2））$
緑被率（%）＝ $\frac{\sum（各事業における対象物件の緑被面積（m^2））}{\sum（各事業における対象物件の外構面積*（m^2））}$
※外構面積（m²）＝敷地面積（m²）－建築面積（m²）

◇対象範囲

| 部 門 | 対象組織 | 対象範囲 | |
|---------|---------|-------|------------|
| | | 認定戸数 | 認定率 |
| 戸建住宅事業 | 大和ハウス工業 | 全販売物件 | 分譲住宅の全販売物件 |
| マンション事業 | 大和ハウス工業 | 全販売物件 | |

◇対象範囲

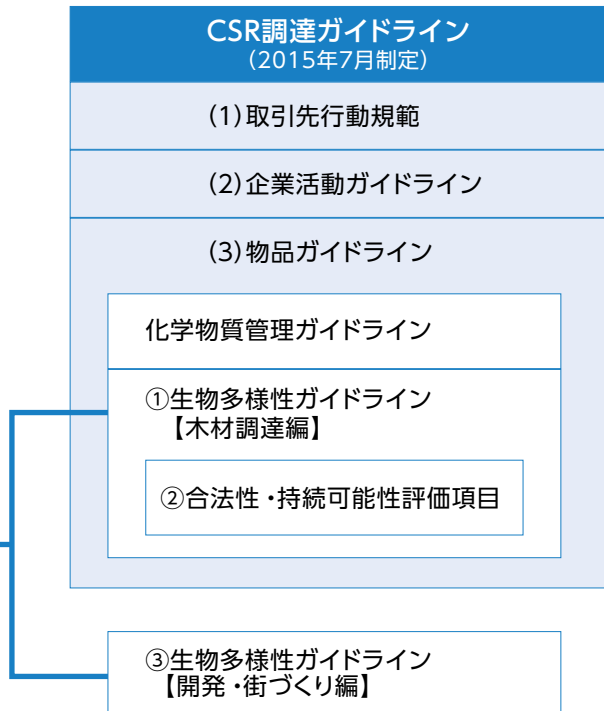
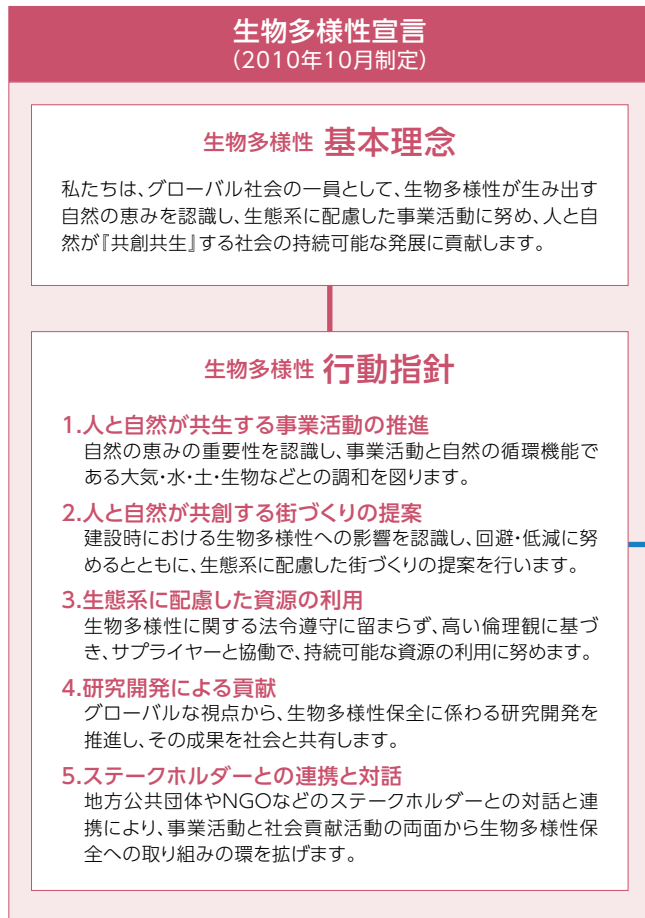
| 部 門 | 対象組織 | 対象範囲 |
|-----------|-------------------|-----------------------|
| 戸建住宅事業 | 大和ハウス工業 | 建設した戸建住宅（鉄骨造・木造） |
| 賃貸住宅事業 | 大和ハウス工業 | 建設した工業化賃貸住宅（鉄骨造） |
| マンション事業 | 大和ハウス工業・コスモスイニシア | 販売した分譲マンション（サンプル物件） |
| 商業・事業施設事業 | 大和ハウス工業・大和リース・フジタ | 建設した木造建築物、医療介護・住居系建築物 |
| その他 | ロイヤルホームセンター | 販売した木製品 |
| | デザインアーク | 製造した木質建材 |

*対象部材：構造材、桧木、下地材、合板、床材

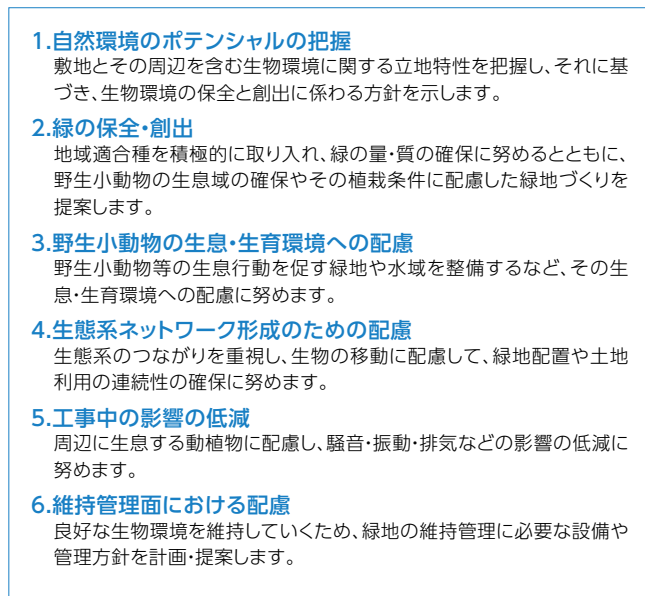
◇対象範囲

| 部 門 | 対象組織 | 対象範囲 |
|--------|---------|-------------|
| 戸建住宅事業 | 大和ハウス工業 | 木造住宅における構造材 |

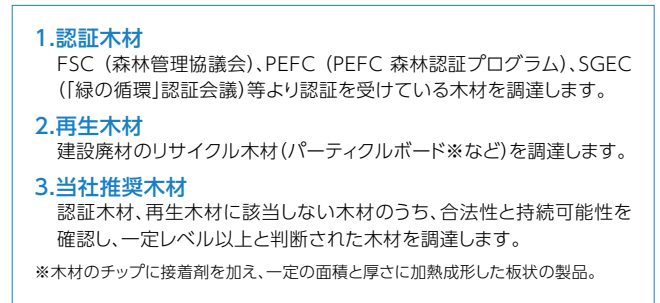
生物多様性宣言



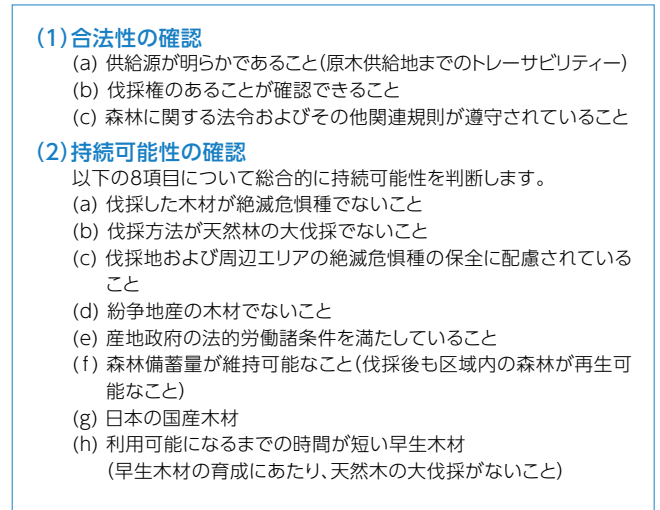
③生物多様性ガイドライン【開発・街づくり編】



①生物多様性ガイドライン【木材調達編】



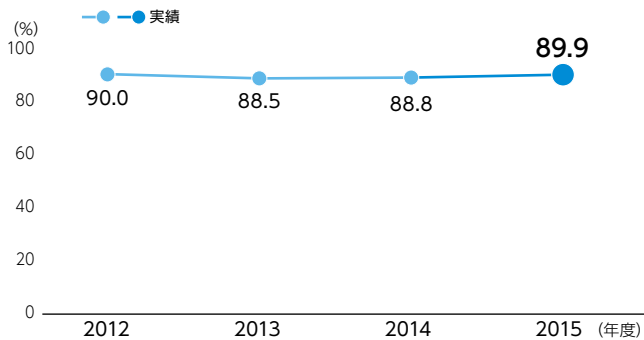
②合法性/持続可能性 評価項目



ECOプロダクツ

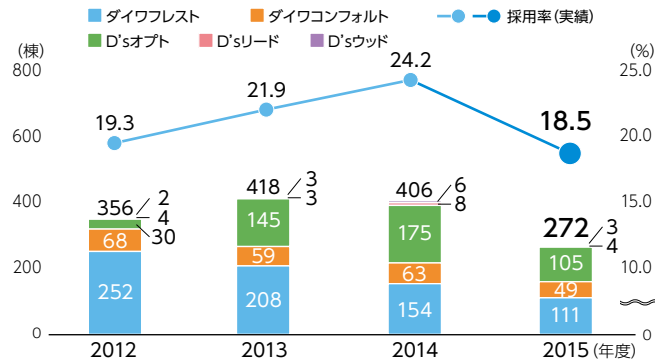
長期優良住宅認定率

■ 長期優良住宅認定率の推移



資源循環型建築商品

■ 資源循環型建築商品(システム建築)採用棟数と採用率の推移



〈環境データの算定方法、対象範囲〉

長期優良住宅認定率

◇概要

資源の有効利用を進めるにあたり、その進捗を測る指標として、「長期優良住宅の普及の促進に関する法律」に基づく、「長期優良住宅認定制度」を活用しています。同認定制度においては、構造躯体等の劣化対策、耐震性、可変性、維持管理・更新の容易性、高齢者等対策、省エネルギー対策、一定以上の住宅規模、および良好な景観の形成への配慮等の要件が定められています。

資源循環型建築商品

◇概要

構造躯体や外壁を規格化し工場で製作するシステム建築商品は、施工現場での廃棄物の発生抑制につながり、分別解体が容易という特徴を持っています。こうしたシステム建築商品を「資源循環型建築商品」と定義しており、現在展開中のシステム建築商品は、ダイワフレスト、ダイワコンフォルト、D's オプト、D's リード、D's ウッドの5種類があります。

◇算定式

$$\text{長期優良住宅認定率(\%)} = \frac{\Sigma(\text{長期優良住宅認定棟数(棟)})}{\Sigma(\text{全販売物件棟数(棟)})}$$

◇対象範囲

| 部門 | 対象組織 | 対象範囲 |
|--------|---------|-------|
| 戸建住宅事業 | 大和ハウス工業 | 全販売物件 |

◇算定式

$$\text{システム建築採用率(\%)} = \frac{\Sigma(\text{システム建築を採用した物件の棟数(棟)})}{\Sigma(\text{対象物件棟数(棟)})}$$

◇対象範囲

| 部門 | 対象組織 | 対象範囲 |
|-----------|---------|------------|
| 商業・事業施設事業 | 大和ハウス工業 | 全着工物件(鉄骨造) |

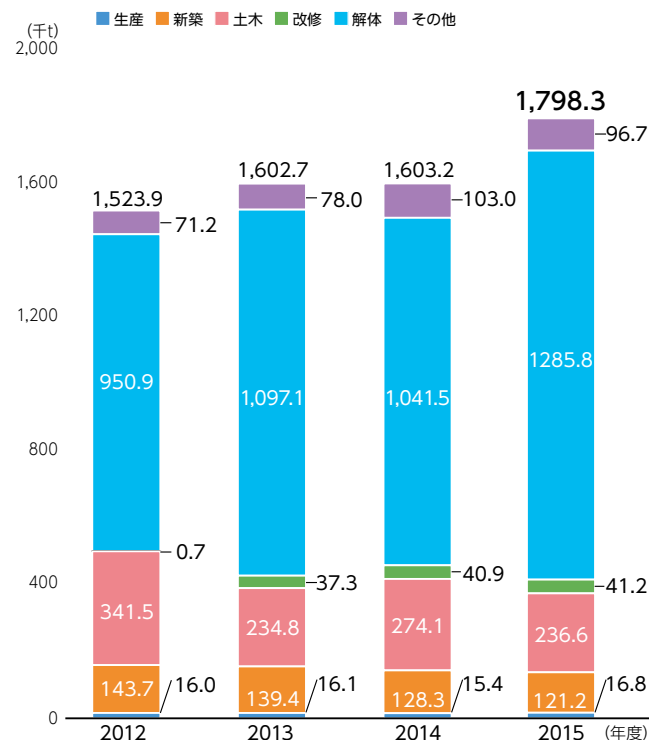
■ グリーン調達30品目

| 分類 | No. | 品目名 | 分類 | No. | 品目名 |
|--------|-----|-----------------|----|-----|---------------|
| 土壌 | 1 | 土壌改良材 | 下地 | 16 | 製材 |
| 仮設 | 2 | メッシュシート | | 17 | 合板 |
| 型枠 | 3 | 代替型枠 | | 18 | フリーアクセスフロア |
| コンクリート | 4 | 混合セメント | 仕上 | 19 | ガラス |
| | 5 | エコセメント・コンクリート製品 | | 20 | タイル |
| | 6 | 再生アスファルトコンクリート | | 21 | 水性塗料 |
| | 7 | 再生砕石 | | 22 | タイルカーペット |
| 舗装他 | 8 | ブロック | | 23 | フローリング |
| | 9 | 透水性舗装 | | 24 | ビニル系床材 |
| | 10 | 屋上緑化 | | 25 | エコロジークロス |
| 鋼材 | 11 | 再生鋼材 | | 26 | 布製ブラインド |
| | 12 | 再生木質ボード | 設備 | 27 | エアコン |
| | 13 | 石膏ボード | | 28 | ガスヒートポンプ式冷暖房機 |
| | 14 | 岩綿吸音板 | | 29 | 変圧器 |
| | 15 | 断熱・吸音材 | | 30 | 蛍光灯照明器具、ランプ |

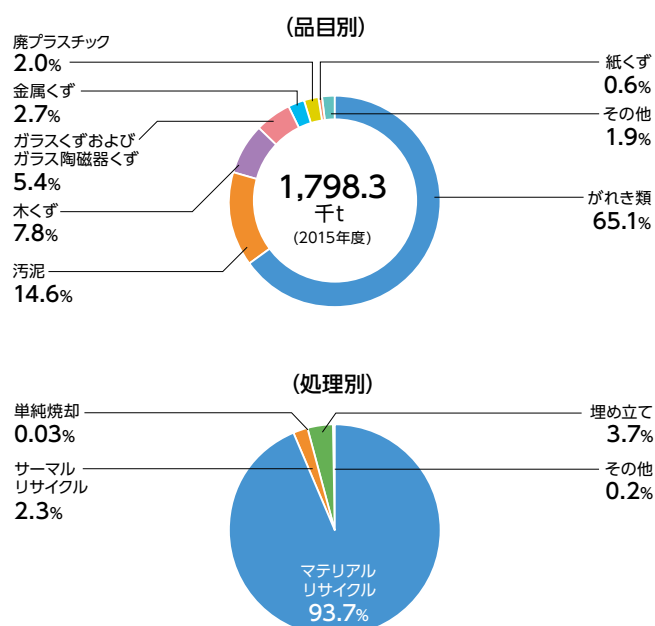
ECOプロセス

廃棄物排出量

■ 【全体】建設・解体廃棄物排出量の推移



■ 【全体】(2015年度)建設・解体廃棄物排出量の内訳



■ 【全体】建築・解体廃棄物排出量の推移(品目別)

単位: 千t

| | 2012 | 2013 | 2014 | 2015 |
|------------------|------|-------|------|-------|
| がれき類 | 906 | 1,024 | 817 | 1,170 |
| 汚泥 | 334 | 228 | 412 | 262 |
| 木くず | 102 | 119 | 137 | 141 |
| ガラスくずおよびガラス陶磁器くず | 75 | 97 | 102 | 98 |
| 金属くず | 45 | 59 | 59 | 48 |
| 廃プラスチック | 20 | 28 | 38 | 36 |
| 紙くず | 8 | 11 | 12 | 10 |
| その他 | 33 | 37 | 26 | 34 |

■ 【全体】建築・解体廃棄物排出量の推移(処理別)

単位: 千t

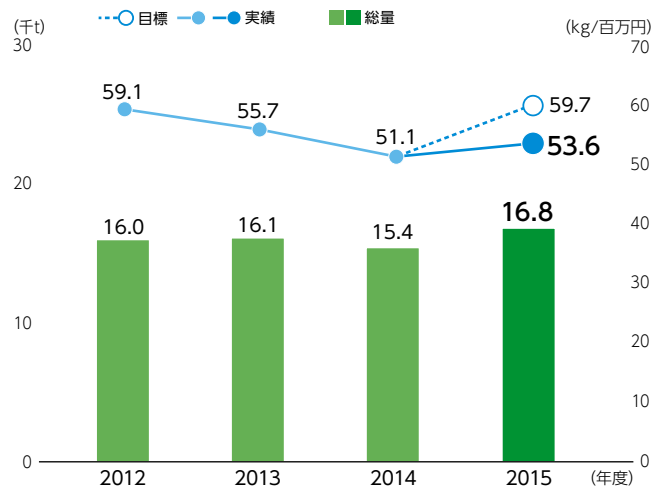
| | | 2012 | 2013 | 2014 | 2015 |
|-------|-------|-------|-------|-------|-------|
| リサイクル | マテリアル | 1,453 | 1,503 | 1,494 | 1,685 |
| | サーマル | 30 | 36 | 44 | 42 |
| 最終処分 | 単純焼却 | 1 | 0.6 | 0.4 | 0.5 |
| | 埋め立て | 39 | 62 | 62 | 67 |
| | その他 | 1 | 2 | 2 | 3 |

■ 【全体】リサイクル率の推移(部門別)

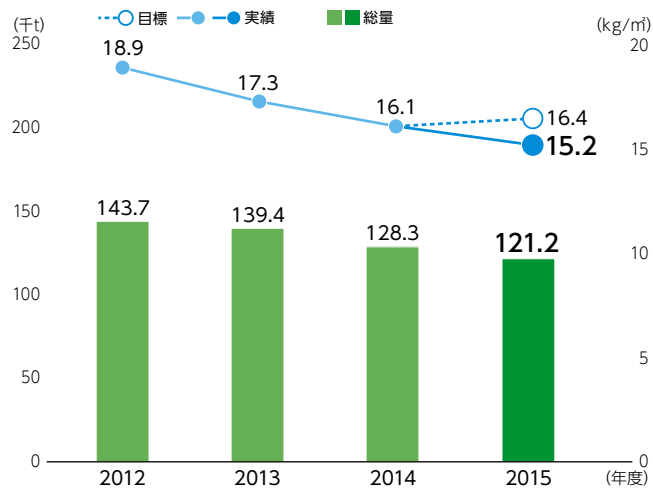
単位: %

| | 2012 | 2013 | 2014 | 2015 |
|----|------|------|------|------|
| 生産 | 97.6 | 98.6 | 98.8 | 98.7 |
| 新築 | 93.4 | 96.3 | 96.5 | 93.5 |
| 土木 | 99.8 | 99.8 | 98.8 | 99.3 |
| 改修 | 77.4 | 75.9 | 77.4 | 78.7 |
| 解体 | 96.9 | 95.4 | 95.8 | 96.5 |

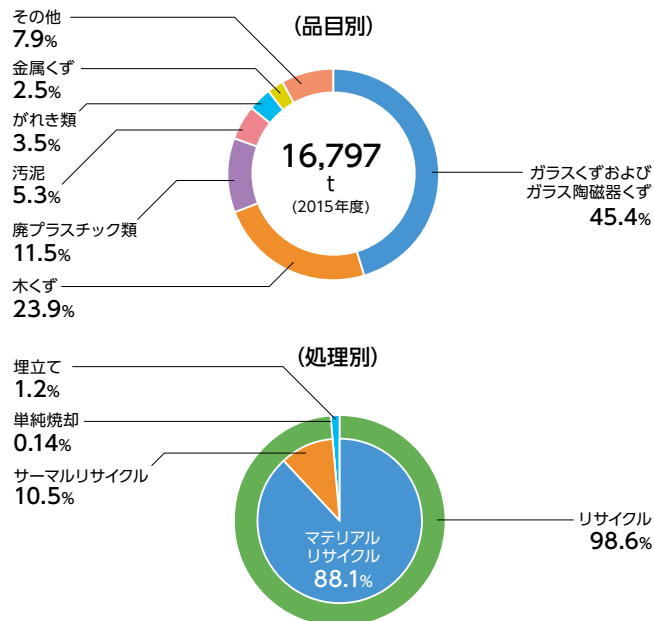
■ 【生産】廃棄物排出量と原単位の推移



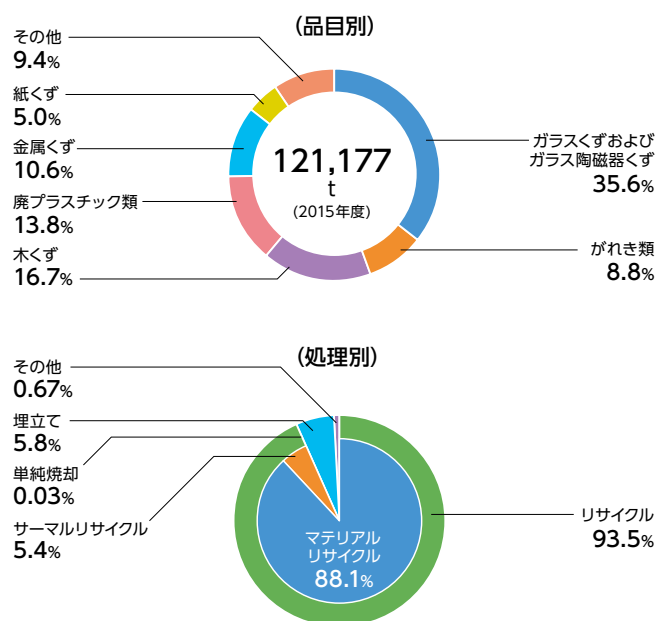
■ 【新築】廃棄物排出量と原単位の推移



■ 【生産】(2015年度)廃棄物排出量の内訳



■ 【新築】(2015年度)廃棄物排出量の内訳



■ 【生産】廃棄物排出量の推移(会社/部門別)

単位: t

| | 2012 | 2013 | 2014 | 2015 |
|-----------------|--------|--------|--------|--------|
| 大和ハウス工業 | 10,495 | 11,184 | 11,047 | 11,712 |
| 大和リース | 4,060 | 3,341 | 2,802 | 3,303 |
| デザインアーク(工場) | 593 | 582 | 546 | 593 |
| デザインアーク(配送センター) | 889 | 1,006 | 985 | 1,189 |

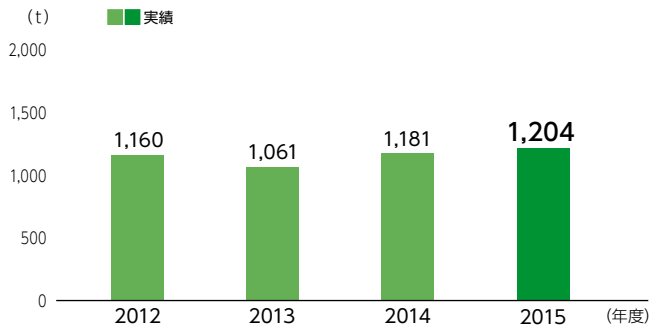
■ 【新築】廃棄物排出量の推移(会社・部門別)

単位: t

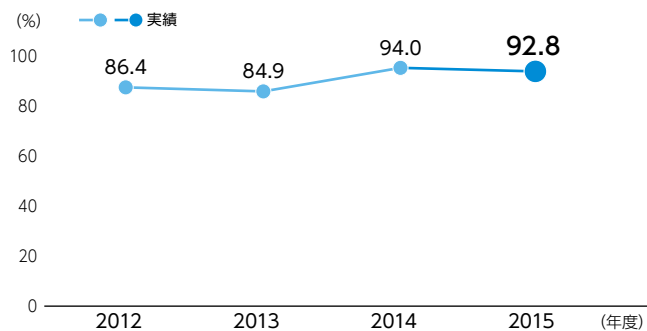
| | 2012 | 2013 | 2014 | 2015 |
|-------------|--------|--------|--------|--------|
| 大和ハウス工業(住宅) | 18,441 | 21,243 | 19,105 | 18,995 |
| 大和ハウス工業(建築) | 59,106 | 61,662 | 70,914 | 64,798 |
| 大和リース | 17,971 | 20,516 | 16,811 | 19,353 |
| フジタ | 48,188 | 36,015 | 21,520 | 18,031 |

紙使用量・グリーン購入比率

■ 紙使用量の推移



■ グリーン購入比率の推移



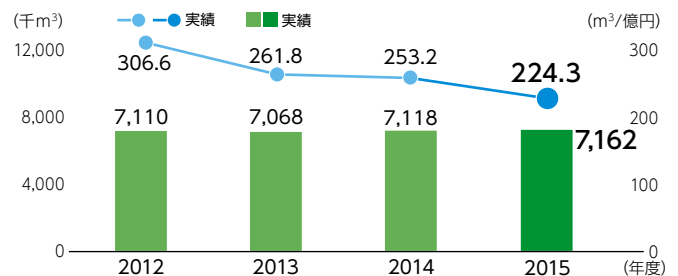
■ グリーン購入基準

| 分類 | 主な対象 | 基準名 |
|--------|-------------------------------|--|
| 紙類 | コピー用紙、帳票類 | 森林認証紙を使用していること。 またはグリーン購入法に適合する用紙を使用していること。 |
| | カタログ等 | 森林認証紙を使用していること。 |
| 文書類 | 事務用品 | 次のi～iiiのうち1つ以上の条件を満たしていること。 i) エコマーク*1認定品であること。 ii) グリーン購入法適合品であること。 iii) GPNデータベース*2掲載品であること。 |
| オフィス家具 | いす、机、棚、収納用什器(棚以外)、ローパーテーションなど | (社)日本オフィス家具協会(JOIFA)が環境物品として推奨する商品(グリーン購入法適合品)であること。 |
| OA機器類 | コピー機等、複合機、FAX | 次のi～iiのうち1つ以上の条件を満たしていること。 i) グリーン購入法適合品であること。 ii) 国際エネルギースターロゴ*3がついていること。 |
| | パソコン、プリンター等 | 次のi～iiiのうち1つ以上の条件を満たしていること。 i) グリーン購入法適合品であること。 ii) 国際エネルギースターロゴ*3がついていること。 iii) PCグリーンラベル制度*4認定品であること。 |

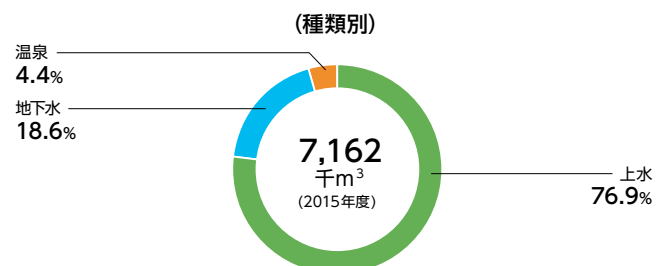
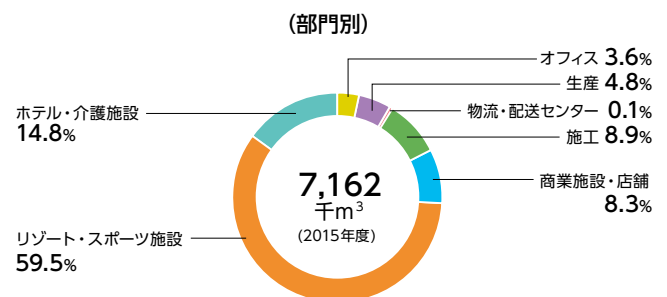
- ※1 エコマーク:
環境保全に役立つと認められた商品につけられる環境ラベル。(財)日本環境協会が審査している。
- ※2 GPNデータベース:
グリーン購入ネットワーク(GPN)が運営する環境配慮製品のデータベース。
- ※3 国際エネルギースターロゴ:
国際エネルギースタープログラムによる省エネ基準を満たしたOA機器に表示されるロゴマーク
- ※4 PCグリーンラベル制度:
環境に配慮したパソコン製品に関するラベリング制度。(有)パソコン3R推進センターが実施。

水使用量

■ 水使用量と原単位の推移



■ (2015年度)水使用量の内訳



■ 水使用量の推移(部門別)

単位: 千m³

| | 2012 | 2013 | 2014 | 2015 |
|-------------|-------|-------|-------|-------|
| オフィス | 258 | 258 | 271 | 256 |
| 生産 | 310 | 349 | 372 | 346 |
| 物流・配送センター | 7 | 6 | 7 | 7 |
| 施工 | 785 | 675 | 769 | 639 |
| 商業施設・店舗 | 865 | 769 | 593 | 591 |
| リゾート・スポーツ施設 | 4,038 | 4,029 | 4,087 | 4,261 |
| ホテル・介護施設 | 846 | 981 | 1,020 | 1,061 |

■ 水使用量の推移(種類別)

単位: 千m³

| | 2012 | 2013 | 2014 | 2015 |
|-----|-------|-------|-------|-------|
| 上水 | 5,778 | 5,694 | 5,608 | 5,511 |
| 地下水 | 958 | 1,074 | 1,203 | 1,335 |
| 温泉 | 373 | 301 | 307 | 316 |

〈環境データの算定方法、対象範囲〉

■ 建設・解体廃棄物排出量、リサイクル率

◇概要

工場・施工現場で発生する廃棄物のうち、有価売却したものを除いたものを「建設廃棄物」と定義しています。また、同じ施工現場においても、解体に伴う廃棄物は「解体廃棄物」として区別しています。さらに、土工事に伴う「建設発生土」や「建設汚泥」に関しては、「建設廃棄物」には含めていません。また、生産部門の原単位分母には各工場の「売上高」の合計を用いており、施工部門の原単位分母には各現場の「売上面積」の合計を用いています。

◇算定式

$$\begin{aligned}
 \text{【生産】建設廃棄物排出量(t)} &= \Sigma(\text{建設廃棄物発生量(t)}) \\
 &\quad - \Sigma(\text{有価売却量(t)}) \\
 \text{【新築】建設廃棄物排出量(t)} &= \Sigma(\text{建設副産物発生量(t)}) \\
 &\quad - \Sigma(\text{有価売却量(t)}) \\
 &\quad - \Sigma(\text{建設汚泥発生量(t)}) \\
 \text{【共通】建設廃棄物リサイクル率(\%)} &= \Sigma\{(\text{マテリアルリサイクル量(t)}) \\
 &\quad + (\text{サーマルリサイクル量(t)})\} \\
 &\quad \div \Sigma(\text{建設廃棄物排出量(t)})
 \end{aligned}$$

※リサイクル率の算定においては、建設汚泥を含む

◇対象範囲等

| 部門 | 対象組織 | 対象範囲 |
|----|-----------|--|
| 生産 | 大和ハウスグループ | 生産拠点・配送センターのすべて (工場:26ヵ所、配送センター:12ヵ所) |
| 新築 | 大和ハウスグループ | 建設現場のすべて |
| 土木 | フジタ | 土木現場のすべて |
| 改修 | 大和ハウスグループ | 改修現場のすべて(一部、小規模現場を除く) |
| 解体 | 大和ハウスグループ | 解体現場のすべて |

■ 紙使用量・グリーン購入比率

◇概要

紙使用量については、購入量 (m²) での実績値を重量換算して算定しています。また、事務所で使用する物品について、主要6品目(コピー用紙、帳票類、カタログ類、事務用品類、オフィス家具、OA機器)に、当社独自の「グリーン購入基準」を設定しています。グリーン購入比率の算出にあたっては、金額ベースとし、下記算定式にて算定しています。

◇算定式

$$\begin{aligned}
 \text{紙使用量(t)} &= \Sigma(\text{紙購入量(m}^2\text{)} \times \text{単位あたりの重量}) \\
 \text{グリーン購入比率(\%)} &= \Sigma(\text{グリーン購入適合品の購入金額(円)}) \\
 &\quad \div \Sigma(\text{対象品目の全購入金額(円)})
 \end{aligned}$$

◇対象範囲等

| 部門 | 対象組織 | 対象範囲 (拠点数は2016年3月末現在) |
|----|---------|-------------------------------|
| 事務 | 大和ハウス工業 | 事務所(本社・支社・支店・営業所)・研究所 のすべて |
| | | 計 210ヵ所 |

■ 水使用量

◇概要

上水、地下水、温泉の年間使用量の合計値とし、各拠点での購買データを基に算定しています。なお、施工部門については、サンプル調査によって把握した施工面積あたりの水使用量に施工床面積を乗じて推計しています。

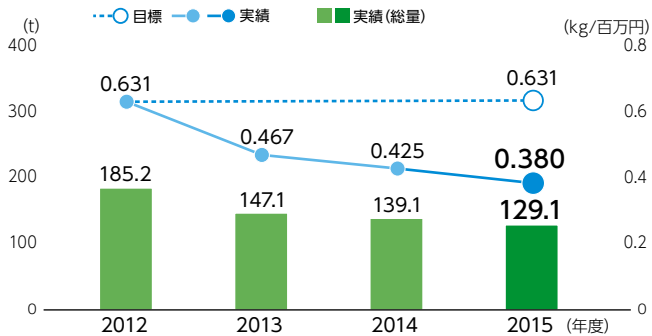
◇対象範囲

| 部門 | 対象組織 | 対象範囲 (拠点数は2016年3月末現在) | |
|-------------|-----------|---|------------------------------|
| オフィス | 大和ハウスグループ | 事務所(本社・支社・支店・営業所)・研究所・研修センター・展示場・モデルルームのすべて | 計 920ヵ所 |
| 生産 | 大和ハウスグループ | 生産拠点のすべて | 計 26ヵ所 |
| 物流・配送センター | 大和ハウスグループ | 部材輸送等に要する配送センターのすべて(自社運営のみ) | 計 49ヵ所 |
| 施工 | 大和ハウスグループ | 住宅・建築の新築工事、土木工事の施工現場(解体・改修工事は除く) | 新築工事: 計 7,987千m ² |
| | | | 土木工事: 計 259件 |
| 商業施設・店舗 | 大和ハウスグループ | 当社が運営する商業施設・店舗(原則、テナント部は除く) | 計 391ヵ所 |
| リゾート・スポーツ施設 | 大和ハウスグループ | 当社が運営するリゾートホテル・ゴルフ場・スポーツクラブ | 計 112ヵ所 |
| ホテル・介護施設 | 大和ハウスグループ | 当社が運営する都市型ホテル・介護施設 | 計 44ヵ所 |

ECOプロセス

PRTR対象化学物質排出・移動量

■ PRTR対象化学物質排出・移動量と原単位の推移



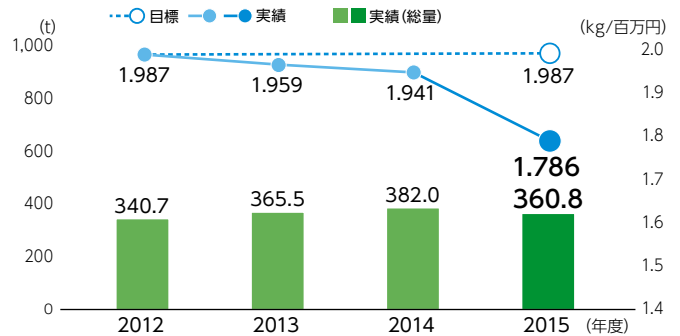
■ PRTR対象物質排出・移動量の推移(会社・部門別)

単位: t

| 部門別内訳 | 2012 | 2013 | 2014 | 2015 |
|-------------|-------|------|------|------|
| 大和ハウス工業(住宅) | 46.3 | 44.3 | 43.9 | 40.3 |
| 大和ハウス工業(建築) | 20.3 | 19.2 | 26.6 | 30.8 |
| 大和リース | 114.4 | 78.7 | 63.6 | 52.9 |
| デザインアーク | 4.3 | 4.9 | 5 | 5.1 |

VOC排出量

■ VOC排出量と原単位の推移



■ VOC排出量の推移(部門別)

単位: t

| 部門別内訳 | 2012 | 2013 | 2014 | 2015 |
|-------------|-------|-------|-------|-------|
| 大和ハウス工業(住宅) | 219.9 | 230.6 | 247.7 | 232.9 |
| 大和ハウス工業(建築) | 120.7 | 134.9 | 134.3 | 127.9 |

〈環境データの算定方法、対象範囲〉

■ PRTR対象化学物質の排出・移動量

◇概要

化学物質排出把握管理促進法 (PRTR法) で定められている第一種指定化学物質 462物質の排出・移動量とし、各拠点での購買データを基に算定しています。

■ VOC排出量

◇概要

大阪府条例および日本塗料工業会の定める揮発性有機化合物326物質の排出量とし、各拠点での購買データを基に算定しています。

◇対象範囲

| 部門 | 対象組織 | 対象範囲 | |
|----|-----------|----------|--------|
| 生産 | 大和ハウスグループ | 生産拠点のすべて | 計 26ヵ所 |

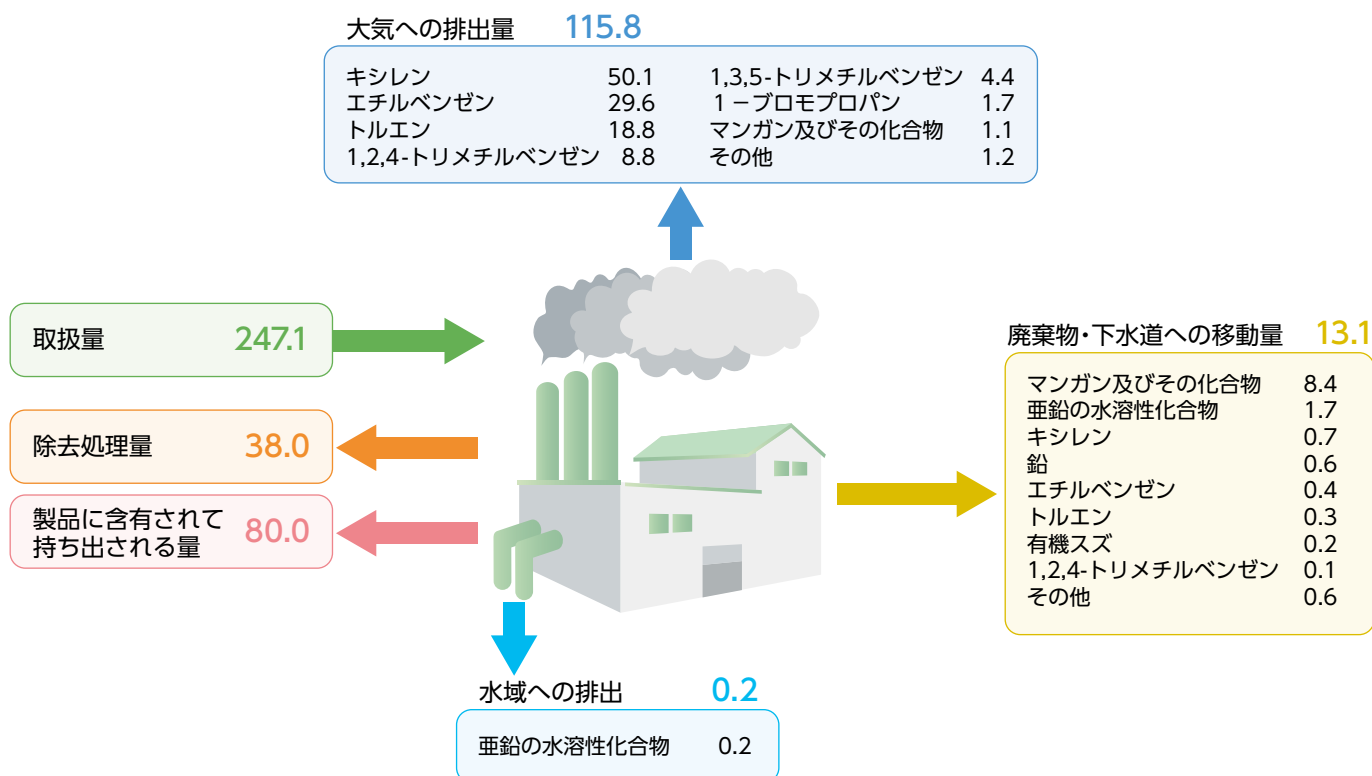
◇対象範囲

| 部門 | 対象組織 | 対象範囲 | |
|----|---------|----------|--------|
| 生産 | 大和ハウス工業 | 生産拠点のすべて | 計 10ヵ所 |

※2014年度のPRTR対象物質排出・移動量及び、VOC排出量の売上高あたりの原単位について、環境報告書2015に掲載した数値を訂正します。

PRTR対象化学物質のマテリアルバランス

単位：t



PRTR調査結果

単位：kg

| 物質番号 | 対象化学物質名 | 取扱量 | 消費量 | 移動量 | | | 排出量 | | | 除去処理量 |
|------|----------------------------|---------|--------|------------|-------------------|--------|---------|------------|---------|--------|
| | | | | 下水道への移動の合計 | 当該事業所の外への(廃棄物)移動量 | 移動量合計 | 大気への排出量 | 公共用水域への排出量 | 排出量合計 | |
| 80 | キシレン | 59,861 | 0 | 0 | 744 | 744 | 50,050 | 0 | 50,050 | 9,067 |
| 448 | メチレンビス(4,1-フェニレン)=ジイソシアネート | 49,049 | 48,956 | 0 | 92 | 92 | 2 | 0 | 2 | 0 |
| 412 | マンガン及びその化合物 | 31,837 | 22,286 | 0 | 8,437 | 8,437 | 1,114 | 0 | 1,114 | 0 |
| 53 | エチルベンゼン | 30,085 | 0 | 0 | 442 | 442 | 29,633 | 0 | 29,633 | 10 |
| 296 | 1,2,4-トリメチルベンゼン | 20,146 | 0 | 0 | 134 | 134 | 8,847 | 0 | 8,847 | 11,165 |
| 300 | トルエン | 19,183 | 0 | 0 | 263 | 263 | 18,839 | 0 | 18,839 | 81 |
| 71 | 塩化第二鉄 | 15,689 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 15,689 |
| 1 | 亜鉛の水溶性化合物 | 8,268 | 6,413 | 14 | 1,659 | 1,673 | 0 | 182 | 182 | 0 |
| 297 | 1,3,5-トリメチルベンゼン | 4,439 | 0 | 0 | 67 | 67 | 4,372 | 0 | 4,372 | 0 |
| 438 | メチルナフタレン | 1,960 | 0 | 0 | 0 | 0 | 10 | 0 | 10 | 1,950 |
| 384 | 1-ブロモプロパン | 1,742 | 0 | 0 | 0 | 0 | 1,742 | 0 | 1,742 | 0 |
| 304 | 鉛 | 1,494 | 883 | 0 | 611 | 611 | 0 | 0 | 0 | 0 |
| 239 | 有機スズ化合物 | 1,168 | 947 | 0 | 210 | 210 | 10 | 0 | 10 | 0 |
| | その他37物質 | 2,178 | 530 | 0 | 454 | 454 | 1,159 | 0 | 1,159 | 35 |
| | 総計 | 247,098 | 80,014 | 14 | 13,112 | 13,126 | 115,777 | 182 | 115,959 | 37,998 |

CSR調達ガイドライン (3) 物品ガイドライン ①化学物質管理ガイドライン

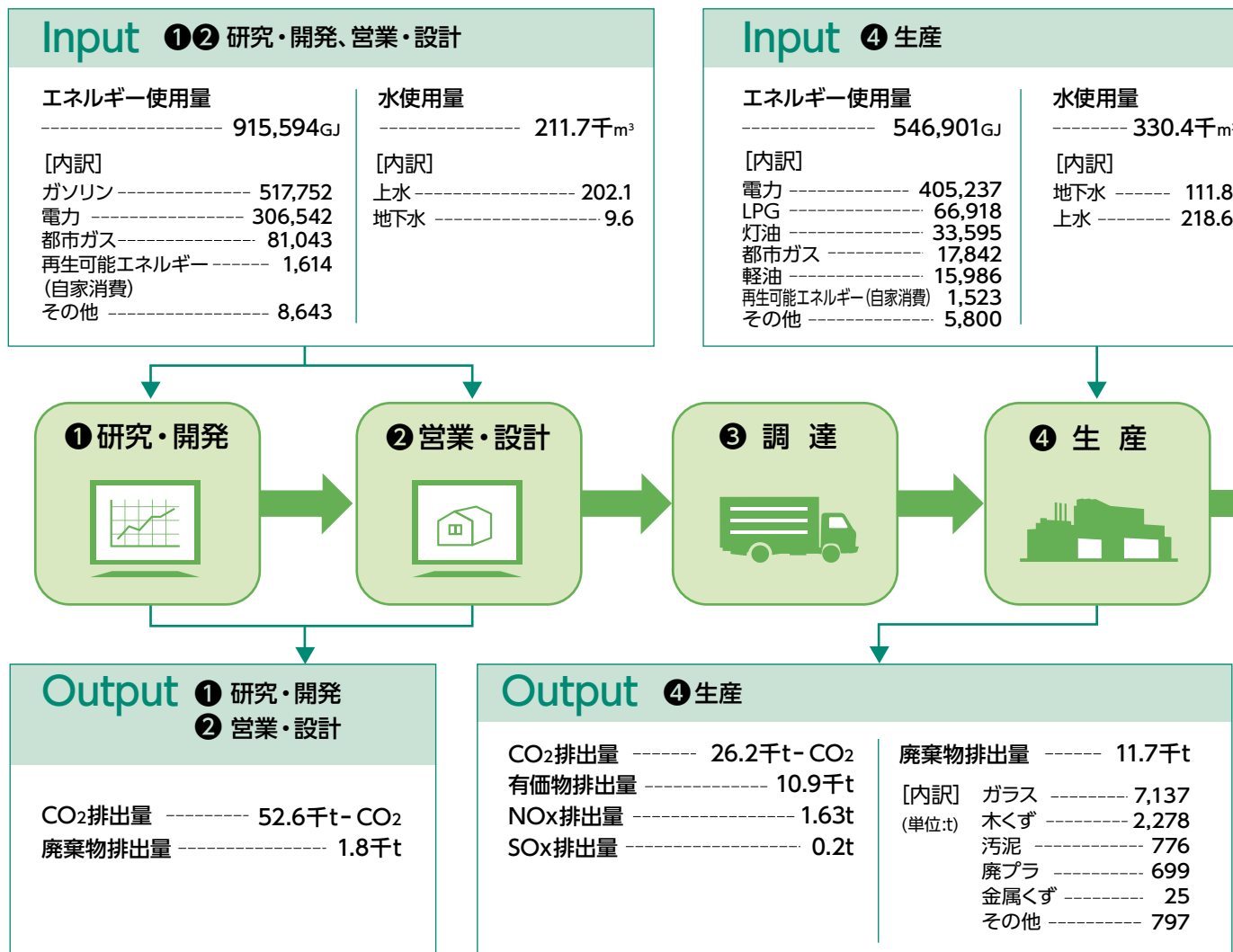
| 管理レベル | 管理物質 | 対象 |
|---|--|-----------------|
| レベル1 全ての製品について使用を禁止する物質及び群。 | 国内法禁止物質等 約130物質・群 | すべての購買品 |
| レベル2 主要な建材について使用状況を把握する物質及び群 (一部建材については使用制限あり)。 | 厚生労働省指針値策定物質及び REACH*1認可対象候補物質の一部等 約10物質・群 | |
| レベル3 主要な建材について使用状況を把握する物質及び群。 | REACH、RoHS*2規制物質等 約140物質・群 | 住宅商品(戸建・低層賃貸住宅) |

*1 REACH(Registration, Evaluation, Authorization and Restriction of Chemicals) : 2007年6月に欧州委員会が施行した新化学物質規制

*2 RoHS(Restriction on Hazardous Substances) : 電気・電子機器に含まれる危険物質を規定し、物質の使用を禁止する旨の欧州連合(EU)指令の一つ

関連ページ P118 CSR調達ガイドライン

環境負荷マテリアルフロー



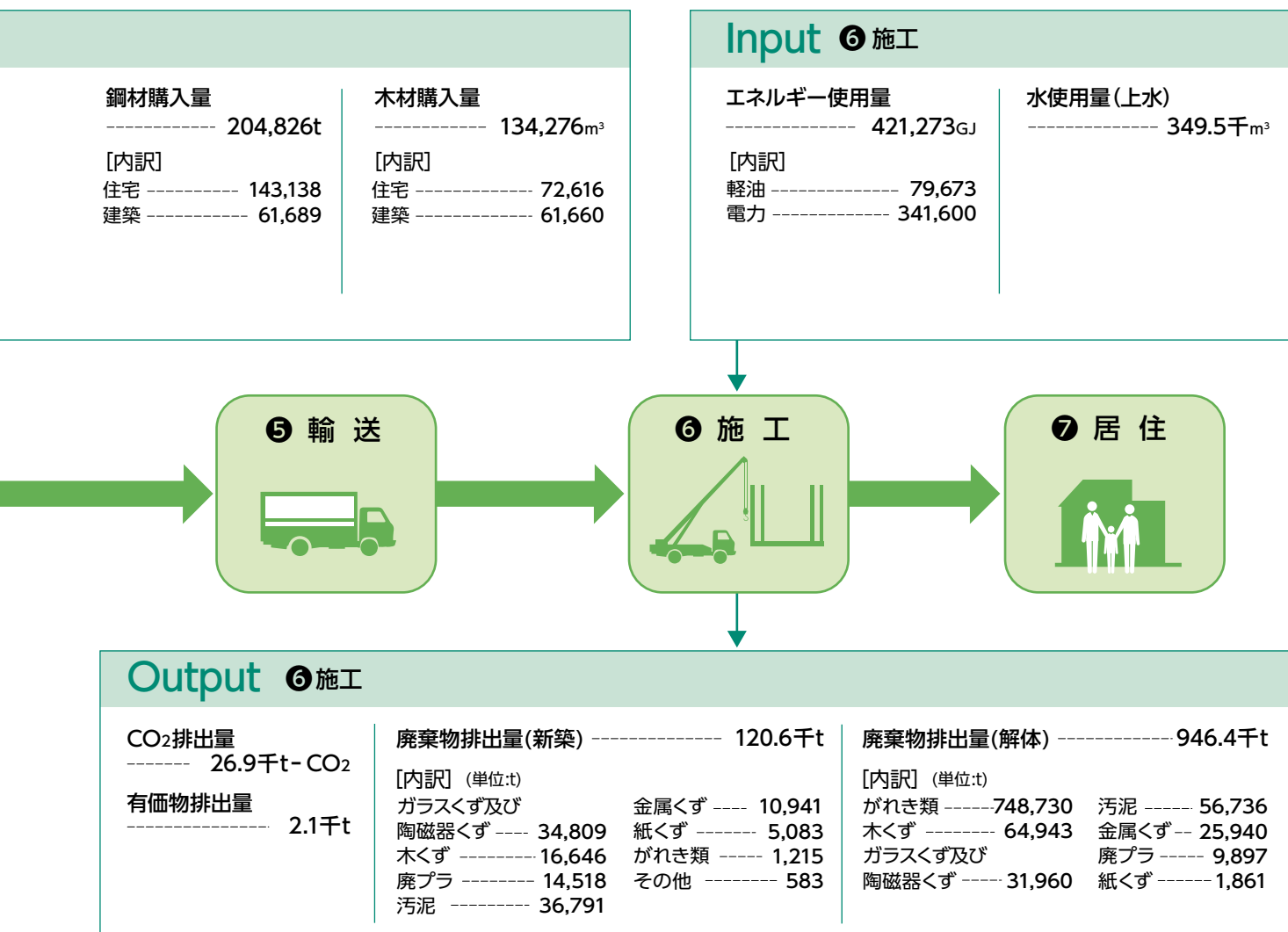
環境会計

①環境保全コスト

| 項目 | 主な内容 | 2013 | 2014 | 2015 |
|-----------|-------------------|---------|---------|---------|
| | | 投資額(千円) | 投資額(千円) | 投資額(千円) |
| 事業エリア内コスト | 大気・水質・騒音等の公害防止対策費 | 3,042 | 3,089 | 18,895 |
| | 地球温暖化の防止(省エネ)対策費 | 214,521 | 75,754 | 50,478 |
| | 廃棄物削減対策費 | 138 | 654 | 2,088 |
| | 水資源削減対策費 | 0 | 508 | 2,029 |
| 上下流コスト | グリーン購入費、通い箱購入費 | 1,354 | 6,644 | 2,019 |
| 管理活動コスト | 環境教育費、EMS維持費等 | 1,869 | 502 | 455 |
| | 合計 | 220,923 | 87,151 | 75,964 |

②環境保全効果

| 効果の内容 | | 項目 | 単位 | 2013 | 2014 | 2015 |
|----------|------------------|--------------------------|-------------------|---------|---------|---------|
| 事業エリア内効果 | 投入資源に関する効果 | 原油換算エネルギー使用量(生産系) | GJ | 533,522 | 521,614 | 552,770 |
| | | 原油換算エネルギー使用量(物流系) | GJ | 592,713 | 619,095 | 628,244 |
| | 環境負荷および廃棄物に関する効果 | 廃棄物発生量 | t | 11,118 | 11,047 | 11,712 |
| | | CO ₂ 排出量(生産系) | t-CO ₂ | 25,717 | 25,016 | 26,180 |
| | | CO ₂ 排出量(物流系) | t-CO ₂ | 40,646 | 42,453 | 45,544 |
| | | 水資源使用量 | m³ | 332,270 | 356,730 | 330,447 |



③環境保全効果に伴う経済効果

単位: 千円

| 内容 | | 2013 | 2014 | 2015 |
|------|-------------------|---------|---------|--------|
| 収益 | 有価物売却費* | 672 | 42,715 | 1,106 |
| 費用節減 | 省エネルギー活動によるコスト削減額 | 56,640 | 16,957 | 16,774 |
| | 廃棄物削減活動によるコスト削減額 | 62,730 | 50,739 | 27,830 |
| 合計 | | 120,042 | 110,411 | 45,710 |

*当年度に実施した環境保全効果の結果、得られた収益

<環境データの算定方法、対象範囲>

■ 環境負荷マテリアルフロー

- ◇対象期間: 2015年4月1日~2016年3月31日
- ◇対象組織: 大和ハウス工業
- ◇対象範囲:
 - ①研究・開発: 事務所(本社・支社・支店・営業所)・研究所・研修センター・展示場のすべて、
 - ②営業・設計: 社用車および、マイカー許可車のすべて
 - ④生産: 生産拠点のすべて ※NOx、SOx排出量は、すべての生産拠点のボイラ
 - ⑥施工: 住宅・建築の新築工事の施工現場(解体工事を含む)
- ◇算定基準: P54「環境データの算定と報告について」および、前項までの<環境データの算定方法>に同じ
NOx、SOx排出量については、環境省「環境報告ガイドライン(2012年版)」を参考に算定

■ 環境会計

- ◇対象期間: 2015年4月1日~2016年3月31日
- ◇対象組織: 大和ハウス工業
- ◇対象範囲: 全10工場
- ◇参考にしたガイドライン: 環境省「環境会計ガイドライン(2005年版)」

Daiwa House Industry Co.,Ltd.

For inquiries regarding this Report, Please contact:

Daiwa House Industry Co., Ltd.

CSR Department: Tel: 81-6-6342-1435

Environmental Department: Tel: 81-6-6342-1346



Daiwa House Industry supports “Fun to Share,”
the climate change campaign for building a low-carbon society through
“zero-energy” homes, buildings and communities.

“Endless Heart,” which represents the vision of the Daiwa House Group,
is a registered trademark or trademark of Daiwa House Industry Co., Ltd. in Japan and other countries.
© Copyright 2016 DAIWA HOUSE INDUSTRY CO., LTD. All rights reserved.

We Build ECO | Forest Cultivation Paper™