

Dialogue with Shareholders and Investors

To realize purposeful dialogue with our shareholders and investors, we constantly work to enhance mutual communication in the spirit of “co-creating a brighter future,” which is embedded within our management vision.

We strive to disclose information that will enable our shareholders and investors to assess our corporate value over the medium and long term.

In addition, our directors, executive officers, and outside officers receive timely and appropriate feedback in the form of the opinions and desires of shareholders and investors, as obtained through this dialogue. In this way, we facilitate a shared awareness of issues facing the Group, and work to realize sustained growth and improvement in corporate value.

Our activities for FY2019

General meeting of shareholders (June 26, 2020)

- Shareholder attendance **165**
- Percentage of voting rights exercised **85.70%**

Communication with institutional investors and analysts Total 678 companies

Face-to-face and telephone interviews with Japanese and overseas institutional investors	As needed	306 companies
Financial results briefing session via teleconferencing	4 times	190 companies
Briefing sessions from top management	Twice	99 companies
Tours of our facilities for institutional investor representatives	3 times	37 companies
Dialogue on ESG	As needed	46 companies
Overseas roadshows by top management	Europe, North America, Singapore, Hong Kong	

Communication with individual shareholders and investors Total 1,693 investors

Tours of our facilities for individual shareholders (Nara, Tokyo)	3 times	125 shareholders
Online explanatory sessions for individual investors	Once	1,568 investors

Feedback on shareholder and investor opinions and requests obtained through IR activities

Reports on IR activities at Board meetings	Annually
Reports on IR activities to outside directors	Semi-annually
Opinions on business performance and market trends exchanged with business divisions	Quarterly



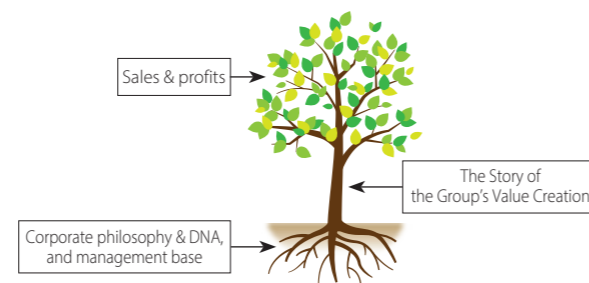
Small meeting on ESG

ESG small meeting held as a tool for communication with investors on the 2019 Integrated Report.

Date	Dec. 16, 2019
Attendees	28 institutional investors
Daiwa House departments represented	CFO, IR officer, General Affairs, Environment, Sustainability Planning Department, IR

In fiscal 2019, we explained the materiality (management issues) identified as challenges to be tackled in terms of business, society, and environment in pursuit of our management vision to “Realize a society in which people can live fulfilling lives,” as well as our environment and social initiatives, the Endless Green Program 2021 and the Endless Social Program 2021, both of which started along with the Sixth Medium-Term Management Plan. We also laid out the Daiwa House Group Governance Enhancement Measures, our governance initiative announced in November 2019, as well as our views on the future management structure.

The participating institutional investors left many opinions for us, a selection of which we reprint here: “We believe that you have been promoting ESG successfully combined with the founder’s spirit”; “We would like to know what is discussed at the



Board of Directors on the environmental KPI; “What is your view on the linkage between the environmental KPI and remuneration for directors?”; “What are your priorities in the governance initiatives going forward?”; and “We will be closely monitoring how the new governance reforms will function.”

As we promote ESG initiatives, we are aware that achieving sound management and governance system, and fulfilling accountability with enhanced disclosure of both financial and non-financial information must be realized in pairs. Based on this recognition, we strive to lower capital costs with a trustworthy and transparent management structure. The IR Department will continue proactive information disclosure and dialogue with our shareholders and investors so that they find it rewarding to communicate with the Company.

Data Section



Non-Financial Highlights (Medium-Term Plan Self-Assessment Indices)

In fiscal 2006, the Daiwa House Group introduced a CSR self-assessment index to measure and “visualize” the results of our activities for the environment and society. This has been beneficial in making improvements to CSR activities.

Along with the start of the Sixth Medium-Term Management Plan, we formulated Endless Green Program 2021 and Endless Social Program 2021. Progress is managed annually by each related department using indices to assess the results of the plan (implementation period: fiscal 2019 to fiscal 2021), with the goal of achieving performance objectives and strengthening management foundations.

The results of our self-assessment for fiscal 2019, the first year of the plan, are as follows. For the factor analysis, also see our Sustainability Report 2020.

Key results and targets of the Social Medium-Term Plan (Endless Social Program 2021) (FY)

Base	Priority issues	Assessment indices (KGI)	2018 results	2019 targets	2019 results	2021 targets
		Indices				
Human resources base	Work style reform for employees (by creating workplace environments that both maximize results and ensure health and safety)	Improvement in “motivation” of entire workforce * Calculated based on question about “motivation” on a sustainability survey.	65%	65%	65%	80%
	Upgrade human resource development and recruitment (by building programs based on projected 2030 group requirements)	Retention rate of young employees (3 years after joining the company)	73.9%	80%	75.4%	90%
	Promote diversity and inclusion	① Percentage of women managers	3.6%	4%	4.1%	5%
		② Percentage of line leaders amongst women managers	24.1%	30%	25.0%	40%
		③ Percentage of women engineers	4.6%	5%	4.9%	6%
		④ Percentage of women sales reps	9.9%	11%	10.2%	13%
⑤ Percentage of women amongst new college recruits		27.2%	30%	24.8%	30%	
Customer base	Upgrade corporate communications (new customers)	Interbrand Japan’s Best Domestic Brand/ Brand monetary value	668 million USD	800 million USD	700 million USD	1,000 million USD
	Promote customer support to maintain long-term relationships	Order rate using our customer base (Housing sales by referral)	38.7%	50%	37.4%	70%
Technology and manufacturing base	Enforce safety/security at construction sites	Frequency of worksite industrial accidents * Number of industrial accidents related fatalities/ injuries per 1 million hours of work (Injuries requiring 4 or more days-off)	0.23	0.21	0.19	0.21
	Improve productivity in manufacturing operations with the cooperation of business partners	Number of days off per annum for construction site workers	77 days	88 days (6 days-off for every 4 weeks)	88 days*1	112 days (8 days-off for every 4 weeks)
		Number of days off per annum for factory workers	108 days	111 days	111 days	117 days
	Promote and improve the efficiency of CSR procurement across the Group	① Percentage of important suppliers that comply with our CSR Procurement Guidelines (Scores of 80 or higher are judged as compliant) * Important supplier: Suppliers with 300 or more employees	—	50%	42.4%	70%
② Reply rate to CSR Procurement Guidelines self-check sent to all suppliers		—	50%	19.7%	70%	
Risk countermeasures base	Prepare business continuity plans on the premise of natural disasters/extreme weather	Business continuity plan score (points)*2 (Scoring based on status of efforts in six themes, as assessed by the BCM Subcommittee)	—	30 points	44 points	100 points
	Establish corporate ethics and compliance rules	Internal control system attainment score*3	408.1	376	397.4	447

*1 Results for fiscal 2019 construction site target days off of 88 days are unconfirmed. For fiscal 2018, 93% of partners had obtained the 77 target days off (from questionnaire survey for business partners 2019)

*2 Calculated based on the degree of progress in six indices ① Ensuring employee safety ② Ensuring power and backing up information systems ③ Upgrading aftersales support services for customers ④ Maintaining production purchasing capacity ⑤ Keeping the group functional as a whole ⑥ Establishing a development system based on the long-term risks of customers

*3 Calculated from the below 1. Completeness of internal control system ① Systems for collecting and sharing information (Reporting and sharing of risk information, etc.) ② Management and supervisory systems (Operation of Internal Control Committee and other organizations) ③ Training and awareness programs (Implementation of internal training programs and awareness activities via internal notices, etc.) 2. Degree of damages and losses ① Degree of financial losses and occurrence of serious incidents, etc.

Key results and targets of the Action Plan for the Environment (Endless Green Program 2021) (FY)

Environmental theme	Focal themes	Management indicator (KPI)	2018 results	2019 targets	2019 results	2021 targets	
General	Products and services	Pursue both environmental stewardship and corporate earnings by developing and selling products/ services that are tied to the environment	Sales of environmental contribution business	1,117.2 billion yen	1,250.0 billion yen	1,227.7 billion yen	— *4
		Business activities	• Continue ZEB practices with new constructions, and energy-efficiency improvements and systematic equipment replacement with existing facilities	GHG emissions (from the fiscal 2015 level, per unit of sales)	26.3% reduction	28% reduction	31.9% reduction
Energy efficiency (EP100) (from the fiscal 2015 level)	1.27 times			1.28 times	1.34 times	1.4 times	
• Expand power generation projects driven by renewable energy (wind, solar, hydro and biomass)	Renewable energy utilization rate (RE100)		0.23%	0.30%	0.30%	10%	
	Renewable energy rate		84.5%	85%	96.4%	100%	
Slowing and adapting to climate change (energy)	Products and services	Promote ZEH, ZEB and Green Building certification	GHG emissions derived from use of products (from the fiscal 2015 level, per area)	20% increase	2% reduction	19% increase	6% reduction
			ZEH sales rate	29%	50%	41%	60%
			ZEB sales rate	22%	25%	33.4%	35%
			Rate of Green Building Certification obtained	15%	30%	5%	70%
Environmental education	Products and services	Develop human resources for environmental management and improve environmental awareness and knowledge of the entire workforce	Number of those who acquired the Eco Test certification	4,402	5,000	8,218	12,000

*4 Goals for fiscal 2021 are scheduled to be disclosed in the next fiscal year, in accordance with conditions in the current fiscal year.

Reference Sustainability Report 2020: Medium-Term Plan Self-Assessment Indices P.179-182

Corporate Data

Corporate Data (as of June 26, 2020)

Corporate name:	Daiwa House Industry Co., Ltd.																																								
Founding:	April 5, 1955 (Established: March 4, 1947)																																								
Paid-in capital:	¥161,699,201,496																																								
Employees:	47,133 (as of March 31, 2020)																																								
Securities traded:	Tokyo stock exchange																																								
Securities code:	1925																																								
Head office:	3-3-5 Umeda, Kita-ku, Osaka 530-8241, Japan Phone: +81-6-6346-2111																																								
Tokyo Head office:	3-13-1 Iidabashi, Chiyoda-ku, Tokyo 102-8112, Japan Phone: +81-3-5214-2111																																								
Offices (37):	<table border="0"> <tr> <td>Hokkaido</td> <td>Saitama-higashi</td> <td>Niigata</td> <td>Kobe</td> </tr> <tr> <td>Iwate</td> <td>Chiba</td> <td>Gifu</td> <td>Nara</td> </tr> <tr> <td>Sendai</td> <td>Kashiwa</td> <td>Nagoya</td> <td>Okayama</td> </tr> <tr> <td>Fukushima</td> <td>Chiba-chuo</td> <td>Okazaki</td> <td>Hiroshima</td> </tr> <tr> <td>Tsukuba</td> <td>Joto</td> <td>Aichi-kita</td> <td>Fukuoka</td> </tr> <tr> <td>Ibaraki</td> <td>Musashino</td> <td>Yokkaichi</td> <td>Kita-Kyushu</td> </tr> <tr> <td>Utsunomiya</td> <td>Yokohama</td> <td>Shiga</td> <td>Kumamoto</td> </tr> <tr> <td>Gunma</td> <td>Kawasaki</td> <td>Kyoto</td> <td></td> </tr> <tr> <td>Saitama</td> <td>Atsugi</td> <td>Sakai</td> <td></td> </tr> <tr> <td>Saitama-nishi</td> <td>Kanazawa</td> <td>Hokusetsu</td> <td></td> </tr> </table>	Hokkaido	Saitama-higashi	Niigata	Kobe	Iwate	Chiba	Gifu	Nara	Sendai	Kashiwa	Nagoya	Okayama	Fukushima	Chiba-chuo	Okazaki	Hiroshima	Tsukuba	Joto	Aichi-kita	Fukuoka	Ibaraki	Musashino	Yokkaichi	Kita-Kyushu	Utsunomiya	Yokohama	Shiga	Kumamoto	Gunma	Kawasaki	Kyoto		Saitama	Atsugi	Sakai		Saitama-nishi	Kanazawa	Hokusetsu	
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Branches:	37																																								
Factories:	9																																								
Research center:	Central Research Laboratory (Nara)																																								
Training centers:	Nara, Osaka and Tokyo																																								
Overseas offices/ Representative offices:	<table border="0"> <tr> <td>Shanghai (China)</td> <td>Hanoi (Vietnam)</td> </tr> <tr> <td>Taipei (Taiwan)</td> <td>Ho chi minh (Vietnam)</td> </tr> <tr> <td>Jakarta (Indonesia)</td> <td>Yangon (Myanmar)</td> </tr> <tr> <td>Manila (Philippines)</td> <td>Mexico city (Mexico)</td> </tr> </table>	Shanghai (China)	Hanoi (Vietnam)	Taipei (Taiwan)	Ho chi minh (Vietnam)	Jakarta (Indonesia)	Yangon (Myanmar)	Manila (Philippines)	Mexico city (Mexico)																																
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Contact:	Daiwa House Industry Co., Ltd. IR Department, Management Administration Headquarters Phone: +81-6-6225-7804 Fax: +81-6-6342-1419 e-mail: dh.ir.communications@daiwahouse.jp																																								
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Share Information (as of March 31, 2020)

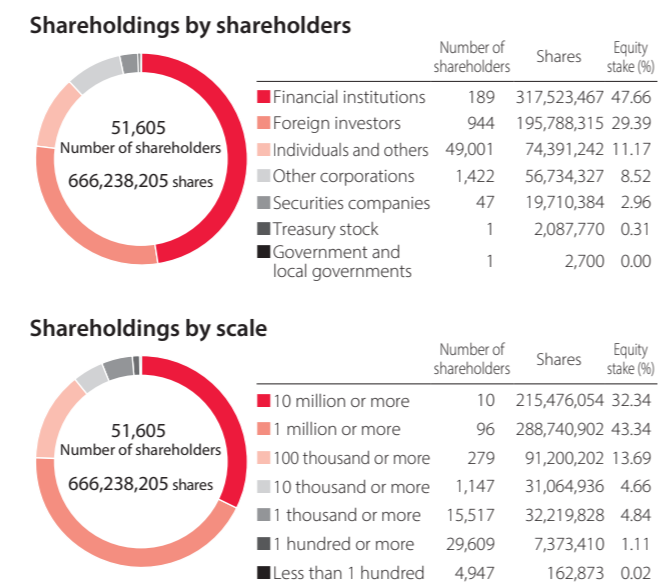
Authorized	1,900,000,000 shares
Issued	666,238,205 shares
Number of shareholders	51,605

Principal shareholders	Thousands of shares*1	Equity stake*2 (%)
The Master Trust Bank of Japan, Ltd. (trust account)	64,449	9.70
Japan Trustee Services Bank, Ltd. (trust account)	39,323	5.92
Japan Trustee Services Bank, Ltd. (trust account 7)	16,453	2.48
Sumitomo Mitsui Banking Corporation	16,117	2.43
MUFG Bank, Ltd.	15,470	2.33
JP MORGAN CHASE BANK 385151	13,856	2.09
Japan Trustee Services Bank, Ltd. (trust account 5)	12,638	1.90
Daiwa House Industry Employee Shareholders Association	12,623	1.90
Japan Trustee Services Bank, Ltd. (trust account 9)	12,599	1.90
Nippon Life Insurance Company	11,944	1.80

*1 Number of shares held is rounded down to the nearest thousand.
*2 Equity stake is calculated excluding treasury stock.
Equity stake is rounded down to three decimal places.

Board of Directors, Audit & Supervisory Board and Executive Officers (as of June 26, 2020)

Board of Directors	Managing Executive Officers
President, CEO and COO Keiichi Yoshii	Makoto Yamamoto Takaki Hiromori
Executive Vice Presidents Tamio Ishibashi Takeshi Kosokabe	Yoshiaki Tanabe Eiichi Shibata Keigo Okada Yuji Yamada
Director and Managing Executive Officers Hirotosugu Otomo Tatsuya Urakawa Kazuhito Dekura Yoshinori Ariyoshi Keisuke Shimonishi Nobuya Ichiki	Mikio Sasaki Takashi Miyatake Kohei Yamasaki Tetsuya Tamura
Outside Directors Kazuyoshi Kimura Yutaka Shigemori Yukiko Yabu Yukinori Kuwano Miwa Seki	Senior Executive Officers Yasuo Nakamura Yoshin Minagawa Koji Harano Tetsuro Wada Hirofumi Hama Moritaka Noumura Kazuhiro Tada Toshiya Nagase Nobuhito Ishibashi Yoshinori Hashimoto Naoki Hayashi Hitoshi Fukushima Naoki Nishioka Hiroshi Kono Yukikazu Kataoka Takafumi Nakao Isao Mizutani Hirotaka Najima
Audit & Supervisory Board	Executive Officers
Audit & Supervisory Board Members Tatsushi Nishimura Kenji Hirata Tomoyuki Nakazato	Kazuhiro Kotaka Keitaro Takebayashi Shigeki Ochiai Yoshinori Iwabuchi Kazunori Nibe Masatoshi Hatta Yuichi Sugiura Keisuke Izumoto Hideharu Hashimoto Masafumi Sugimoto Ryuichi Oyaide Fumiaki Kubo Taro Kawamura Kenichi Yoshioka Norio Togashi Tadatoshi Maeda Yukio Takamatsu Katsunori Nobe Masataka Kanai Kazumi Suwa Mitsuhiro Ito Ryuzo Matsuyama
Outside Audit & Supervisory Board Members Kazuhiro Iida Shonosuke Oda Akihisa Watanabe	



Note: Equity stake shows the percentages of the total outstanding shares.

Editorial Postscript

The Daiwa House Group—imagining the future, creating the future

Thank you for reading our report.

The Daiwa House Group has set itself the goal of achieving ¥10 trillion in net annual sales by 2055, the 100th anniversary of the Company's founding, and as such, we have drawn up a corporate vision of realizing a society in which people can live fulfilling lives. To make this possible, we are working to integrate ESG factors to strengthen the sustainability of the Group's management. The business environment is constantly changing, and is dominated by a number of factors, including the unprecedented series of natural disasters that has recently hit Japan, the necessity to live always with the threat of COVID-19 infection, the rapidly increasing use of digital technologies, and a global situation that is difficult to foresee. In these circumstances, I believe it is becoming more and more important for us to foster the ability to look beyond the immediate future horizons and to respond promptly and urgently when faced with the emergence of unforeseen factors.



Yuji Yamada
Managing Executive Officer
General Manager, Finance Department and IR Department

Now is the time for us to deeply reflect on the true meaning of the philosophy of "being of service to people." This is the dream of the future that Nobuo Ishibashi, the founder of Daiwa House, passed on to us. It seems to me that if we are to think in an integrated manner, we must ask ourselves: "What ideals or philosophy is it based on, what is it for, and what will it give rise to?" Translated into the specific case of the Daiwa House Group, we must go back for inspiration to the corporate philosophy and business spirit propounded and demonstrated by Mr. Ishibashi, which constitute the starting point for Daiwa House, and think about what sort of future society would be ideal. On this basis, we should ask ourselves what role the Group can play in realizing this ideal. We must then ask ourselves further questions. How can we strengthen and make effective use of our business base and our capabilities toward that end? How can we handle the positive effects and negative impacts on society of these changes, rather than solely considering the financial aspects ("value," i.e. sales and profits) of our business operations? If we do these things, the future that we imagine will be a future that the Daiwa House Group has helped create.

In closing, I would like to thank all those who gave us their assistance in the making of this report, in addition to everyone who has taken the trouble to read it. I hope that it has succeeded in increasing your understanding of the Daiwa House Group's business operations, and that we will continue to receive your support as we go forward.

The word "dream" encompasses a wide range of meanings.
When we go to sleep at night, we dream.
We also often refer to the past as "seeming like a dream."
But for us at the Daiwa House Group, these definitions of the word can be put to one side.
When we use the word "dream," which to us is very important, we are referring to hopes for the future.
Dreams are the driving force behind great achievements.
Managers must be a good judge of the capabilities of their staff.
Employees, too, must have a dream in their hearts.
Companies grow along with the realization of such dreams.
A company's management and staff must all keep on trying to make their dream reality, and must never give up.
Our founder, Nobuo Ishibashi