

CSR Report

Corporate Social Responsibility Report

2013

Bringing Light, Air & Water to Life



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● Editorial Policy

The purpose of this report is to inform our stakeholders of our CSR activities. The feature article of this year's CSR report is "New Research Centre of the Technical Research Laboratory Opens."

● Scope of The Report

The main focus of this report is the CSR activities of Dai-Dan. Financial statements are consolidated.

● Period Covered in This Report

This report predominantly covers our activities from April 2012 to March 2013, and also some post April 2013 data.

● Report Guideline References

GRI Guideline (G3)
Ministry of the Environment 'Environmental Reporting Guidelines (2012)'
Japanese Standards Association 'ISO26000:2010'

Continually taking on the challenge of creating value for our clients while helping to preserve the environment

Led by our management principles of, “As a building services engineering and installation provider we continually take on the challenge of creating value for our clients while contributing to the development of better environments and stronger communities,” Dai-Dan strives to create the best environments for people to live their lives safely and with peace of mind.

Dai-Dan, taking on the Challenges of the New Era

Since the Great East Japan Earthquake, Japan has come under pressure to make drastic changes to its energy policies.

While the use of solar, wind and geothermal power along with other forms of renewable energy is being encouraged, Japan has no option but to continue generating electricity through the use of fossil fuels and other conventional means in order to maintain current industrial efficiency.

However, CO₂ emission reductions are imperative if we are to mitigate global warming, and making the shift to a resource circulating society is paramount.

In light of these societal changes, and aided by our new research centre opened in April 2013 at the Technical Research Laboratory, we are pursuing research and development in the saving, creation and storage of energy for the new age of smart-energy and to offer new environmentally friendly technology.

We are committed to meeting the ever-

diversifying needs of our clients and contributing to the development of society through our advanced and precision environmental control system technologies.

Leveraging the Skills of Diverse Human Resources

People are the driving force behind the growth of a business.

We provide quality training to educate our diverse employees and allow them to realize their full potential.

We also believe that passing skills on is vital to the continuation of business.

We will develop new evaluation standards to identify outstanding on-site installation engineers and enable them to train inexperienced and young engineers.

To maintain high quality and ensure on-site safety, the training of subcontractors is inevitable.

As such, we have introduced the Dai-Dan Meister System to recognize outstanding foremen of subcontractors and encourage skill development.

Society and Client Focused

Our building services engineering and installation allow us to be a part of society.

We believe that developing stronger relationships with our clients and providing superior technology is how we can use our business to contribute to society.

As a building services engineering and installation provider, Dai-Dan offers a customer-oriented one-stop service for building services and utilities at the various stages of a building's life cycle — from building planning and installation through to renovation.

Our dedicated client consultation offices throughout Japan attest to our client focus. We will respond to any emergency our clients may have after installation or any need that they may have post-implementation to improve our relationships of trust with our clients.

Pursuing Fair and Transparent Corporate Activities

Strong compliance is a founding principle of business at Dai-Dan.

One of our fundamental policies of corporate governance is to ensure strong compliance. To this end, we are pursuing fair and transparent corporate activities in keeping with the Principles and Standards of our own Corporate Code of Ethics.

Always With You.

March 2013 marked the 110th anniversary of the company.

This milestone could only have been achieved by the tremendous support of everyone associated with the company, and for that we are very grateful.

We believe that it is our mission to increase corporate value and continue our business in order to meet the expectations of everyone.

Your ongoing support and cooperation is truly appreciated.

Setsu Sugaya

Dai-Dan Co., Ltd.
Representative Director /
Chairman / CEO



Shohei Kitano

Dai-Dan Co., Ltd.
Representative Director /
President / COO



Always With You

We strive to provide comfort that is friendly to both people and the environment.

Dai-Dan believes that we play our part in the sustainable development of society by delivering safety, security and comfort to people's lives through our building services engineering and installation work.

CSR at Dai-Dan is about encouraging each employee to pursue the realization of a better environment and the development of society as they perform their tasks in keeping with the five Principles of Action of our Corporate Code of Ethics.

Management Principles

As a building services engineering and installation provider, we continually take on the challenge of creating value for our clients while contributing to the development of a better environment and stronger communities.

Management Policies

1. We maintain focus on our customers as the business environment changes so that we can meet all their need.
2. We operate the business in compliance with all legal and regulatory requirements.
3. We ensure that our corporate activities assure the safety and quality of products and services and contribute to environmental preservation.
4. We attain our corporate targets by pursuing both our strategies and policies.

Corporate Code of Ethics

We have developed five Principles of Action and fourteen Standards of Action to encourage our executives and other employees to comply with laws and regulations and act with good social conscience. The Principles of Action summarize the things that should be kept in mind when performing day to day tasks. The Standards of Action are based on the Principles of Action and serve as more practical guidelines.

Excerpt from the Corporate Code of Ethics

Principles of Action	Standards of Action
1. Observe laws and social norms, conduct business activities in a sensible manner.	1. Positive relationships with customers and users
2. Participate in the building of a society that can sustain its development.	2. Ensure safety and quality
3. Respect the fundamental human rights of all people.	3. Fair and open competition
4. Maintain a fair and transparent relationship with stakeholders.	4. Ethical business transactions
5. Recognize our place in society and strive to contribute.	5. Fair disclosure of corporate information
	6. Ethical management of critical information
	7. Protection and respect of intellectual property rights
	8. Improvement of working conditions and work environments
	9. Respect for human rights and individuality
	10. Efforts for environmental issues
	11. Proper accounting and tax payment
	12. Sound relationships with politics and administration
	13. Elimination of relations with antisocial forces
	14. Prohibition of self-serving actions

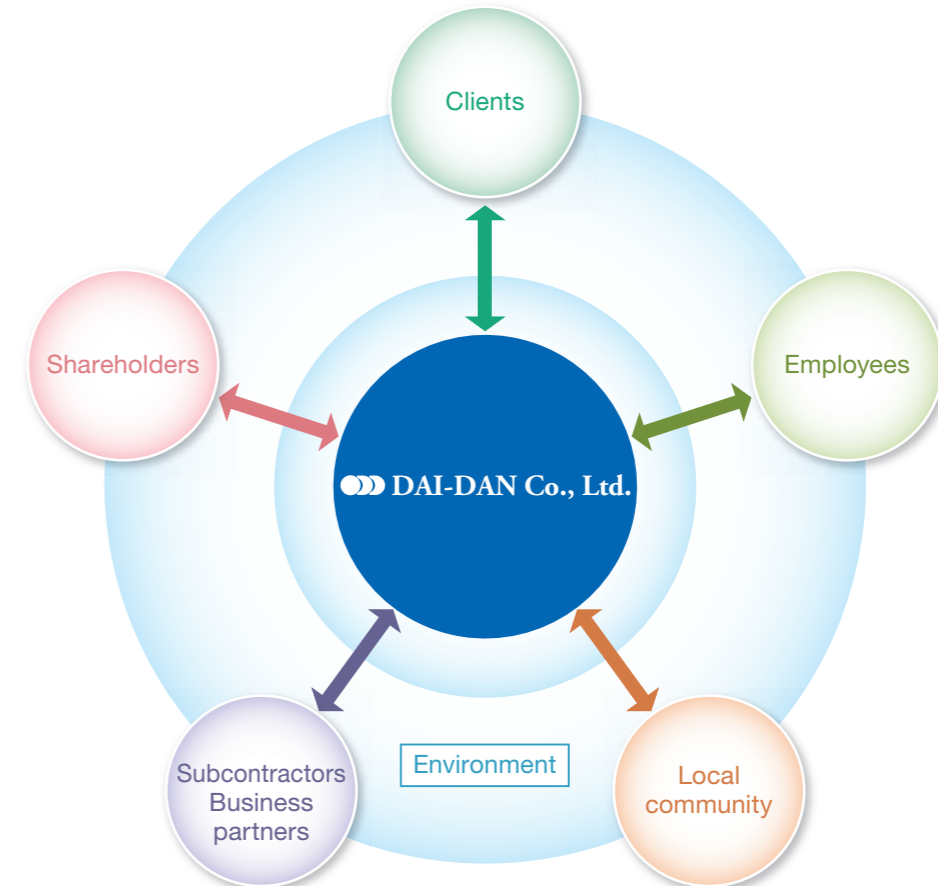
Utilizing our development and installation expertise, we will develop advanced environmental control systems and build a low carbon society.

Contributing to the environment through energy saving technology.

Electrical equipment, air-conditioning and plumbing draw the bulk of the energy consumed by an office building. Buildings serve as places to work, learn, play, recreate and live, and we strive to ensure these buildings are environmentally friendly through our energy saving technology.

Stakeholder Relations

Clients, shareholders, employees, subcontractors, business partners and local communities — collective our stakeholders — are always the focus of any action we take when conducting our corporate activities. We believe that it is imperative that we accurately identify the expectations and requirements of our stakeholders through communication and respond to these needs, in order for us to grow as a company.



Dai-Dan's Responsibility

Environment

We strive to protect our environment and prevent global warming by strengthening our initiatives to develop low environmental impact installation processes and energy saving technology.

Clients

We strive to meet our clients' needs and provide them with high value-added solutions as well as high quality, comfortable spaces.

Shareholders

We recognize that it is our duty to enhance corporate value, maintain transparent and sound operations and disclose appropriate information in a timely manner.

Employees

We place priority on our employees' safety and health, and are committed to ensuring that their work place is comfortable.

Subcontractors and business partners

We strive to build healthy partnerships with our subcontractors and business partners through fair, transparent and equal business dealings.

Local community

We recognize that we are a member of society and strive to exist in harmony with the local community through our social contributions in our position as a responsible corporate citizen.

Contributing to the development of society through our advanced environmental control systems.

Pharmaceutical plants, semiconductor fabrication plants, medical centres, food processing plants and other factories require advanced control of their temperature, humidity, cleanliness and other environmental aspects. Therefore, environmental control system technologies tailored to each facility are vital in ensuring the quality of products and services. Providing advanced and precision environmental control systems is how we contribute to the development of society.

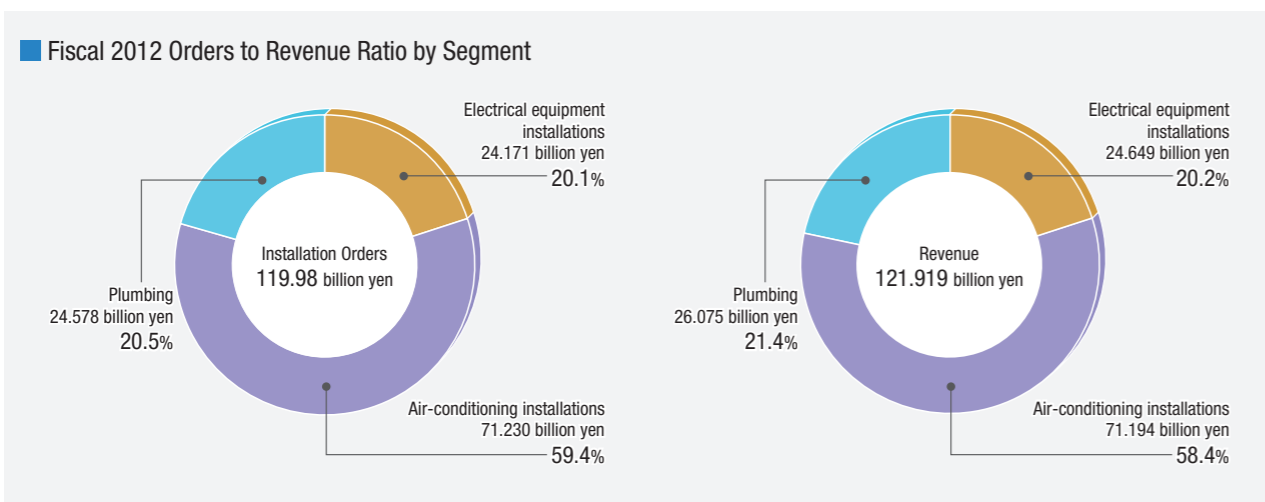
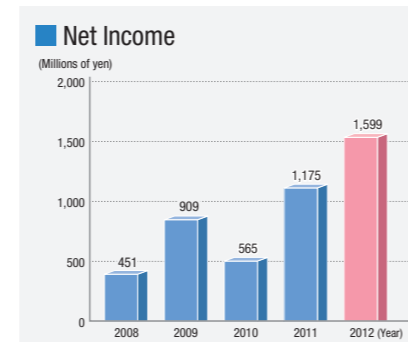
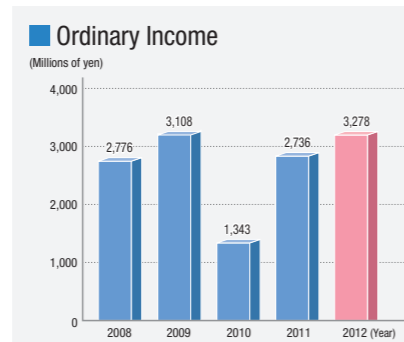
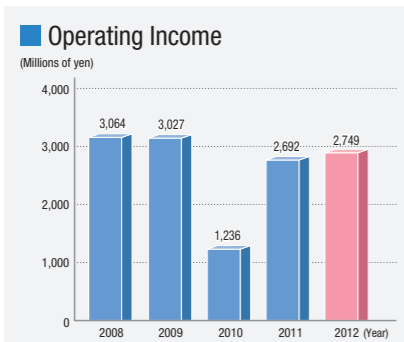
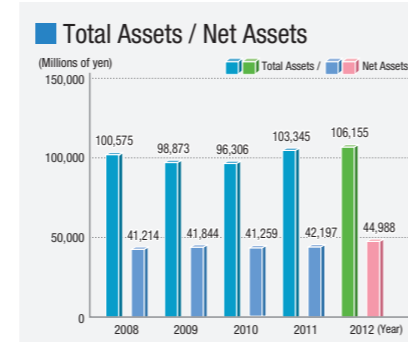
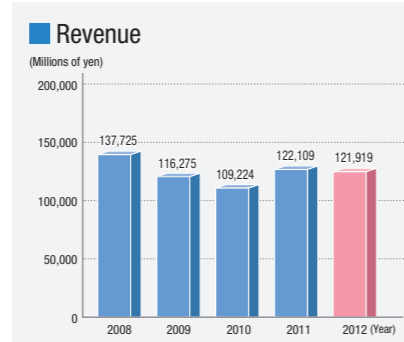
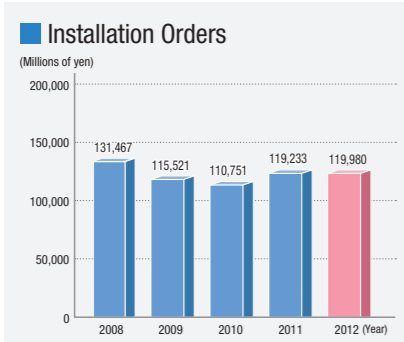
Contributing to the redevelopment of social infrastructure by rejuvenating and upgrading existing facilities.

We breathe new life into existing buildings by providing tailored support for the renovation (rejuvenation and upgrade) of facilities. We fully utilise our comprehensive energy saving services (ESCO services), our internally developed Flow Smart coolant control system for refrigeration units (see page 17) as well as other environmentally friendly technologies in order to provide tailored support for the renovation of buildings and facilities.

Dai-Dan brings light, air and water to life. We optimize the electrical equipment, air-conditioning and plumbing of buildings to create comfortable spaces.

Corporate Profile

Company name	Dai-Dan Co., Ltd.	Capital Fund	4,479,725,988 yen
Head office	1-9-25 Edobori, Nishi-ku, Osaka, Japan	Employees	1,445 (as of March 31, 2013) consolidated
Founded	March 4, 1903	Stock Listing	The first section of Tokyo Stock Exchange
Incorporated	October 10, 1933		



Our Services

Electrical equipment installations

Electricity and the electrical equipment on which it flows are the lifeblood of a building. They supply the power to equipment and services that allows a building to fulfill its function.

Electrical equipment installations involve the installation of a high-voltage transformer, a distribution board and the wiring that supplies electricity to lighting, outlets, pumps and fans.

Electrical equipment is crucial to the saving, creation and storage of energy. Dai-Dan converts ordinary buildings to smart buildings by, for instance, reducing power consumption through LED lighting installations, generating electricity by installing solar panels and enabling energy storage which is critical for the efficient use of solar generated electricity.

The Great East Japan Earthquake increased the need for non-utility power generations facilities that allow continued electricity supply to factories and buildings in times of power outage. Dai-Dan also installs large-scale solar power generation arrays, including "mega solar systems."

Air-conditioning installations

Air-conditioning is all about controlling the quality of air — the temperature, humidity, purity and flow — to ensure the comfort of the building.

An air-conditioning installation involves connecting the various parts of the whole system — the refrigeration unit that cools the air, the pipes and pumps, and the ducts and fans that move air — to ensure that they all work in optimum harmony.

Factories, in particular, require advanced environmental control systems. Typical examples are semiconductor fabrication plants, which need to eradicate dust particles down to a size of 0.1µm, and pharmaceutical plants, where bacteria and viruses must be eliminated.

However, air-conditioning consumes a large amount of energy and accounts for almost half the energy used in a building.

Led by the words "saving," "creating" and "storing" energy, Dai-Dan not only provides precise, comfortable air-conditioning; we also pursue increased efficiency of air-conditioning and the use of renewable energy to reduce environmental impact.

Plumbing

The role of plumbing is to supply clean and safe water as well as facilitate appropriate drainage of used water.

Plumbing involves installing hand basins and toilets, connecting toilet tanks, pipes and pumps and installing wastewater pipes that allow used water to be drained smoothly.

Some of the more specialised equipment includes water treatment systems found at swimming pools and aquariums where large amounts of water are circulated and purified.

Furthermore, fire protection systems and equipment, which protect assets and lives, are also a part of our plumbing services.

Water tanks, pumps and sprinklers used to extinguish fires are installed to ensure fire preparedness.

Renovations

Building and facility renovations have been growing in demand in recent years. Renovations extend the useful life of a structure, which means that a rebuild is not necessary.

We communicate thoroughly with our clients when developing renovation plans to develop solutions that exceed our clients expectations.

Dai-Dan offers high value-added systems that help clients minimize energy consumption. Those systems include high efficiency systems and devices, and energy consumption visualization units.

Overseas Operations

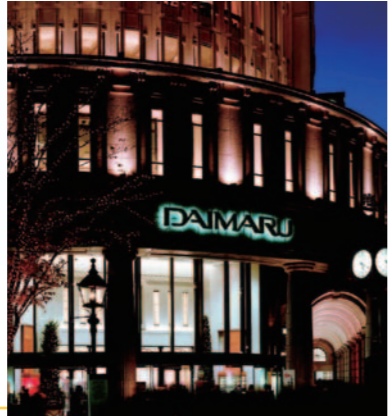
Dai-Dan has operations in Singapore, Thailand, Malaysia and other countries providing services to factories and research centres where we can fully utilise our expertise.

We have completed a number of contracts overseas, primarily in our field of expertise. We have built cleanrooms and installed energy saving systems that have been very well regarded by our clients.

Dai-Dan provides high quality systems and strives to establish a strong presence in each of the respective countries.

Light

Lighting can take on various forms; from decorative lights inside and outside a building through to information systems. We breathe new life into buildings through our latest management and control technology.



- Electrical systems
- Information communications systems
- Fire protection systems
- Specialised electronic systems

Air

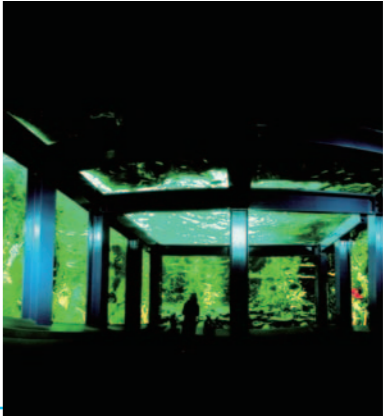
Dai-Dan provides systems to regulate temperature, humidity and airflow to ensure high air quality.



- Office building air-conditioning
- Industrial air-conditioning
- Automated regulation system
- Specialised air-conditioning system

Water

Our systems not only provide high quality water, but also facilitate drainage and recycling of waste water.



- Supply system
- Treatment system
- Fire extinguishing system
- Specialised system

Completed works for FY 2011 and 2012



CREATE: Electrical fit-out, air-conditioning installation and plumbing



Nagasaki University Hospital, main building: Electrical fit-out (refurbishment)



JP Tower: Air-conditioning installation



Nakanoshima Festival Tower: Air-conditioning installation



Toyama Murata Manufacturing, buildings C1 and C2: Air-conditioning installation (refurbishment)



East Osaka Municipal Central Wholesale Market: Air-conditioning installation and plumbing



Public facility complex South Peer: Electrical fit-out



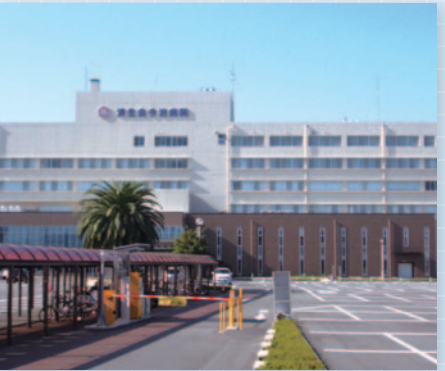
Teikyo University, Itabashi Campus building: Air-conditioning installation



Japanese Red Cross Ise Hospital: Air-conditioning installation



Grand Front Osaka South Building: Air-conditioning installation



Saiseikai Imabari Hospital: Air-conditioning installation and plumbing

Feature

New Research Centre of the Technical Research Laboratory Opens

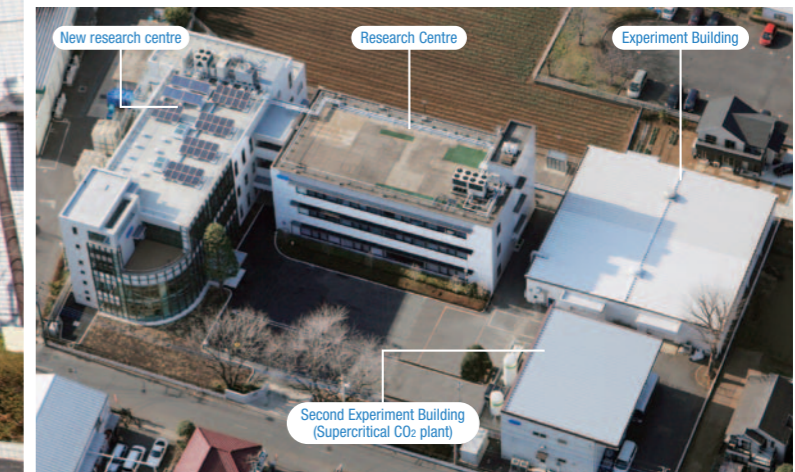
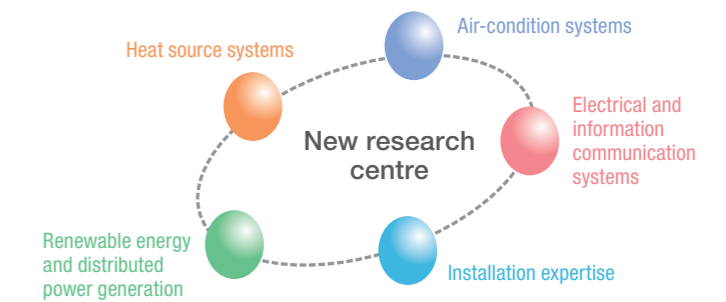


In April 2013, which marked the 30th anniversary of the opening of our Technical Research Laboratory in 1984, we opened a new research centre.

The new research centre will serve as a platform to drive building services R&D. Here we will advance research and development in saving, creating and storing energy, in order to meet the needs of the smart energy era and forge ahead with the development of technology required to build leading-edge systems for industrial facilities.

The second floor of the research centre houses a showroom where our clients can see our installation expertise and our energy saving technology through displays of machinery and videos.

The Five R&D themes of the new research centre



Bird's-eye view of the Technical Research Laboratory

New research centre

Technical Research Laboratory



Research Centre



Experiment Building



Second Experiment Building (Supercritical CO₂ plant)

Research Centre

Office space for the Technical Research Laboratory, Technical Development Division, Technical Construction Division and Medical Care Facilities Promotion Department. The Technical Research Laboratory fulfills the role of technical headquarters, which allows the research lab and installation sites to be on the same page.

Experiment Building

Systems experiments using models and performance tests are conducted at the experiment building. The building allows us to demonstrate to our clients the new technologies we are developing.

Second Experiment Building

The second experiment building houses Japan's largest supercritical CO₂ cleaning and recycling equipment as well as devices that are used to test the effectiveness of the equipment.

Technical Research Laboratory conducts R&D based on the following three philosophies in order to provide environments that are friendly for people, objects and the Earth:

1. Primary research to ensure quality

We conduct a wide range of primary research. This includes the development of new technologies to ensure the comfort and energy efficiency of buildings, pre-installation assessments using air-flow simulations and experiments with ducts and pipes using mock-ups*.

*Mock-up: Models used when determining exterior design and system functionality.

2. Development of technologies that enable the provision of greater value to our clients

We advance timely development of environmental impact reduction technology and advanced environmental control systems in the growth areas of pharmaceuticals, healthcare, electronics, and green industry.

3. Innovation that goes beyond building services

We advance the application new technologies in cooperation with universities and businesses in other industries. One of our initiatives is the development of cleaning and recycling technology for air filters using supercritical CO₂. This is one of the fruits of the industry-academia-public joint research initiative, and the technology has been highly praised.



Lobby

1. Showcasing our Technology under Development

The new research centre showcases our technology under development and highlights our expertise across five fields. Our installation expertise, air-conditioning technology for industrial facilities; aseptic treatment rooms and energy consumption visualization units for healthcare facilities; and systems for pharmaceutical plants are on display.

2. Research and Development Platform

The research laboratories that form the core of our R&D are equipped with specialised and multipurpose laboratories to facilitate flexible R&D. The laboratories include chemistry labs where we conduct analysis of chemicals, and large labs where we carry out multipurpose experiments.

3. Utilizing the Entire Building as a Place of Experimentation

The lobby has an open ceiling to the second floor and exudes a clean feel with white as the base colour. The lobby is not only used to welcome clients, but is also used for our heat on windows and lighting environment experiments. Furthermore, renewable energy systems and new air-conditioning systems, amongst other technologies, are incorporated into the building to make use of the building as a centre for the experimentation of building services.

1 Showcasing our Technology under Development

The outcome of the development initiatives of the Technical Research Laboratory is exhibited using actual systems and devices to provide clear understanding.

Installation expertise

Laminate ducts, which are ducts with boards of reduced thickness for resource saving and CO₂ reductions, and an airflow analysis device that simulates airflow for air-conditioning systems design and installation, are on display.

Additionally, the exhibits of installation methods for the latest energy saving and CO₂ reduction systems are visually rich in order to ensure that visitors gain a good understanding.



Electronics technology

Duct-free Cleanroom Systems that allow large cleanrooms to be duct free and maintain a uniform level of room cleanliness, and the Packaged Air-Conditioner Automated Internal Cleaning System, which automatically cleans the internal parts of packaged air-conditioners of food processing plants, are on display.



Healthcare Facility Technology

Leveraging our advanced environmental control system technology and abundant experience, we provide comfort to patients and efficiency and safety to healthcare workers. A room for immunocompromised patients is exhibited (detailed on page 23).



Energy saving technology

The energy consumption visualization units, which indicate the consumption of electricity, gas, steam and heat to users, and energy saving lighting control systems, which regulates the brightness and colour of LED lighting, are exhibited.



Biotechnology

Dai-Dan possesses technology that supports the entire pharmaceutical manufacturing process from drug development through to manufacturing. The I-rack System, a test animal rearing facility (detailed on page 21), and the Barrier Smart Series, a chamber pressure control system (detailed on page 19), for pharmaceutical plants, are exhibited.



2 Research and Development Platform

This is the heart of the new research centre, and it houses a number of laboratories that form the core of our R&D.

Chemistry labs

We deploy the chemical analysis technology that we have developed over many years for our R&D, and also conduct analysis of water and other elements by leveraging our precision analysis instruments.

Gas analysis is vital for the installation of clean-rooms, which require the highest level of air purity, while water quality analysis has proven to be useful for the prevention of piping corrosion.



Acoustics lab

This laboratory enables us to conduct air-conditioning noise experiments. The laboratory is equipped with silent fans to facilitate the assessment of air as it is vented.

Experiments are conducted prior to the installation of air-conditioning systems in concert halls where acoustics are extremely important, in order to assess the performance of the systems.

Large labs

The research centre is equipped with large laboratories to facilitate multipurpose experiments. The laboratories are fitted with all utilities necessary for the experiments including heat sources, piping and electrical hard wiring.

Experiments that determine how to efficiently air-condition large spaces, such as factories or plants, are conducted here.



VOICE Message from the Director of the Technical Research Laboratory

Since the opening of the new research centre, many clients have paid us a visit, allowing us to showcase our R&D initiatives and our technology under development.

Our clients vary widely and include company executives and engineers with expertise in building services.

Unlike paper or visual presentations, the Technical Research Laboratory introduces our products and services using the actual equipment and devices. This allows us to identify the questions, requests and opinions of clients and gives us the opportunity to provide answers from our position as building service specialists, ultimately leading to constructive discussion.

I believe that this kind of communication not only helps our clients to gain an understanding of Dai-Dan's technology, but also provides the Technical Research Laboratory with valuable insights.

Members of the Technical Research Laboratory are committed to providing our visitors with a positive experience. We want them to be able to say "I'm glad that I came to Dai-Dan's Technical Research Laboratory," "That was fascinating," or "If I have a problem that needs to be solved, I'm confident that Dai-Dan will be able to resolve it."



Yoji Sasaki
Director of Technical Research Laboratory

3 Utilising the Entire Building as a Place of Experimentation

The new research centre utilises renewable energy and distributed power generation systems, as well as new air-conditioning systems. Furthermore, the centre is used as a venue for the experimenting and development of building services systems, which allow for the efficient use of electricity and heat across the entire research centre.

Solar power generation

The solar power generators regulate electricity load and reduce the utility electricity consumption of the Technical Research Laboratory.

We collect data on the changes in power generated due to climate, age and degradation, and will incorporate our findings into the solutions we provide to our future clients.



Solar thermal collector

Solar radiation is collected to heat water, which is then used for cooling and heating air. Prioritizing the use of solar heated water allows us to reduce gas and electricity consumption.



Cogeneration System

The new research centre is equipped with a cogeneration system, which allows for the simultaneous generation of electricity and heat. The system not only works as a distributed power source designed to reduce daytime utility electricity consumption; in addition, the waste heat is used as one of the heat sources for cooling and heating air. The system can also be used as an emergency power supply in times of power outage.



Absorption chiller/heater

The system heats water using natural gas, which is then used to run the air cooling and heating system. The device can run on the heat generated by the cogeneration system, and reduces natural gas consumption by enabling solar heating.



Air-conditioner

Renewable energy is used to run the air-conditioner to help us develop a new kind of air-conditioning system. External air that is taken in is cooled (summer) or heated (winter) using geothermal heat. During spring and autumn, external air is taken into the building without heating or cooling to moderate temperatures.



Dai-Dan's Technology

Dai-Dan has been developing flexible technology in order to meet the ever growing and diversifying needs of our clients and to cultivate new areas of business.

Reducing Environmental Impact

We strive to use our technology to reduce environmental impact.

Energy saving technology: Flow Smart

Flow Smart (coolant control system for refrigeration units), developed by Dai-Dan, is an energy saving technology that reduces the energy required to feed air conditioning systems. It is utilised by many facilities.

Pumps in refrigeration units were conventionally operated at a constant speed. However, Flow Smart uses inverter control to reduce the running cost of equipment. Flow Smart regulates so that no airflow goes through the bypass unless it is required to run the air conditioning system.

The introduction of Flow Smart enables a 60% reduction in the energy required to run the pump in refrigeration units. Through this technology, Dai-Dan provides comfortable living and working spaces and also contributes to the conservation of the environment.

Features

- Bypass airflow control technology developed by Dai-Dan
- Reduces energy consumption of water and coolant pumps in refrigeration units
- High energy saving performance, proven by strong demand

■ Flow Smart Diagram

Benefits of Introducing Flow Smart

Flow Smart has been installed at more than 100 sites, reducing power consumption by approximately 35.3 million kWh annually. This is equivalent to the annual average electricity consumption of 10,000 households and is equal to approximately 20,000 tons of CO₂. Each year, when our clients choose Flow Smart, we are helping to reduce our environmental footprint.

* Data from readings at 45 sites

■ The benefits of introducing Flow Smart in numbers

Energy saving benefit

Approximately 60%

Reduced power consumption: **Approximately 390 MWh/year**

Reduced CO₂ emissions: **Approximately 200 ton/year**

* Output rate: 0.518 kg-CO₂/kWh

Cleaning and recycling technology using supercritical CO₂

We provide services to clean and recycle products, such as air filters used to remove organic gas* using supercritical CO₂.

Supercritical CO₂ is carbon dioxide that is neither in a gaseous or liquid state. Supercritical CO₂ is able to penetrate nano-sized holes to dissolve foreign materials, enabling detergent-free cleaning.

Major electronic device manufacturers, research institutions and food service providers continually request our air filter cleaning services, expanding the market for the recycling service. In fiscal 2012, in recognition of the technology's economic and environmental benefits, Dai-Dan received a technology award from the Society of Chemical Engineers.

* Organic gas: Volatile organic compounds (VOC) such as toluene and xylene, which are major contributors to air pollution, and malodorous substances found in kitchen exhausts.

Features

- Reduced filter replacement costs
- Reduced waste
- Encourages appropriate filter replacement

■ Japan's largest supercritical CO₂ cleaning and recycling equipment

■ Air filter recycling and cleaning service Diagram

"Optismart" Heat Source Optimum Operating Support System

Large-scale heat source systems at sites such as factories consist of a variety of heat source equipment including gas-driven chillers and absorption chillers. Generally, heat source operated equipment is turned on and shut down according to the experience and senses of the operator to best meet the building's energy demands.

Dai-Dan has developed the Optismart® support system to help improve the efficiency of large-scale heat source systems.

Optismart® is a system that provides heat source system operators with signals indicating the ideal time to turn on or shut down a system's various heat sources based on computer simulations. This enables the heat source operator to operate the heat source equipment in a way that provides the optimum combination of heat sources. Our Optismart® system also has a simulation function that enables calculation of estimated annual operating costs of heat source equipment.

Features

- Improved efficiency for large-scale heat sources
- Reduced environmental impact through energy efficient operation
- Standardization of operation based on objective conclusions
- Optimized gas consumption level
- Improved efficiency of operational management work

■ Conventional Operations based on Human Judgment

■ Operation Calculated by Optismart® System

VOICE Message from the Developer

Issues concerning the environment and energy saving are faced by all parts of society. Dai-Dan's Technical Research Laboratory conducts R&D to provide technology and systems that meet our client's needs in addressing these issues.

The development of Optismart® was prompted by operators who manage large scale heat sources at locations such as district heating power plants, and large factories that were seeking better and more efficient ways to ensure optimum energy production for their facilities. The development was conducted by leveraging Dai-Dan's system development technology.

Moving forward, we will always value the opinions and needs expressed by our clients and seek to improve our services so as to provide the best solution to our clients and the broader society.



Takeshi Maesono
Technical Research Laboratory
Environment System Development Division

Spot Air-Conditioning system used together with fine mist "Econo Spot"

Our "Econo Spot," which employs evaporative cooling using fine mist along with conventional spot air-conditioning, is a system for machinery plants and other factories that efficiently improves the environment in the hot spots of a work area.

Features

- Energy saving: An efficient, environmentally friendly system
- Increased comfort: Cooling sensation provided by nozzle sprayed water mist and air
- Low cost: Reduced installation and running costs
- Safe and reliable: Water mist is regulated by monitoring of room humidity and temperature
- Flexible: Can be easily relocated for repositioned production lines

■ Econo Spot Diagram

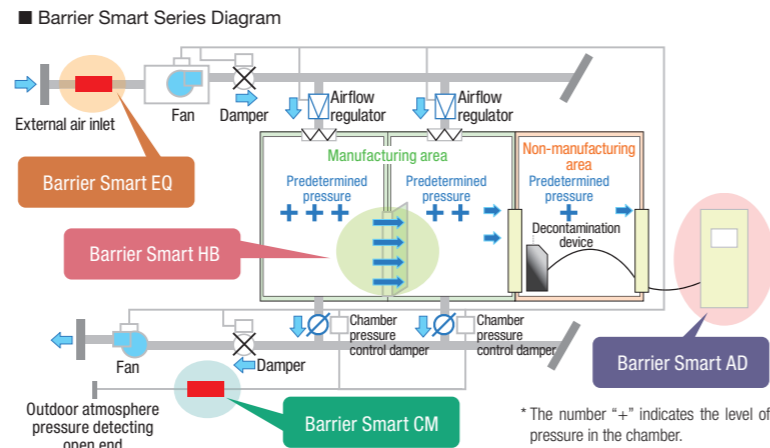
Advanced Environmental Control

We have been developing environmental control technology tailored to the specific purposes of different buildings.

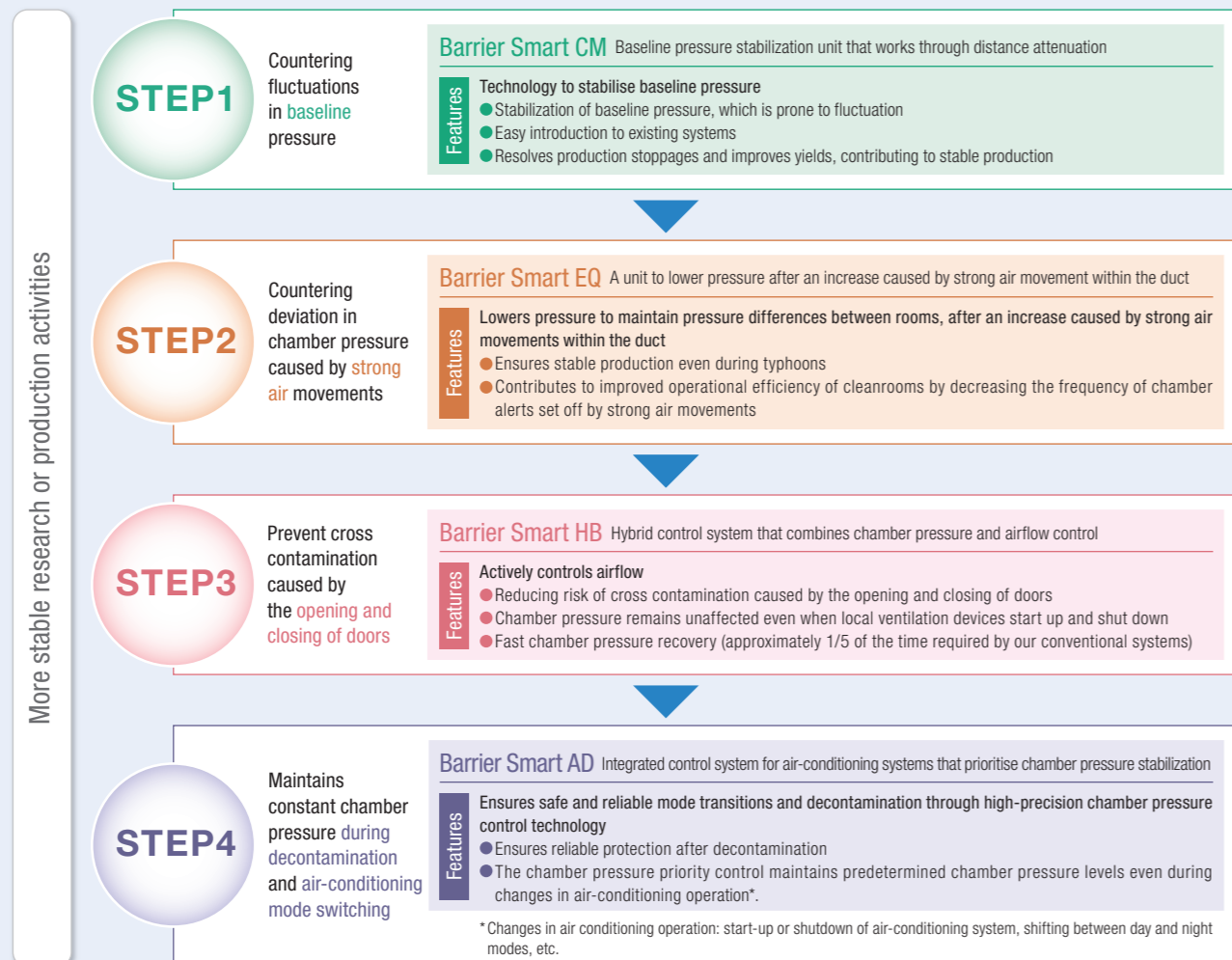
Barrier Smart Series: Chamber pressure control technology for pharmaceutical manufacturing plants

To keep cleanrooms free of pollutants, chamber pressure control technology that pressurizes and maintains chamber pressure is essential. Biological cleanrooms, which are found in pharmaceutical manufacturing plants, are particularly sensitive to changes in pressure and therefore cannot be subject to pressure changes outside of the specified range even when disturbances* occur. The Barrier Smart Series employs the chamber pressure technology developed by Dai-Dan and is able to counterbalance disturbances.

* Disturbances: Changes in chamber pressure caused by the opening and closing of doors, and changes and switching of air intake and exhausts.



Four steps for precise chamber pressure and airflow control



VOICE Message from the System Developer

Building services are expected to perform a variety of functions to meet the needs of our clients' facilities. We must provide solutions that fulfill our clients' requests and if we don't have one, we have to develop it. If a client has operational issues that need to be addressed, we must provide technical solutions. Our Technical Research Laboratory plays a role in this process.

I am responsible for chamber pressure control technology. This is a system that we developed after numerous research initiatives in response to a question about an air purity management problem posed by one of our pharmaceutical manufacturer clients. Technical elements and knowledge obtained as we seek to resolve issues under specific circumstances are reported to our design team and ultimately utilised to improve the technical capacity of the broader company. Keeping the company motto "diligence," "innovation" and "humility" in mind is indispensable as I carry out my tasks at the Technical Research Laboratory.



Taro Yamaguchi
Technical Research Laboratory
Environment System Development
Division

Increasing the efficiency of regular validation at pharmaceutical manufacturing plants EZ-Scan: Automated scanning device for HEPA filter leak test

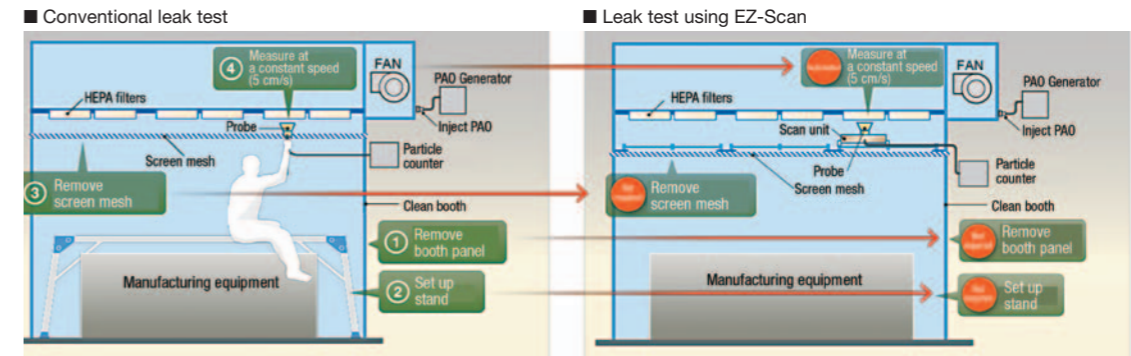
At pharmaceutical manufacturing plants, regular integrity validation is done one to two times each year. Clean booths, which are used for purposes such as bottling sterile products, require HEPA filter*1 leak tests*2 during regular integrity validations. HEPA filters are installed in the ceiling of clean booths, and leak tests are conducted above the manufacturing device installed within the booth.

To resolve a number of issues experienced in the course of leak tests, Dai-Dan has developed an automated scanning device for HEPA filter leak tests, which has automated the operation of the probes*3.

*1 HEPA filters: High Efficiency Particulate Air filters, used to purify air by removing dust and other particles.

*2 Leak tests: Tests to confirm that the filters are working at the required particle collection efficiency rate.

*3 Probe: A funnel shaped device used to collect air, in order to detect small particles.



Steps one to four are completed manually

- Issues**
- High risk of booth contamination and breakage
 - Testing takes a significant amount of time
 - High testing costs
 - Use of probe requires specialised skills

Automating step four means that steps one to three are no longer necessary

- Benefits**
- Low risk of booth contamination and breakage
 - Time required for testing is reduced
 - Low testing costs
 - Use of probe does not require specialised skills

VOICE Message from the System Developer

We developed EZ-Scan with the purpose of creating technology for pharmaceutical manufacturers that sets our company apart. We are also exploring ways to install and maintain these systems to maximise the benefits to our clients while recognizing differences between this system and conventional systems. We strive to improve the quality of the system by improving the technical aspects of the system, including system design and ease of use, and the means to install and maintain the systems by incorporating views and thoughts heard at trade exhibitions and product demonstrations.

I believe that the task for developers is to identify our clients' issues, develop solutions and to clearly communicate the benefits. I am committed to the development of new technology while always being mindful of costs versus benefits.



Masakazu Hasegawa
Technical Research Laboratory
Innovation Division

I-rack system: the optimum environment for animal experiments

Animal experiments are an inherent part of developing medical products and healthcare technologies. Animal enclosures for laboratory animals are predisposed to accumulation of allergens* and odour, and are at risk of microbial contamination. Therefore, environmental control of animal enclosures has always been an issue.

Dai-Dan has always invested substantial effort in its laboratory animal housing and has developed a number of different housing options in the interest of improving the housing environments, reducing energy consumption and ensuring animal welfare. The I-rack System has improved operability while maintaining the ventilation efficiency of our previous laboratory animal housing designs, creating favourable environments for both laboratory animals and operators. Ventilating each enclosure prevents allergens, odour and pathogens from spreading throughout the entire room or enclosure. This ventilation can also be carried out with reduced airflow.

* Allergens: Substances that cause allergies

Features	I-rack System	Animal enclosure Diagram
<ul style="list-style-type: none"> ● Enclosure specific ventilation system ● Creates advanced one-way airflow ● No shielding allows ease of use ● Greater control of temperature and humidity within the enclosure ● Reduced frequency of bedding* replacement ● Easy maintenance <p><small>* Bedding: wooden or paper chips placed on the floor of the enclosure</small></p>		

VOICE Message from the System Developer

I am responsible for the entire I-rack System development process including design, production, delivery, post-delivery performance testing and after sales service. The I-rack System has been developed using ideas unique to air-conditioning engineers. The system meticulously controls airflow and has four major benefits: improved working environment, enhanced animal living environment, energy saving, and enhanced operability. These benefits have been extremely well received by our clients who are presently using the system. It has been three years since we completed the I-rack System. Over the past three years we have installed more than 1,600 systems for our clients and we are still receiving many more inquiries about more installations. In light of this, we are committed to improving the system to meet the needs of our clients.

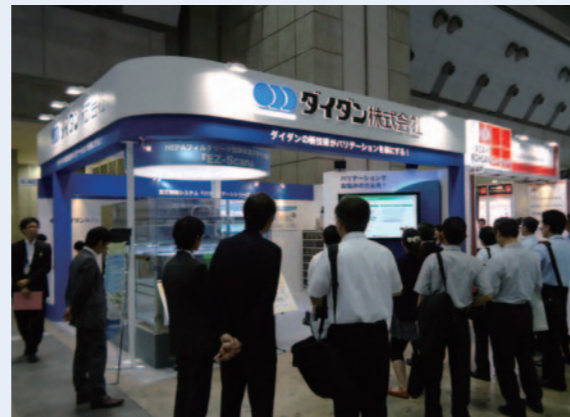


Yuichi Miura
Industrial Facilities Department
Engineering Division 1
Engineering Department

Participation in the 26th Interpex Japan 2013 pharmaceutical manufacturer's expo

Dai-Dan participated in the Interpex Japan 2013 and exhibited the Barrier Smart Series and I-rack System, which are technologies developed specifically for pharmaceutical manufacturing plants. In addition, we also exhibited our new EZ-Scan, an automated scanning device for HEPA filter leak testing.



26th Interpex Japan 2013	
Name of Exhibition	Pharmaceutical R&D and manufacturing expo/conference 26th Interpex Japan 2013
Period	Wednesday July 10 to Friday July 12, 2013
Venue	Tokyo Big Sight
Exhibition details	1. EZ-Scan: Automated scanning device for HEPA filter leak test Demonstrated system operation using display models 2. Barrier Smart Series: A chamber pressure control technology Explained the four types of chamber pressure control technology 3. I-rack System: Laboratory animal housing system Displayed the latest model of the laboratory animal housing system



The virtual duct clean room (VD-CR) system: Making cleanrooms duct-free

Cleanrooms at sites such as electronic device factories require many ventilation outlets to maintain a high level of air purity and precise temperature, as well as humidity control. This results in a greater numbers of ducts and HEPA filters, and subsequently increases costs.

Dai-Dan has developed a system that reduces the number of ducts and HEPA filters through innovative ventilation outlet design and installation methods. Our virtual duct clean room (VD-CR) system has often been installed in class 1,000 (ISO class 6) to 10,000 (ISO class 8) cleanrooms.

Features	Example of a VD-CR cleanroom	Specially designed ventilation outlets used by the VD-CR system
<ul style="list-style-type: none"> ● Enables superior temperature and purity control at low cost ● The system creates high-speed pure airflow along the ceiling, which extends the distance that airflow vented from air conditioning system travels, resulting in a duct-free cleanroom ● Contributes to the construction and prevalence of quick-to-build and cost-efficient cleanrooms 		 <p><small>* The ventilation outlets have been meticulously designed to extend the distance that the air travels.</small></p>

For Better Facilities

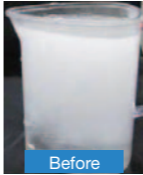

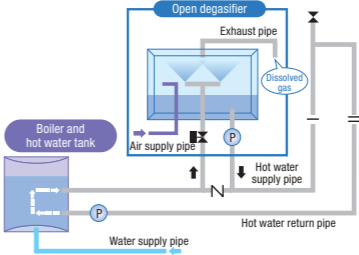


We are developing technologies that allow our clients to use our industry leading products for years to come.

Open degasifier to prevent corrosion of hot water supply copper pipes

Sumitomo Light Metal Industries and Dai-Dan jointly developed the open degasifier to reduce the corrosion of central hot water supply copper pipes*.

This device separates factors of corrosion contained in supplied hot water such as residual chlorine, dissolved oxygen and free carbonate from water, and emits them from the copper pipe for hot water supply by aerosolizing supplied hot water in the 'Open Degasifier' connected to the hot water supply pipe. The device extracts residual chlorine, dissolved oxygen, free carbonate and other elements that cause corrosion from hot water by aerosolizing hot water in the device, which is connected to the hot water supply pipe. Atomizing hot water increases the surface area of water in contact with air, increasing the efficiency of extraction.

* Central hot water supply copper pipes: Hot water supply system with a hot water return pipe and a hot water supply circulation pump is known as a central hot water supply system. The return pipe is made of copper.

Features	Open degasifier Diagram	Open degasifier
<ul style="list-style-type: none"> ● Reduces residual chlorine, dissolved oxygen and free carbonate ● Enables ample hot water pressure and volume ● Easy installation ● Daily maintenance is not required <p>■ Hot water before and after degassing</p> <div style="display: flex; align-items: center; justify-content: center;">  ▶  </div>		<div style="display: flex; justify-content: space-around;">   </div>

Participation in the 12th MACS 2013 exhibition of the latest air-conditioning and sanitary systems

Dai-Dan participated in the Multi-system exhibition for Smart Air-Conditioning and Sanitation, MACS 2013, where it exhibited its open degasifier central hot water supply copper pipe anti-corrosion system.

12th MACS 2013

Name of Exhibition	Multi-system exhibition for Smart Air-Conditioning and Sanitation, MACS 2013
Period	Wednesday July 31 to Friday August 2, 2013
Venue	Tokyo Big Sight
Exhibition details	1. Open degasifier: Central hot water supply copper pipe anti-corrosion system 2. Overview of new research building



Improving Healthcare Facilities

We have been improving healthcare facilities by harnessing our expertise in system and equipment installations.

Immunocompromised patient room: BCC-P

These rooms have been designed to protect patients with weakened immune systems due to, for example, hematopoietic stem cell transplant (bone-marrow transplant) or acute leukaemia, from airborne pathogens. We have successfully created sterile environments in rooms that appear almost identical to typical patient rooms. The rooms have been designed with consideration given to comfort for patients and accessibility for healthcare practitioners.

Features

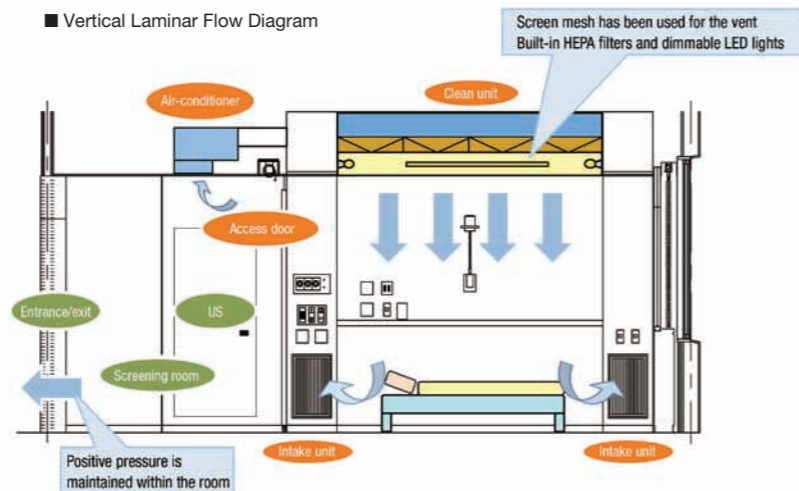
- The rooms are equipped with a vertical laminar flow system that makes use of a screen mesh cleaning unit with built-in dimmable LED lights. This design is able to maintain positive pressure* compared to its surrounding rooms and prevent the entrance of pathogens.

* Positive pressure: A state in which pressure is higher than the surroundings

Vertical Laminar Flow immunocompromised patient room



Vertical Laminar Flow Diagram



VOICE

Message from client (following the installation of immunocompromised patient room BCC-P)



In March 2013, we had a 19-day renovation that included the installation of a vertical laminar flow cleaning fan unit (immunocompromised patient room BCC-P).

Prior to the installation of the system, many patients would express their discomfort, saying that cool drafts would blow directly onto their faces. Consequently some of our patients would cover their faces with a towel or sleep facing the opposite direction.

We only had limited space for the renovation and were concerned because we knew that the windows would be smaller.

Following the renovations, some patients said that due to the slightly smaller window, they felt a little cramped, while some patients experienced inconvenience due to reduced storage space. However, it wasn't really that bad.

In terms of air-conditioning, patients are no longer complaining that they are cold or covering their face with a towel, making air-conditioning control easier for us.

In fact, some patients have said that the quiet air-conditioning and dimmable lights made the room much more comfortable.

Ayako Shuto, Head Nurse, Nursing Department, University of Occupational and Environmental Health

Sputum collection booth DTB-01

The booth is designed to collect sputum from patients infected with droplet nuclei infection (airborne infection), such as tuberculosis, without compromising the surrounding environment.

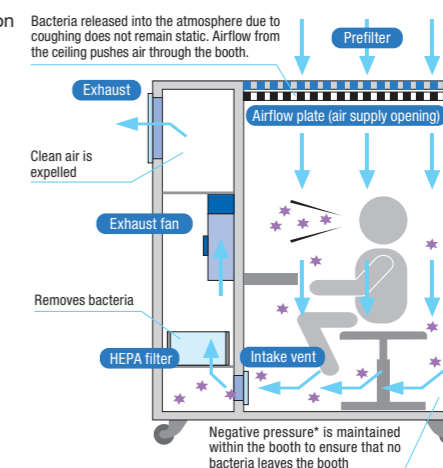
Features

- Prevents spread of the tuberculosis bacteria by coughing patients
- HEPA filters completely remove the bacteria passing through the exhaust, and purify the air that leaves the booth

Sputum collection booth DTB-01



Sputum collection booth Diagram



* Negative pressure: A state in which pressure is lower than the surroundings

Infection control Unit: INF Series

The unit is able to simultaneously complete both air purification and negative pressurization to prevent airborne infection. The unit is suitable for simplified infection control in infection wards, waiting rooms and consultation rooms.

Features

- Does not require major renovation
- Compact size that takes up little floor space
- Quiet, producing less than 40dB when the unit is running in low power mode
- HEPA filters purify circulated and exhaust air

Infection control Unit: INF-101



Infection control Unit: INF-201






















* The installation of INF-201 requires only the opening of existing windows and does not require installation of an exhaust duct.

FY2012 CSR Performance and FY2013 Targets

In order to enable continued improvement of our CSR activities, we set targets for each fiscal year and complete the PDCA cycle accordingly.

In this report, the FY2012 performance and the FY2013 targets are summarized according to the 7 core subjects of ISO26000.

Self evaluation  Target achieved  Target not achieved

Subjects	Items	Target/Task	FY2012 performance	Self evaluation	FY2013 Target	Core subjects of ISO26000							Page	
						Organisational governance	Human rights	Labour practices	The environment	Fair operating practices	Consumer issues	Community involvement and development		
Pursuing Fair and Transparent Corporate Activities	Corporate governance	Building and maintaining a system to ensure ethical execution of operations	Reviewed the corporate law internal control system		Strengthen corporate governance to meet changes in social trends	✓								P. 27
	Compliance (legal compliance and Corporate Code of Ethics)	Continue to raise awareness for compliance	<ul style="list-style-type: none"> Compliance that accounts for survey results Raised awareness through publication of newsletters (semi-annual) Raised awareness through position specific training session 		Continue to raise awareness for compliance	✓	✓			✓				P. 28
	Risk management (improving the business environment)	Formulation of Business Continuity Plan (BCP) (establish)	<ul style="list-style-type: none"> Established BCP Upgraded stockpiles Conducted emergency drills 		<ul style="list-style-type: none"> Distribute protective gear to executive and employees Conduct emergency drills Strengthen training for safety confirmation services (email) (target of 100% response rate) 	✓				✓				P. 29
	Disclosure (proactive and timely disclosure of information)	Appropriate and timely disclosure of information	Complied with laws and regulations and swiftly disclosed information		Proactive disclosure of information							✓		
Environmental contribution	Environmental management	Achieve environmental management system plan targets *Refer to page 33 for fiscal 2012 environmental targets and results	Propose Plan Design Number of solutions that leverage Dai-Dan technology adopted CO ₂ emission reduction through design solutions CO ₂ emissions reduced through adopted solutions		Achieve environmental management system plan targets *Refer to page 33 for fiscal 2013 environmental targets									P. 33
			Installation Promoted sustainable procurement Improved recycling rate of industrial waste Adopted laminate ducts Removed thermal insulation of drainpipes						✓					
			Office initiatives Energy consumption Copy paper usage Introduced hybrid vehicles											
Meeting social and client expectations	Quality management system	Achieve quality management system plan targets	Number of quality related issues were higher than last year		Achieve quality management system plan targets							✓		P. 37
	Initiatives with subcontractors	Share information concerning seminars	Presented activity outcomes via teleconference		Continue from prior year			✓						P. 40
		Entrenchment of Dai-Dan Meister System	Held the second Dai-Dan Meister recognition ceremony		Improve and entrench the Dai-Dan Meister System			✓						
	Workplace health and safety management system	Achieve workplace health and safety management system plan targets	<ul style="list-style-type: none"> Decreased number of workplace accidents compared to the prior year Safety results (frequency and severity rates) 		Achieve workplace health and safety management system plan targets			✓						P. 41
Being a company that values its employees	Respect for human rights	Continue initiatives to raise awareness of human rights	Raised awareness through new employee training session		Continue initiatives to raise awareness of human rights		✓							P. 43
	Human resource development	Introduce a support system for young employees	Introduced the Dai-Dan Mentor System		Entrench and assess the effectiveness of the support system for young employees			✓						
		Strengthening technical expertise	<ul style="list-style-type: none"> Held case study workshops Revised technical data Published the Dai-Dan Technology Report 		Continue to strengthen technical expertise			✓						
	Workplace health and safety	Follow up on long-hour workers	Number of applicable workers seeing doctors for consultations increases (75.5%)		100% doctor consultation rate			✓						P. 49
			Rate of long-hour workers (1.3%)	—	Decrease the rate of long hour workers to below 1%			✓						
	Initiatives to address mental health issues	Held mental health seminars		<ul style="list-style-type: none"> Expand mental health seminars Introduce the seminar into the curriculum for new employee training and position specific training 			✓							
Communication with society	Dissemination of technical information to external parties	Contribution to the construction industry	<ul style="list-style-type: none"> Delivered three lectures at the nation-wide meeting of the Institute of Electrical Installation Engineers of Japan Delivered one lecture at the academic conference at the Japanese Medical Welfare Society Other 		Continue from prior year							✓		P. 51
	Social contribution activity initiatives	Targeted number of activities: more than 400	Dai-Dan's offices across Japan voluntarily conducted activities: 326		Continue from prior year							✓		P. 52

* ISO26000: Guidelines on social responsibility for companies and various other organizations.

Pursuing Fair and Transparent Corporate Activities

To retain the trust of our stakeholders, we are improving and strengthening our system of corporate governance, which lays the foundation of our CSR activities. In addition, each of our executive officers and other employees maintain high ethical standards as they engage in corporate activities.

Corporate governance

Overview of our corporate governance system

Dai-Dan has established a corporate governance system consisting of the Board of Directors, Board of Auditors and Accounting Auditors. The objective of the system is to ensure appropriate and efficient management of the business by separating the decision making function, audit function and the administrative function, and thereby enabling swift and appropriate decision making and execution.

Board of Directors

The Board meets once a month and calls special meetings as necessary. The board not only makes decisions on important matters related to corporate management, including the subjects discussed in the Executive Committee Meetings, but also oversees business operations. The articles of incorporation of Dai-Dan provide that the Board of Director should consist of 12 people or less.

Board of Auditors

The Board of Auditors consists of four auditors (two of whom are external auditors), and they meet, in principle, prior to Board of Directors meetings. They thoroughly examine subjects discussed in the Board of Directors Meetings, attend Board of Directors meetings and contribute their views as necessary.

Executive Committee

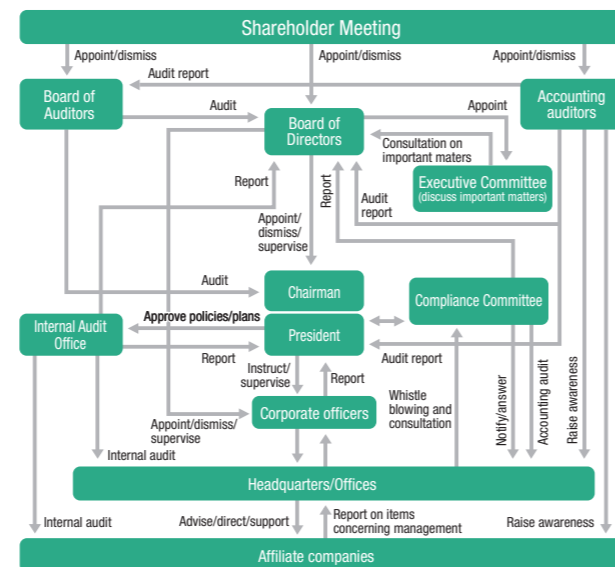
Executive Committee meetings are held when necessary. The meeting consists of regular members who are appointed by the Board of Directors and temporary members selected according to the subject of the agenda. The committee develops management policies and other policies for Dai-Dan and its group subsidiaries, and extensively examine the progress of goal achievement. In addition, committee members discuss important matters concerning management strategy and management of the company itself. The committee then makes recommendations to the Board of Directors as needed.

Corporate Officers' Committee

The Corporate Officers' Committee, in principle, meets once a month. The committee members meet to discuss management policies, important operational policies and decisions made by the Board of Directors. Committee members also report on work carried out by corporate officers.

General Manager Committee

General Manager Committee meetings are, in principle, held once a month to ensure that tasks are being executed in an integrated manner. Management policies and measures are explained, and the state of business operation of each office and their respective issues are discussed, and prompt solutions sought.



Basic policy for building the internal control system

In order to ensure thorough compliance, execution of tasks by directors in compliance with law and the articles of incorporation, as well as appropriate execution of tasks, Dai-Dan has developed an internal control system that includes the improvement of internal rules. Furthermore, to ensure the efficiency and legality of the system, we revise the system and make improvements as necessary.

Internal control system for financial reporting

We implemented the internal control system for financial reporting in April 2008 based on the President, which examines and assesses the effectiveness of the system.

The 2012 assessment concluded that as at the end of 2012, our internal control system for financial reporting is effective. An independent auditor also provided a similar opinion.

Compliance (legal compliance and Corporate Code of Ethics)

Corporate Code of Ethics

Based on the Keidanren's Charter of Corporate Behaviour, Dai-Dan has established a Corporate Code of Ethics that forms the basis of compliance.

The Corporate Code of Ethics stipulates the five Principles and 14 Standards (see page 5), with which all of our executives and employees must comply. The Corporate Code of Ethics also stipulates the establishment of a whistle blowing system and consultation system, and the establishment of a compliance committee.

The whistle blowing system and consultation system

Dai-Dan has established a whistle blowing system and consultation system with the purpose of swiftly identifying issues in the workplace, which are otherwise difficult to identify (behaviour or actions that contravene laws, internal regulations or social ethics), by providing a means independent from the regular chain of command, to report such issues. Reports can be made internally through these systems, but they can also be made externally via our corporate solicitors.

Any individuals that file a report are guaranteed by the Corporate Code of Ethics that they will not be subjected to any unfair treatment. Reports can also be many anonymously to ensure the privacy of the whistle blower.

Compliance Committee

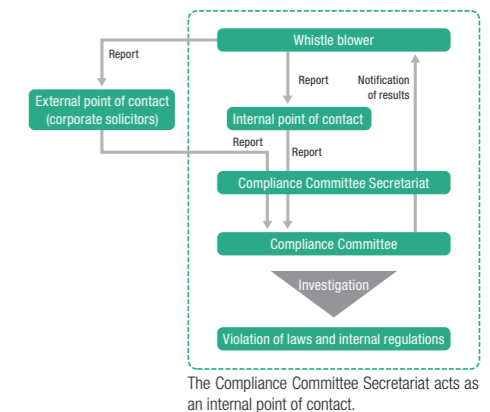
The Compliance Committee was established to ensure compliance with laws and internal regulations, and to strengthen fair and ethical company operations with strong compliance. The committee is chaired by the President and is responsible for boosting employee compliance awareness, receiving and investigating reports of violations, and developing preventive measures. During fiscal 2012 the committee met on four occasions.

Promoting Awareness and Practice of Compliance

Dai-Dan takes the following measures in promoting awareness and practice of compliance:

- Compliance education is provided during new employee training, position specific training session, and the training programs of each office allowing many executives and employees to receive compliance education.
- We publish a Compliance News semi-annually.
- All executives and other employees carry a Compliance Card.
- Posters promoting the importance of compliance are hung in each office and site office.
- In April 2012, the Compliance Statutes were developed for our Japanese consolidated subsidiaries to improve their compliance systems.
- Furthermore, contracts signed by subcontractors include items concerning compliance in order to develop a strong compliance system throughout the supply chain.

The March 2013 survey on readership of Compliance News (#11) revealed that 84% of respondents had read Compliance News and 80.9% of those people said that it was useful. Therefore we believe that the publishing of Compliance News has been effective.



The Compliance Committee Secretariat acts as an internal point of contact.

Strengthening systems to ensure fair and ethical business transactions

Dai-Dan's Corporate Code of Ethics stipulates the below items in relation to fair and open competition and ethical business transactions, and we ensure that they are known and practiced through training and other exercises.

Fair and open competition

- Executives and employees shall comply with antitrust and other laws, and make effort to ensure profit is earned appropriately through fair and open competition.
- Executives and employees shall not send or receive money or valuables, or give or receive excessive entertainment that is beyond the scope of social conventions.

Ethical business transactions

- When conducting business with suppliers of devices or material and contractors (hereinafter referred to as business partners) for installations, executives and employees shall comply with laws and regulations, conducting business in an ethical manner in compliance with contractual obligations.
- Executives and employees shall not ask for unjustifiable or personal benefit in their orders to business partners.

Insider Trading

To prevent unjust share trading by corporate insiders, protect stakeholders and contribute to a stable and fair securities market, strict rules are imposed on share transactions as per our Insider Trading Control Ordinances.

Additionally, to establish an environment in which executives and employees have a good understanding of insider trading, the Introduction on Insider Trading Ordinance for Executive Officers of Listed Companies created by the Tokyo Stock Exchange is available on our corporate intranet.

Registration with J-IRISS

Dai-Dan's executive officers are registered with the Japan-Insider Registration & Identification Support System (J-IRISS), which is operated by Japan Securities Dealers Association. Through these initiatives we have in place a system to prevent insider trading, including unintended insider trading.

Protection and Respect for Intellectual Property

Dai-Dan believes that intellectual property can be developed both in the lab and the field. Therefore we proactively apply for patents on inventions and designs by both our Technical Research Laboratory and our on-site workers. In fiscal 2012, Dai-Dan obtained 15 patents for technologies related to chamber pressure control systems and sound field space control systems*. Furthermore, we have been undertaking risk management initiatives to ensure that we do not infringe on the intellectual property of other companies.

* Sound field space control systems: Systems to control the sound in a space through the use of speech signal processing technology

Initiatives to exclude antisocial forces

Dai-Dan stands firmly against antisocial forces and will not have any relationship with these antisocial forces. Our Corporate Code of Ethics clearly describes this principle and our training reinforces the necessity to comply with this principle. In addition, our contracts with subcontractors clearly state that their contract can be terminated if the subcontractor is found to be substantively involved with antisocial forces so as to effectively exclude antisocial forces from the very beginning.

Risk management (improving the business environment)

Risk Management Regulations

Dai-Dan introduced Risk Management Regulations in April 2001 to prepare for potential risks such as natural disasters, the leaking of confidential information that could damage the company, and to keep damages to a minimum.

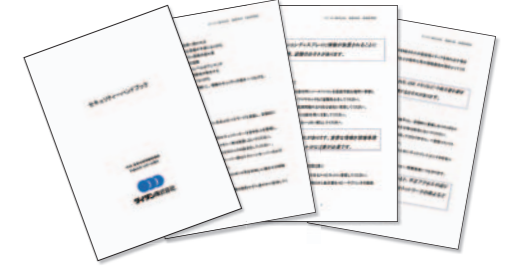
In the event that an identified risk becomes reality, a "countermeasures headquarters" is established to allow all employees to work as one to identify the problem(s) and share information.

Initiatives to strengthen information security

The Information System Usage Guidelines are made available for viewing by executives and other employees on the corporate intranet. Additionally, education on the handling of electronic information is provided during new employee and position specific training sessions.

Moreover, we provide information security training to the employees of our sub-contractors using the Security Handbook to strengthen our information security.

■ Security Handbook



Initiatives to protect personal information

We recognise that the leakage of personal information is a risk that has potential to cause a loss of trustworthiness. As such, we have strengthened our internal systems in order to protect personal information, and have posted the Personal Information Protection Policy on our corporate website.

Furthermore, we have created a manual based on our Personal Information Protection Regulations and distributed the manual to all executives and employees in order to ensure the protection of personal information.

Business Continuity Plan

In January 2013, Dai-Dan finalised its Business Continuity Plan, which outlines response procedures and support systems to ensure continuity of business in times of emergency.

Basic Policy

In times of a large scale emergency, such as an earthquake, Dai-Dan prioritises, above all else, the safety of executives, employees and their families, and providing assistance to our customers.

Furthermore, we continue our initiatives for ensuring business continuity in times of emergency by, for instance, having in place a chain of command for times of emergency and undertaking education and training during times of non-emergency.

To achieve the above objectives, our Business Continuity Plan stipulates the following basic policies:

1. Dai-Dan shall do everything possible to protect the lives and ensure the safety of our executives, employees and their families (family members residing in the same residence).
2. Dai-Dan shall make every effort to minimise damage caused to facilities.
3. Dai-Dan shall provide full cooperation in rescue and reconstruction efforts.
4. Dai-Dan shall swiftly identify the damage sustained to properties for which Dai-Dan is responsible, and cooperate in taking emergency action to restore those properties to assist our clients with maintaining business continuity.
5. Dai-Dan shall strive to be a corporation capable of promptly responding to emergencies and regularly revise the Business Continuity Plan.

Based on the above basic policy, each office is creating standardized guidelines and an action manual.

Emergency Information Cards

We have distributed emergency information cards, which outline actions to be taken in times of emergency, to executives and other employees that are to be carried at all times. The cards contain the personal information of the carrier, emergency contact details and information about the carrier's family. It is hoped that the cards will help reduce problems in times of emergency.



Emergency drills

To coincide with the disaster drill conducted by Osaka Prefecture, Dai-Dan completed an emergency drill following the Business Continuity Plan in September 2013. Following the action manual (initial response) of each office, which outlines the delegation of roles, we completed an earthquake drill that included rescue, evacuation, safety confirmation, and use of satellite phones while incorporating the lesson we have learned from previous years' drills.

We will continue to conduct drills, promote executive and employee awareness and improve the effectiveness of our BCP.



Tohoku Branch



Osaka Head Office



Chugoku Branch



Kumamoto Branch

Disclosure (proactive and timely disclosure of information)

Shareholder Meeting

The 84th annual shareholder meeting was held at the Osaka Head Office on June 27, 2013. We recognise the shareholder meeting as a valuable venue for communicating with our shareholders. Business reports are displayed on a large screen and accompanied by a narrative to give our shareholders a clearer understanding. Additionally, we send shareholder meeting notifications early so as to provide sufficient time for our shareholders to consider the reports and matters on which there will be resolutions. Prior to the meeting, we screened a video introducing the new research building at the Technical Research Laboratory to give an overview of the facility that we opened in April 2013.



Presentation on large screen

Financial Results Briefing Session

Dai-Dan holds briefing sessions for our full-year and second quarter financial results for securities analysts in June and December. The sessions present an overview of financial results, the business environment and performance prospects, as well as achievement status of the medium-term management plan.

IR Tools

The investor information page on our corporate website allows investors to view earnings summaries, securities report and other important items. The page also provides information such as business reports, medium-term business reports and notifications of shareholder meetings. This information is provided in the form of IR news available on the main page of the website and is updated as necessary.



Investor information page on the website

CSR Reports

Since 2008, Dai-Dan has published an annual CSR Report to facilitate greater stakeholder understanding of our company. The CSR Reports are created each year by incorporating the views of third parties and internal survey results. Our CSR Reports are also made available on our corporate website. We also prepare an English version of the CSR Report for our overseas stakeholders, which is also available on our global website.

Japanese version

<http://www.daidan.co.jp/csr/report.html>

English version

<http://www.daidan.co.jp/english/eco21/index.html>

Mid-Term Management Plan

In May 2012, we announced the Mid-Term Management Plan covering the period from April 2012 to March 2015 entitled "Dai-Dan to Challenge a New Era." The principles of the plan are as follows:

- Maintain a customer first attitude as we conduct our corporate activities and accurately identify our customers' need and changes in the market. As we enter the new era, stay firm in our corporate culture of taking pride and seeking to become a company that is the first choice of our customers.
- Strengthen practical competence empowered by the expertise and experience of individual employees and strengthen practical competence of the organization, empowered by ongoing improvement of management methods to provide and service that meet our customers' needs.
- Embrace the challenges in field of growth and provide building services that meet our customers' needs. To establish the corporate culture of continued learning, we will redevelop our personnel development system.
- We have entered an era of smart energy where the optimal balance between saving, creating and storing of energy is sought, so we will implement measures that will enable us to become a company capable of providing greater value in building services.

Management Principles

As a building services engineering and installation provider, we continually take on the challenge of creating value for our clients while contributing to the development of a better environment and stronger communities.

Management Policies

- 1 We maintain focus on our customers as the business environment changes so that we can meet all their need.
- 2 We operate the business in compliance with all legal and regulatory requirements.
- 3 We ensure that our corporate activities assure the safety and quality of products and services and contribute to environmental preservation.
- 4 We attain our corporate targets by pursuing both our strategies and policies.



Environmental contribution

To help improve the environment, Dai-Dan implements effective environmental conservation activities through our Environmental Management System.

Environmental Management System (ISO14001)

Dai-Dan has built and implemented the Dai-Dan Environmental Management System, which is compliant with the ISO14001 Environmental Management System. In February 2002, all departments became ISO14001 certified and have since undertaken ongoing resource and energy saving activities.

Our activities include:

- Reducing CO₂ emissions through development of technologies and design solutions
- Separating and recycling of waste
- Reducing resource and energy consumption during installation
- Company-wide social contribution activities such as clean-up days

Furthermore, in 2006 Dai-Dan integrated the administration of our environmental management system and quality management system (see page 37). Our Policies for Quality Assurance and Environmental Protection have been combined to make our policies for quality assurance and environmental protection. Consequently, our regular internal audit is now known as quality and environmental auditing, which audits both systems concurrently. Furthermore, in terms of organizational structure, the supervising bodies for quality management and environmental management have been consolidated. It is expected that this streamlining will increase the efficiency of operations.



* ISO14001 Registration Certificate: For further details on registration, see the registration list on the website of the accrediting organization (<http://www.jtcm.or.jp/>).

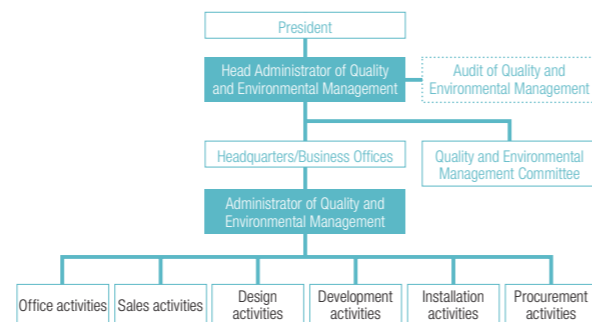
Our Policies for Quality Assurance and Environmental Protection

Our management principles are as follows: As a comprehensive facility works company, we always strive to create new value. We always seek to contribute toward the realization of a better global environment and sustainable social development. As a responsible member of society, we are committed to quality assurance and environmental impact reduction in our corporate activities.

We also aim to be a vibrant company by gaining customers' satisfaction and trust.

1. We strive to contribute to social development and environmental preservation by complying with laws and norms of society regarding quality and environmental standards as well as regulations established by our company.
2. We strive to enhance the skills of our employees and to grow as a company that carries out its activities in consultation with customers to meet their quality requirements and ensure their satisfaction.
3. We are dedicated to developing and providing energy-saving, environmentally friendly technologies. We assess the environmental impact of building facilities and offer proposals for impact reduction and energy efficiency.
4. We, as a responsible member of society, carry out activities that contribute to the environment, actively disclose information, and enhance communication with society.
5. We set goals and targets for improvement of work quality and environmental measures, and we educate our employees thoroughly about them. We appropriately maintain system operations and continuously improve "Our Quality and Environmental Management Systems" based on results.

Quality and Environmental Management System



FY2012 Environmental Targets and Results / FY2013 Environmental Targets

Activities and responsible department	Main target or items to be monitored	FY2012 target	FY2012 results	Assessment	FY2013 target	
Proposal, planning, designing	Sales Department	Number of solutions that leverage Dai-Dan technology adopted	More than 50	50	○	More than 55
	Design Department	CO ₂ emission reduction through design solutions	More than 60,000 tons	40,355 tons	△	More than 60,000 tons
		CO ₂ emissions reduction through adopted solutions	More than 15,000 tons	11,117 tons	△	More than 15,000 tons
Installation	Installation Department	Energy consumption converted to CO ₂ emissions	—	1,083 tons	—	—
	Purchase Department	Promotion of sustainable procurement	More than 35%	36.5%	○	More than 38%
		Improvement of recycling rate of industrial waste	More than 80%	91.2%	○	More than 93%
		Adoption of laminate ducts	More than 80,000 m ²	38,821 m ²	△	More than 50,000 m ²
		Removal of thermal insulation of drainpipes	More than 15,000 m	47,288 m	○	More than 30,000 m*
Office activities	All staff	Energy consumption converted to CO ₂ emissions	Less than 1,450 tons	1,421 tons	○	Less than 1,400 tons
		Copy paper usage	Less than 65 tons	58.8 tons	○	Less than 58 tons
		Introduction of hybrid vehicles	20%	21%	○	25%
		Improvement of recycling rate of general waste	—	68.2%	—	—

* FY2012 results significantly exceeded targets, predominately due to the removal of thermal insulation from drainpipes at two large sites by the Tokyo Head Office. FY2013 targets have been set by examining result averages over the past three years.

Quality and environmental auditing and the development of quality and environmental auditors

Quality and environmental auditing

In order to check that the quality and environmental management system, which is the combination of the former quality and environmental management systems, is properly operated and maintained, periodic quality and environmental audits of offices and work-sites are conducted at least once per year.

Development of quality and environmental auditors

To enhance quality and environmental auditing, we develop and provide training for the auditors.

Central quality and environmental auditor: Creates audit plan, and is responsible for audits

Local office quality and environmental auditor: Conducts audits for the department for which he or she is responsible, and creates audit report.

Auditor training

- Overview of ISO9001 and ISO14001 requirements.
- Outline of the quality and environmental management policy, its attached documents and demonstration audits and creation of mock audit reports.
- Investigation of the causes of audit findings and prevention of recurrence.
- Demonstration of quality and environmental audit, as well as its evaluation.

Training for central quality and environmental auditor (candidates are selected from staff with more than five years of service): One training session held in fiscal 2012 (18 participants)

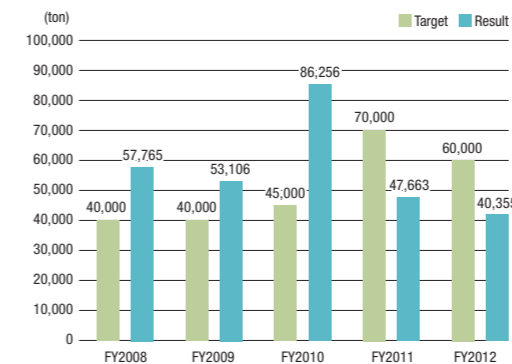
Training for local office quality and environmental auditor (candidates are selected from staff with more than three years of service): One teleconference training session held in fiscal 2012 (84 participants)

Initiatives to provide energy saving solutions

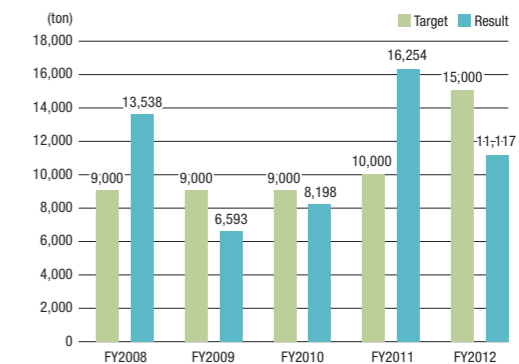
During the design phase, we proactively provide clients with various solutions, including energy saving solutions, which are predominately based on technologies developed by Dai-Dan to contribute to reducing CO₂ emissions.

Throughout fiscal 2012, we offered solutions that would have reduced CO₂ emissions by 40,355 tons, with clients adopting options that saw a total reduction of 11,117 tons of CO₂.

Targets and results of CO₂ emissions reduction through design solutions



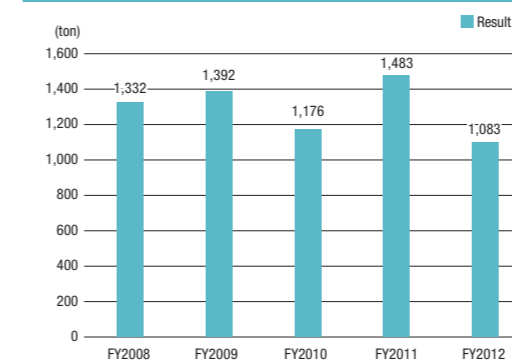
Targets and results of CO₂ emissions reduction as a result of adopted solutions



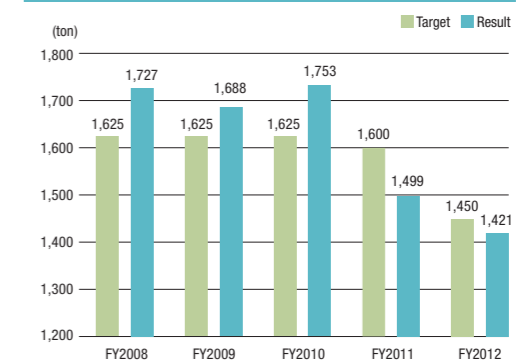
Initiatives to reduce energy consumption

We are committed to reducing energy consumption, such as electricity and gas, and reducing use of copy paper at installation sites and offices. In fiscal 2012, the energy consumption converted to CO₂ emissions totalled 1,083 tons and 1,421 tons at installation sites and offices respectively.

CO₂ emissions at installation sites



CO₂ emissions at offices

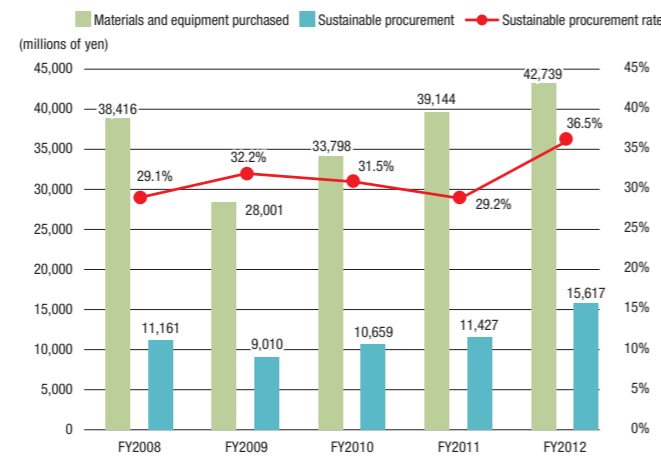


Initiatives to promote sustainable procurement

Dai-Dan promotes sustainable procurement to our clients, and has designated items that are applicable to sustainable procurement in the following five areas: Introduction of energy saving, high efficiency equipment; use of environmentally friendly material; introduction of highly durable equipment; introduction of low emission devices; and introduction of water saving equipment.

Sustainable procurement rate during fiscal 2012 was 36.5%.

We will remain committed to the promotion of sustainable procurement.

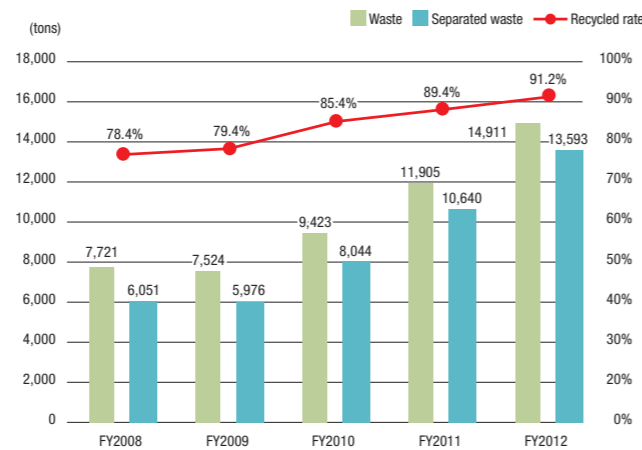


Initiatives to recycle industrial waste

Dai-Dan implements activities to encourage recycling at all of its installation sites. Throughout fiscal 2012, Dai-Dan produced approximately 14,911 tons of industrial waste, of which 91.2% was recycled.

Furthermore, we promote awareness of reducing industrial waste at our offices and encourage recycling.

In fiscal 2012, our offices produced approximately 126 tons of general waste, of which 68.2% was recycled.



Introduction of hybrid vehicles

We have introduced fuel-efficient cars for our company-owned and leased company cars. By the end of fiscal 2011, 97% of all company cars were fuel-efficient. Following this, we raised our target even higher and aimed to introduce hybrid vehicles. By the end of fiscal 2012, 21% percent of company vehicles were hybrid, and we hope to reach 25% this fiscal year.

Response to environment-related accidents

During fiscal 2012, a total of five instances of environmental accidents occurred at properties at which we had completed installations. We have responded to each of the cases appropriately, and in line with all legal requirements.

Type of Accident	Details	Results of Response
Refrigerant leakage (accident caused by a manufacturer's product)	A rupture disc, which is a safety device in a refrigeration unit, broke resulting in a leakage of refrigerant gas.	The unit manufacturer replaced the valves with new safety valves that will withstand refrigerant pressure on all refrigeration units supplied.
Refrigerant leakage (accident arising from installation)	Refrigerant gas leaked from a flare nut during repairs to the refrigerant piping on an air-conditioning system. (three others)	An air proof test was carried out to ensure that there was no further air leakage of the pipe. The refrigerant gas was then refilled followed by a test run and adjustment to recover the system.

Responding to and preventing recurrence of accidents caused by poor quality workmanship

- The accident and complaint report is created each month to share information about, and prevent recurrence of accidents caused by, poor quality workmanship. The report outlines the details of the accidents and preventative measures, and is used to ensure that those incidents are well known at each work-site.
- Each work-site also holds meetings and training sessions to inform its employees of accidents and complaints.

Contribution made by research on reducing environmental impact

1. Extension of useful life facilities through prevention of pipe corrosion

Pipes (copper and stainless steel) used for hot water supply may corrode due to gas (residual chlorine, free carbonate and dissolved oxygen) contained in the hot water.

Dai-Dan has developed an open degasifier device that removes these corrosion causing gases from hot water.

The application of our anti-corrosion technology that we have developed over many years, is contributing to the extension of the useful life of pipes and facilities.



Open degasifier

2. Reduction of waste using supercritical CO2

Factories and department stores dispose of large volumes of used deodorizing air filters.

Dai-Dan was the first company to successfully use supercritical CO2 technology for commercial purposes to clean and recycle deodorizing air filters.

The use of this recycling technology, co-developed by the Tohoku University and the National Institute of Advanced Industrial Science and Technology, provides benefits such as reduced waste and reduced CO2 emissions, and therefore has been highly praised by our clients and related academia.



Japan's largest supercritical CO2 cleaning and recycling equipment

3. Resource saving through the use of laminate ducts

Ducts used for air-conditioning systems and ventilation require a certain thickness to ensure durability. To save resources, Dai-Dan has been introducing laminate ducts, which are 10 to 30% thinner than conventional duct materials and use specially reinforced iron sheets.

Before installing laminate ducts, the ducts undergo leak tests* and tests to ensure durability and resistance to vibration.

* Leak tests: Tests to ensure that no air leaks from the joints.



Performance evaluation testing of laminate ducts

Meeting social and client expectations

In order to maintain and improve the quality of building services, Dai-Dan implements quality management systems, strengthens support systems and advances cooperation with our subcontractors.

Clients first

Quality Management System (ISO9001)

Dai-Dan has built and implemented the Dai-Dan Quality Management System, which is compliant with the ISO9001 Quality Management System.

Until December 1999, each office was independently certified but in 2006, all departments gained ISO9001 certification simultaneously. We have been working to maintain and improve the quality of our work at installation sites.

Our activities include:

- Ensuring quality of work carried out on-site
- Enhancing the skills of engineers and passing on expertise
- Reducing quality-related problems

To ensure the effectiveness of the above activities, we will undertake the following:

Operational procedures of the installation department

Discuss details of installation work prior to commencement	<ul style="list-style-type: none"> ● Hold project meetings prior to commencement ● Formulate installation plans
Management while work is in progress	<ul style="list-style-type: none"> ● Promote standardization across all installations to ensure high quality ● Inspection by a team of specialists with technical expertise
Inspection and completion	<ul style="list-style-type: none"> ● Inspection in line with legal requirements ● Dai-Dan's own final inspection of functionality



* ISO9001 Registration Certificate: For further details on registration, see the registration list on the website of the accrediting organization (<http://www.jtccm.or.jp/>).

Building Chart System

We have been using a Building Chart System, an internal information system, since May 2010 in order to make the most of our installation experiences. The Building Chart System allows the recording of the details of installations for each building of our clients. This also enables reviews of installation history as well as allowing checks of any items that require attention for specific clients. We recommend renovation options that meet the life cycle of each property to enhance our clients' satisfaction.

Project meetings

Throughout our long history we have gained substantial installation knowhow and experience. In order to capitalise on this expertise, we hold project meetings for each project with the attendance of the concerned sales representatives and engineers. These meetings provide us with opportunities to assess the functionality, cost and energy saving of the project. We also try to clarify what our client's expectations of the company are, and ensure that our design solutions have accounted for elements such as environmental friendliness and efficiency. Through this, we strive to provide the building services that best suit each of our clients.

Support provided after completion and handover

Dai-Dan ensures that the manager responsible for each project, who has insight into the building services, stays in close communication with the client, even after the handover. In this way, managers can check on the condition of major equipment, provide advice to improve performance and offer timely recommendations for facility renovations.

When a client expresses their interest in renovation, the Design Department and Renovation Department undertake a thorough facility evaluation to investigate the state of use and energy consumption of the building services. At the same time, we also provide optimal solutions that incorporate the latest products and technologies.

VOICE Message from the large property installation manager

I am currently working in a managerial position in the Engineering Department. However, until last year, I was the acting on-site manager for an air-conditioning system installation at a property with a total floor space of 210,000 m². It was a large project with more than 3,300 people involved in the installation at its peak.

The most important thing to remember as I coordinated various things like client needs, designer concepts and installer output, was to always see things from the client's perspective and consider, provide and coordinate building services that satisfy the client. While the project was underway, there were approximately 50 Dai-Dan employees working on-site. As we advanced the work, it was challenging for me to keep everyone's commitment to quality, safety and the environment on the same page. However, thanks to everyone's support and cooperation, we were able to deliver our best services to our client.

I believe that it is only when the client starts using our services that our product is truly put to the test. We will continue to provide after sales maintenance and other support to best suit the life-cycle of the facility.



Kazuya Ohara
Tokyo Head Office
Engineering Department 4

VOICE Message from the large property installation manager

I was responsible for the project involving the new high-rise in the business district in central Osaka. We were able to successfully complete a large three-year project involving a building complex that includes one of the best concert halls in the Kansai region. For this, I have a strong sense of satisfaction and am very grateful for the people around me, but I also have a sense of relief.

Advancing a large project requires the cooperative efforts of many people. Approximately 20 building services providers were involved in the project. The key to managing this was to ensure that each of these companies were progressing their work smoothly and on schedule.

Ordinarily, we are competitors engaged in friendly competition within the industry. I experienced first-hand that close coordination and cooperation are indispensable if we were to contribute using each of our own areas of expertise to together improve our work. This also applies internally to our own company.

Our current work is predominately installation work for tenants of the building, but our involvement with the building doesn't end after handing over, as we will continue to provide further services to our clients



Tatsushi Takanashi
Osaka Head Office
Engineering Division 3,
Engineering Department 2

VOICE Message from the large property installation manager

I am currently involved in a renovation that is taking place during business hours while our client is using the building. Therefore, I have been managing on-site work while paying close attention to noise, vibration and smell.

When I plan, provide solutions or manage the installation work, I always try to view things from the perspective of the person who will be using it. Over the past few years I have been involved in a number of renovations of high-rise buildings and those involving extensive electrical equipment upgrades. The larger the project, the greater the number of site managers and on-site workers, making it challenging for me to ensure that everyone is on the same page. Therefore, I make every effort to ensure that I create an environment that allows everyone to be on the same page.

The work is completed when it is handed over to our clients, but I believe that providing sincere support after completion will gain client trust.



Yasuhiro Sugiura
Nagoya Branch
Engineering Division 1,
Engineering Department 1

Client Evaluations

Dai-Dan conducts client satisfaction surveys after we have completed building service installations. These surveys provide our clients with the opportunity to evaluate our technology and installation work on a scale of one to four (four being the highest). At the same time, we also allow our clients to communicate any requests they may have.

During fiscal 2012, we received 678 completed survey results with an average overall rating of 3.4. The survey results are used to identify areas that our clients are satisfied or unsatisfied with, to advance further development of technologies, and to improve installation skills, which facilitate broader adoption of the technologies.

Moving forward, we will deepen communication with clients through surveys and direct dialogue.

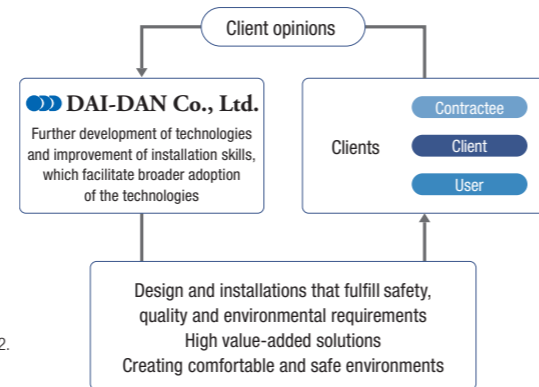
Client satisfaction survey results

Item	FY2010	FY2011
Work quality	3.47	3.50
Work progress	3.37	3.40
Client service	3.50	3.51
Installation management	3.44	3.49
Overall evaluation	3.46	3.50

Item	FY2012
Installer capacity	3.41
Installation management	3.37
Creativity and solution proposals	3.34
Backup capacity	3.34
Overall evaluation	3.41

*Survey items have been changed as of June 2012.

Number of surveys completed: FY2010; 639 / FY2011; 739 / FY2012; 678



Client consultation office

In November 2012, Dai-Dan established client consultation offices. The objectives of the office are to strengthen support provided to our clients after hand-over, meet various client needs, and accelerate provision of services.

We have client consultation offices throughout Japan. Clients are able to discuss any emergency issues they may have after installation or any needs that they may have post-implementation, and this has helped to boost client trust.

Development Technology Information Desk

The development technology information desk, which assists each office in handling client inquiries and requests, was launched in fiscal 2012. The development technology information desk works in cooperation with internal specialist engineer teams to provide support for each office in resolving issues presented by clients, with consideration given to the latest technological trends and the possibility of utilising technology by Dai-Dan that involves, for instance, utilisation of public subsidies, advanced environmental control at factories, leading-edge medical facilities and devices, and projects that require analysis and measurement.



Brochure advertising the establishment of the client consultation office

Community commendations

Commendation from Chiyoda City, Tokyo

In recognition of the advanced expertise of Dai-Dan in the construction of Kojimachi Junior High School in Chiyoda City, and the company's contribution to the completion of the buildings, we received a commendation from the Mayor of Chiyoda City.

Winner of the 32nd Tohoku Architecture Special Prize

In recognition of our community focus and the contributions to architectural standards that Dai-Dan has demonstrated through the installation at Akita Child En Nursery School, we won the 32nd Tohoku Architecture Special Prize presented by the Tohoku Chapter of the Architectural Institute of Japan.

* Dai-Dan has also received commendations for our work with organisations such as the East Japan Railway Company.

Initiatives with subcontractors

Activities with subcontractors

In order to enable the safe provision of our building services at an appropriate cost while maintaining high quality, it is imperative that we work together in cooperative relationships with subcontractors to complete jobs.

Each office of Dai-Dan has a Dai-Gen Kai and Health and Safety Cooperation Society, which are organisations consisting of Dai-Dan subcontractors supported by a long-standing relationship of trust. These organisations have sub-groups in areas of specialty such as electrical, piping and ducts, and meet and conduct activities as sectional committees.

Activity themes include ensuring safety, improving quality, enhancing installation efficiency, cost rationalisation (use of new techniques and new materials), compliance, external information sharing, and the environment. Dai-Dan and subcontractors work together with shared understanding to resolve these themes and explore means to improve on-site work, which is the very essence of manufacturing.

By continually incorporating and practising the outcomes of these initiatives on-site, we strive to further enhance our expertise covering all aspects from safety, quality and cost, to installation duration.

Through these initiatives with our subcontractors, we aim to become a company that is always the first choice of our clients.



Activities of Nagoya Dai-Gen Kai



Inspection by the Health and Safety Cooperation Society

Nagoya Dai-Gen Kai

FY2012 sectional committee initiatives

Sectional committee	Main initiative theme	Sectional committee	Main initiative theme
Electricity	Prevention of quality related accidents, "pros and cons of ordering cables by long length"	Heat retention and paint	Creation of installation procedure specifications with images
Piping	Introducing piping installation rules and holding a welding skill competition	Instrumentation	Creation of a VE and CD handbook and presentation of cases with successful cost reductions
Ducts	Ways to eliminate flawed installation plans to reduce costs	Miscellaneous work	Presentations by various position holders
Refrigerant	Creation of pressure test procedure and use of recycled CFCs	Delivery	Creation of order receipt and delivery instruction forms and product lead time chart

With the prospect of another Tonankai earthquake, Dai-Dan and our subcontractors have signed an agreement that ensures cooperation and coordinated efforts to enable the swift recommencement and recovery of work-in-progress properties as well as clients' properties for which we have provided installation services, in keeping with our business continuity plan.

Message from a subcontractor

In the Nagoya area, there are two subcontractor organisations — Nagoya Dai-Gen Kai and the Health and Safety Cooperation Society — that work together to advance the initiatives.

Nagoya Dai-Gen Kai consists of approximately 70 member companies and operates with the objective of promoting inter-communication and producing a sense of community, ultimately allowing us to cooperate in ensuring continuity of business in times of major disaster.

Furthermore, the Health and Safety Cooperation Society has approximately 170 members. Its objectives are as follows:

- Ensuring health, safety and quality
- Cost reductions
- Improvement of expertise

During fiscal 2012, active initiatives by the two organisations enabled us to keep quality related accidents to only 12 and industrial accidents down to 2, both of which did not require the individual involved in the accident to miss a day of work.

One of the slogans of Dai-Dan, "Providing satisfaction to clients and happiness to employees," is embraced by all member companies, and we are confident that initiatives implemented by both organisations help the Dai-Dan Group to make contributions to society in its position as a company trusted by the community.



Yutaka Wakuda
Chairman of Nagoya Dai-Gen Kai
Daidenkouji Co., Ltd.

Dai-Dan Meister System

We have been implementing the Dai-Dan Meister System since 2011 with the objective of improving the skills of our subcontractors, with the ultimate goals of ensuring safe and efficient on-site operations as well as improving work quality. The installation work, particularly in the areas of device and biotechnology and other leading edge technologies on which we plan to concentrate our resources, requires advanced capabilities to ensure high quality.

In order to further improve the abilities of high-level foremen and excellent foremen, we have revised the Meister System Implementation Regulations and the Meister System Implementation Standards.

Main revisions were as follows:

- Revision of cash rewards for Meisters and excellent foremen
- Introduction of additional cash rewards for high-level foremen
- Provision of subsidies to primary subcontractors for obtaining qualifications

Through these revisions we aim to provide support for subcontractors to enhance their expertise in order to meet the demands of today's market and meet client expectations. We also aim to encourage more foremen with exemplary skills to remain at our sites so that we can continue to have access to those skills, as well as to ensure quality workmanship.

Meister Approval Ceremony

The 2nd Meister Approval Ceremony was held in December 2012. 427 foremen serving at Dai-Dan sites were designated high-level foremen, 56 of whom were named excellent foremen following thorough assessments by each office. Furthermore, the four best foremen were certified as Meisters. Each Meister was presented with a certificate, Meister helmet, testimonial shield and a cash reward.



FY2012 Meister Approval Ceremony

Message from a Meister

In December 2012 I was awarded the title of "Meister" by Dai-Dan Co., Ltd.

The responsibilities of a Dai-Dan Meister are to exert exemplary skills, coordinate your team while being responsible for quality procedures and safety, and ensure the efficiency of on-site operations. As I carry out my day-to-day work, I always encourage my team to work as one in ensuring quality and safety of work, and to be compliant with our deadlines. I believe that it is also important to create an atmosphere in which on-site staff feel comfortable discussing issues. It's also important to share work related issues and information through casual conversation. Moreover, I aspire to become a Meister who is capable of visiting the prospective site ahead of project commencement to review the installation plans with contractees, discuss the installation schedule, propose VE and explore installation procedures, fulfilling the two roles of on-site manager and foreman.

Work at the site that I am currently responsible for will soon experience its peak, but I will strive to ensure the efficiency of work, placing priority on safety by working in cooperation with contractees.

"Have you checked the installation plan?" "Yes we have!" "Stay safe!"



Junya Yamaguchi
Maruni Kogyo Ltd.

Workplace health and safety management system

Led by the executive management, Dai-Dan places highest priority on the safety and health of our employees and implements health and safety initiatives involving sites, work-sites and subcontractors. The objectives of these initiatives are to constantly remove and reduce the risk of workplace accidents, strive for the maintenance and enhancement of health, promote the creation of more comfortable work environments, and ultimately improve health and safety standards.

More specifically, each year, the headquarters formulates the Company-wide Health and Safety Management Plan. The plan is based on the our policies for health and safety developed by the President and incorporates quantitative and priority goals after they are revised by assessing past results. Each work-site then formulates and implements the Office Health and Safety Management Plan, which includes their own priority goals based on the Company-wide Health and Safety Management Plan. Each site also develops an Office Health and Safety Management Plan and Installation Management Targets (safety, quality and environmental) outlining hazardous and harmful factors specific to each project. They are implemented with the necessary revisions to suit the progress and changes of the project.

Moreover, the work-sites and headquarters also regularly conduct health and safety audits and inspections to investigate and determine if the health safety management plan is being followed. These initiatives are also expected to maintain the system and encourage its establishment, and promote the revision and improvement of the system.

It is our belief that ensuring health and safety is one of our social obligations and as such, we strive to become a company trusted by society, and to continue to improve and enhance our health and safety initiatives using our workplace health and safety management system.

Initiatives of FY2012 and their results

Target Reduction of workplace accidents

- Priority items**
- Promoting rules for the use of portable scaffolding
 - Promoting company-wide initiatives to prevent workplace accidents
 - Compliance with regulations concerning the maintenance and handling of electric power tools

Results The number of workplace accidents decreased significantly in comparison with the previous fiscal year. Notable accidents included accidents involving falls and drops, and accidents involving workers with less than five years experience. Most of the accidents were attributed to unsafe behaviour and human error.

Countermeasures In order to reduce human error and ensure that instructions are shared among all workers on site, we are implementing company-wide efforts to prevent workplace accidents (finger pointing and calling, and risk identification by each worker).

Our Policies for Health and Safety

Health and Safety Philosophy

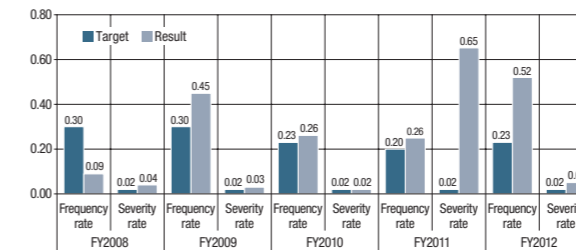
"Ensuring Health and Safety" is our obligation to all the employees of our companies, their families and the society.

In DAI-DAN, we give top priority to "Safety" and "Health". We strive to be the corporation which the society trusts, with DAI-DAN's top management and employees working together to enhance the safety and comfortable working environment.

Action Statements

1. We utilize "Health and Safety Management Systems" to eradicate all industrial accidents. We endeavor to eliminate dangers from potential hazards and harmful characteristics in all work activities and continuously improve and enhance the health and safety of our workplace.
2. We promote cooperation among offices, work-sites, associate companies, with good communication and participation in health and safety activities, and defining each role independently.
3. We observe work-safety and health-related laws including our company's internal health & safety management systems regulations for the enhancement of health and safety standard of our employees and staff, preserving and improving their health.
4. We educate all people working for DAI-DAN in our policies for health and safety and also disclose them to the public.

Safety Results



*Frequency rate (frequency of occurrence of workplace accidents)
The number of accident-related deaths and injuries (four days or more days off work) / Total working hours × 1,000,000
*Severity rate (severity of accidents)
Work-days lost / Total working hours × 1,000

Industrial Injury Prevention Rally

We hold Industrial Injury Prevention Rallies at 11 locations across Japan during National Health and Safety Week in order to raise awareness for health and safety.

Approximately 2,600 people participated in the 2013 rallies, including our Chairman, President, executive officers and staff members of our subcontractors. Work-sites and individuals who completed outstanding initiatives for health and safety were presented with certificates.

Each venue offered a number of creative programs on the day, including presentations for the health and safety initiatives that had won the awards and skits designed to raise health and safety awareness.



FY2013 Industrial Injury Prevention Rally (Tokyo Head Office)

Safety inspections and health and safety education

We undertake safety inspections and health and safety education through cooperation with the Health and Safety Cooperation Society of our subcontractors in our effort to enhance health and safety standards.



Joint safety inspection with the Health and Safety Cooperation Society

Being a company that values its employees

Dai-Dan respects each of our employees and encourages them to take on the challenge of creating greater value, and also promotes positive work-life balance.

Respect for Human Rights and Development of Human Resources

Initiatives to address human rights issues

Dai-Dan's Corporate Code of Ethics clearly states the importance of respect for human rights and individuality. We value personal dignity and make efforts to improve work environments. During our new employee training sessions, we raise awareness for respecting basic human rights.

– Respect for human rights and individuality – Excerpt from the Standards of the Corporate Code of Ethics

- All executives and employees must respect all human rights and individuality, and create work environments that do not tolerate actions that may harm human dignity.
- All executives and employees must strive to improve work environments and systems to create a workplace that allows our diverse human resources to exploit their skills to the fullest extent.

New employee technical training (making training more practical and hands-on)

New employee technical training is the very beginning of the training we provide. It consists of a technical introduction and fundamental technical training, both of which together allow new employees to learn and put into practice their fundamental knowledge.

In fiscal 2012, the training duration was extended by one month to five months. It is taught using a curriculum that goes beyond the boundary of job types. The training not only offers lectures, but also provides greater opportunities for new employees to see and experience new things to enhance efficiency and deepen learning of new knowledge of technical skills. It also equips new employees with the ability to immediately contribute to the company.

Through this five-month training, new employees not only acquire specialised knowledge and technical skills, they also develop a strong bond with their fellow new employees, with whom they will grow together in friendly competition.



New employee technical introduction training Site inspection

VOICE Reflecting on my new employee training

Through five months of new employee technical training I learned the importance of continual learning.

The lectures on air-conditioning and plumbing made me realise how much more I have to learn, regretting that I should have studied more while I was a student. However, at the same time I experienced the excitement and joy of acquiring new knowledge and understanding something new.

Notably, I would stay overnight to finish assignments on the creation of installation plans using CAD software during the training program. When I wasn't able to submit the assignments at the same time as my fellow new employees, I questioned myself, wondering if this was really the job for me. However, when the lecturer, who was also my superior, praised my plans, I felt a sense of fulfilment and achievement, and truly felt that I had achieved significant growth through struggles and joy.

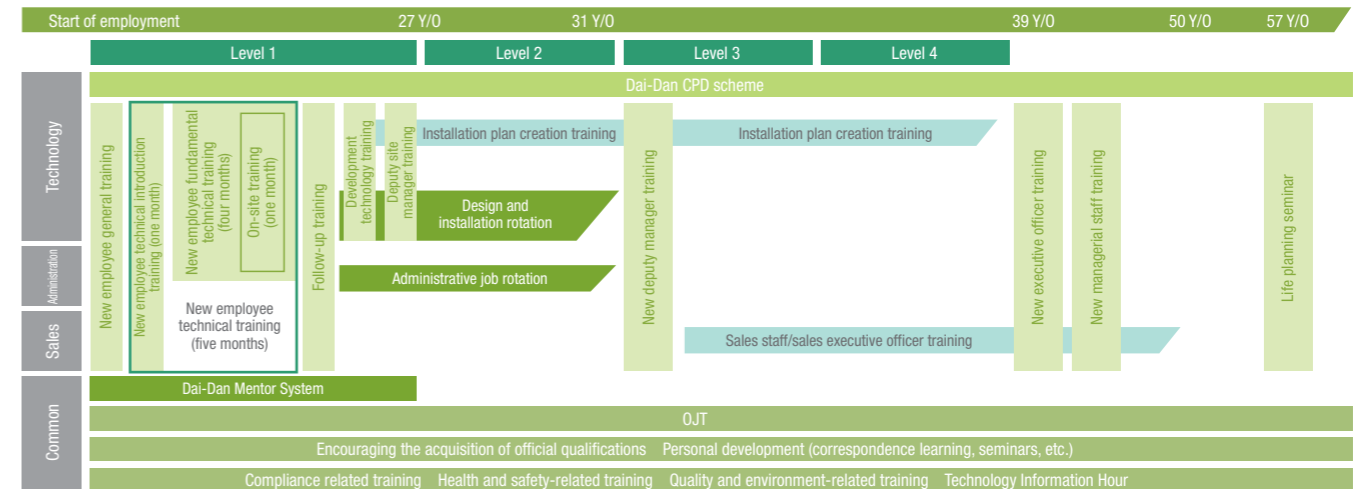
During the on-site training that I participated in from the end of July, I had the opportunity of seeing with my own eyes the ducts, pipes and service devices that I had learned about during the lectures, helping me develop a better understanding of them. The on-site training sessions also provided me with a chance to witness the sincere approach to work of my superiors and members of the sub-contractor team, and the strength of independent people, which was inspiring to me. Meeting those people gave me a clearer vision of becoming a responsible installer who takes pride in his job.

To conclude, I would like to express my sincere gratitude to my fellow new employees who lived together and helped each other throughout the five-month period. I would also like to thank my superiors and the training centre staff who ran the training program. I will use the knowledge I learnt from this program as a foundation for my work, and will continue to grow with the goal of vision of becoming an installer who can contribute to the development of Dai-Dan.



Toshiro Demura
Nagoya Branch
Engineering Division 2, Engineering
Department 2

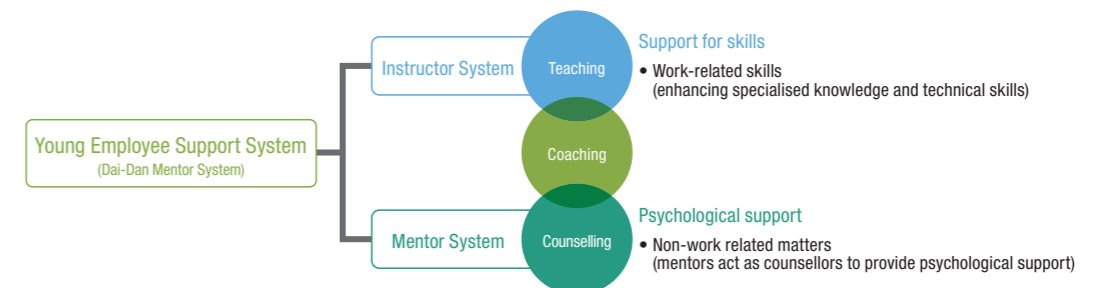
Educational Training System Diagram



Young Employee Support System (Dai-Dan Mentor System)

The Dai-Dan Mentor System consists of two systems: the Instructor System, which supports the enhancement of specialist knowledge and technical skills, and the Mentor System, which provides psychological support and assists career development. These two types of mentors (instructors and mentors) provide comprehensive support to new employees.

2013 marks the fourth year since the system's introduction, and the employees who had achieved growth through the support of those mentors will soon become mentors themselves and support new employees. This chain of personnel development reflects our human resource development belief that people grow as they assist in the development of others.



VOICE My experience in receiving mentor support

For one year from August 2012 when I was assigned to my current position, I received support from my mentor through the Young Employee Support System (Dai-Dan Mentor System).

My mentor was the person in my department that was closest to me in age and therefore he was very approachable. I was concerned about the acquisition of technical knowledge prior to being assigned to my position, however, as my mentor had an academic background in arts like myself, it was very reassuring to be able to receive support from him, as one who had been through a similar situation and is now very successful on the front line.

When I joined the company, I was unsure about a lot of things and therefore was given warnings or instructions. However, my mentor always looked out for me so when I did go and see him to talk, my mentor was able to understand my concerns or issues without me needing to tell him much. My mentor then gave me advice based on his own experiences and this enabled me to discuss issues rather than bottling them up, giving me the strength to get through the first year.

When I think about the next five or ten years through discussions with my mentor, I feel pressure knowing that I have to reach the same level as him. However, this gives me a clear idea of my goals for the future, providing me with a clear direction of where I should be heading.

My mentor is very caring so I am sure that he would have supported me as a good counsellor even if he had not been appointed my mentor. The mentor program is available to new employees when they are appointed to their positions and I believe that it provides assurance to those new employees who are entering the workforce with little knowledge.

For me the one-year duration of the program will soon end, but I would like to keep discussing many things with my mentor, both work-related and private matters. I will also continue to work hard each day so that I, too, can be a reliable mentor who can support new employees in the future.



Hiroataka Kimura
Osaka Head Office
Sales Department 2

Official Qualification Acquisition Scheme

Official qualifications can be the foundation for individuals as they go about their work, and they also significantly influence the credibility and authority of knowledge.

They are especially important for engineers as whether or not an engineer have a qualification is closely related to on-site work. Therefore, the acquisition of official qualification is indispensable.

In order to support our employees' commitment to enhance their technical skills and in order to secure qualified engineers and improve the overall technical level of the company, Dai-Dan encourages and provides support for the acquisition of official qualifications.

For those who acquire official qualifications recognised as necessary by Dai-Dan, we subsidise course fees and also offer incentives and official qualification acquisition benefits.

Number of employees who have major qualifications

	Number
Doctorate	5
Professional engineer	31
First-class architect (qualified architect and building engineer)	18 (14)
First-class electrical work operation and management engineer	215
First-class plumbing work operation and management engineer	763
Building services architect	157
First grade instrumentation engineer	279
Energy managers	47
First-type electrical work engineer	211
Building service engineer (air-conditioning)	496
Building service engineer (plumbing)	463
First grade construction industry accountant	14

* Figures pertaining to the number of people who have acquired the above qualifications are current as of the end of March 2013

CPD scheme designed to improve technical skills

There are no limits to the specialisation and improvement of technical skills. In order to support our employees' on-going commitment to skills improvement, we maintain a database on employee educational history using the Dai-Dan CPD^{*1} scheme and utilise it for human resource development.

The educational history of each employee is reported to the Society of Heating, Air-Conditioning and Sanitary Engineers of Japan (SHASE). It is then assessed and verified for the appropriateness of our education and human resource development.

Category	Previous CPD points ^{*2}	Current CPD points	Major programs
I. Technical information learning	12,837	13,957	Attend external lectures and participating in exhibitions, product information sessions and tours
II. In-house training / OJT	17,808	19,300	Attend in-house training and OJT
III. Self-education	473	2,648	Take recommended correspondence courses and self-education using specialised books
IV. Work experience	5,750	9,040	Successful work, winning of internal awards, installation review session, on-site inspections, safety inspections, teaching study groups and serving as a committee member for creating internal technical documents
V. Research and technology / reporting	1,044	870	Publication of research papers, contributing to journals and other publications
VI. Provision of information and technical instructions	665	1,087	External provision of information and technical instructions, participation in academic conferences and research committees, and serving as an instructor for official qualification courses
VII. Instructor	2,347	2,488	In-house training instructor, part-time lecturer at a university or technical college
VIII. Winning of an award, acquisition of qualification, others	4,855	4,960	Winning of an external award, acquisition of a technical and safety plumbing related official qualification, acquisition of a degree, and obtaining a patent
Total	45,779	54,350	

* Previous points are those points acquired between April 2011 and March 2012

* Current points are those points acquired between April 2012 and March 2013

* Categories II, III, IV, VII and category V have annual maximum points of 20 and 40 respectively.

*1 CPD: Stands for Continuing Professional Development and refers to the continued development of skills and knowledge throughout an individual's professional career.

*2 CPD Points: Quantified figure of an individual's continuing professional development record in accordance with category specific point standards. They are used as official evidence of CPD history (performance results).

Case study presentations to spread wisdom and innovation throughout Dai-Dan

In November 2012 we held the Fifth Case Study Presentations. The event gives our employees an opportunity to present the achievements they have made through wisdom and innovation in the course of their day-to-day work. Awards are also presented.

The presentations are broadcast live via our teleconference system to allow staff at each office to participate.

This year, 155 case studies were presented on topics including improvement of conventional installation methods, efficiency improvements through adoption of new installation methods and equipment, energy-saving and environmentally-friendly design, improvements on failures, cost reductions, and improvement of safety and quality management methods.

50 cases passed the first assessment, and after the second assessment, a total of 22 cases were awarded. The details of the awards are as follows: one Chairman's Award, two President's Awards, two Installation Manager Awards, five Outstanding Performance Awards, three Encouragement Awards and nine Good Effort Awards (12 awards to groups and 10 awards to individuals). Award recipients were presented with certificates, and the recipients delivered a presentation on their respective case studies.

The Chairman's Award, the highest award, went to a case study on efficient device information management using IT technology.

Case studies recognised at the presentation are shared at each office and site, and utilised as an excellent achievement that can be used for internal education. Through this, it is expected that we will enhance the skills of our employees, and improve technical capabilities and quality management at Dai-Dan.



The fifth Case Study Presentations



Image of the presentations

VOICE

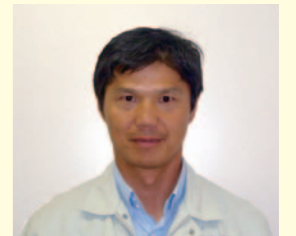
Message from the winner of the Chairman's Award

Of all the cases of innovation and creation submitted by people throughout the entire company, I feel extremely honoured to have been selected to receive the Chairman's Award at the Fifth Case Study Presentation.

The award was given to me for my case study presentation that demonstrated the improved efficiency of maintenance work by managing equipment performance and information pertaining to consumables, through the utilisation of information technology and the facilitation of information sharing.

I was fortunate to have received this award thanks to the on-site staff's constant awareness and desire to improve installation efficiency through the use of on-site information technology, and the efforts we had put in while we received the advice of our supervisor and other superiors.

I believe that the combination of knowhow built up over many years of service and the proactive adoption of new technology and ideas will facilitate further enhancement of technical skills. I am determined to offer improved technical skills to meet the requirements of society and our clients.



Eiji Fujita
Kanto Branch
Engineering Division 1, Engineering
Department

Technology Information Hour

The Technology Information Hour is held via our teleconference system twice a month after work hours to provide opportunities for sales, design and engineering staff to share information on ever-advancing technology. Topics include the latest technology information, quality management, safety measures, and energy-saving technology. It has been three and a half years since the commencement of the Technology Information Hour and more than 80 sessions have been held. A total of 7,235 people had participated in the sessions by August 2013.

The selection of topics and leading of the sessions are predominately done by engineering staff of the Technical Development Division. However, these sessions also include talks delivered by external lecturers, as well as study group meetings at each office. Sessions are recorded and distributed to those who are unable to attend the session due to work-related reasons, in order to provide greater opportunities for self-education.

Major Topics of Sessions Held throughout the Last Year

- 24 methods of preventing human error
- Industrial kitchen environment standards and HACCP (industrial kitchen solutions at welfare facilities and hospitals)
- Earthquake preparedness of anti-vibration devices
- Outline of explosion protection guidelines
- Study meeting for automated control
- Survey results for the energy-saving status of existing buildings
- Community TV reception technology
- Planning and design documentation for cleanrooms
- Seminar on the plumbing of facilities for the elderly
- Study meeting for environmental management overview
- Introduction of devices designed for pharmaceutical and food processing plants
- Infection control during hospital renovations and extensions



The Technology Information Hour via teleconference

Publication of the Dai-Dan Technology Report

With the objective of publicizing the technology we develop and our research initiatives, we publish the Dai-Dan Technology Report every September. The publication gives comprehensive explanations of experiments, assessment methods and analysis results using charts and images. The 107th edition was published in September 2013. Copies of these publications are donated to the National Diet Library.

Work-life balance and employee workplace health and safety

Holidays

Dai-Dan has established a holiday system to allow our employees to make the most of their holidays to refresh themselves.

Since fiscal 2011, employees have been encouraged to take summer holidays at the same time as part of our efforts to reduce electricity consumption. Employees are also encouraged to take paid annual leave and refreshment holidays before or after their summer holiday to have their body and mind refreshed.

During a refreshment holiday, many employees make the most of the extended holiday and take trips overseas or take the time to enjoy the hobbies that they don't usually have the time for.

Long-service employees are not only entitled to holidays, but are also given a travel coupon depending on the duration of their service, making their family trips and other trips more fulfilling.

Major Holidays (excluding statutory paid annual leave)

Type of holiday	Details
Summer holiday	Three consecutive days in summer
Refreshment holiday	Seven consecutive days (annual)
Long service leave	10 years: 3 days
	20 years: 5 days
	30 years: 7 days
	40 years: 5 days
Congratulatory or condolence leave	Predetermined number of days for occasions such as weddings

Summer holiday usage rate

Year	Rate
FY2011	92.2%
FY2012	91.0%
FY2013	91.2%

Continued employment scheme

Dai-Dan has introduced a continued employment scheme as part of our initiatives to meet the needs of Japan's aging and declining population. Under this scheme, we extend the employment of staff who reach retirement age but desire to keep working. Through this we are leveraging skills and expertise acquired over many years, and enabling those skills to be passed on to the next generation of workers.

Following the amendment of the Act on Stabilisation of Employment of Elderly Persons, we are employing all staff who desire to keep working until the age specified by the transitional measures.

	FY2010	FY2011	FY2012
Persons of retirement age	30	33	29
Persons continuing employment	26	28	26
Continued employment rate	86.7%	84.8%	89.7%

Supporting the balance between work and home

Dai-Dan has developed an action plan in line with the Act on Advancement of Measures to Support Raising Next-Generation Children, in order to enable employees to achieve the best balance between work and home, to create a pleasant work environment for all employees, and to ultimately allow staff to use their skills to their fullest extent.

Target 1 To improve the workplace environment to ensure that childcare leave is easy to take and the staff easy to return.

Target 2 To have at least one or more male employee take childcare leave while the action plan is in operation.

Childcare leave

	FY2010	FY2013	FY2012
Female employees who gave birth	4	2	3
Number of female employees who took childcare leave	4	2	3
Number of female employees who were on reduced hours to care for a child	3	1	0
Number of male employees who took childcare leave	0	0	0

VOICE Message from an employee who took childcare leave

I took maternity leave beginning February 2012 and also took childcare leave between April 2012 and March 2013. Usually, the childcare leave period ends at the last day of the month that the child turns one. However, even after my child turned one, I was not able to get a place at a childcare centre, so I made a request for extended childcare leave. Thanks to the extended childcare leave, I was able to care for my child without concern or anxiety until I found a place at a childcare centre.

Even while on childcare leave, the staff of the general affairs department contacted me, and I also contacted them to make other requests. This provided me with support for both work and personal matters.

Although it was a short period — a little over one year — taking childcare leave allowed me to spend invaluable time with my child and see my child grow day by day. If the company did not offer this excellent system, I would not have been able to have this precious experience.

I truly appreciate the consideration my supervisors and workmates have shown me since returning to work, and now that I am a mother, I have gained a new perspective of work and am going about my day-to-day work newly refreshed.



Yoko Toma
Osaka Head Office
Materials Department

Initiatives to address mental health issues

Maintaining a healthy mind helps keep you highly motivated for work and vitalises the company.

In order to ensure the mental health of employees and establish an employee-friendly workplace, Dai-Dan offers mental health education.

New employee training teaches the basics of mental health to equip staff with the knowledge to allow them to identify and cope with their own stresses.

Furthermore, as part of our efforts to fulfill our company's duty of considering employee safety, during new managerial staff training sessions, participants have the chance to develop a better understanding of mental health from a legal perspective, and the means to identify potential stressors for staff. They also learn to address the issues as an organisation.

Beginning in fiscal 2013, all employees have undertaken stress level checks, enabling them to identify their own level of stress and understand their mental condition, allowing them to make early diagnoses of any mental health issues.

Dai-Dan provides an environment where each employee is able to work with a healthy body and mind to ultimately build an energetic company.

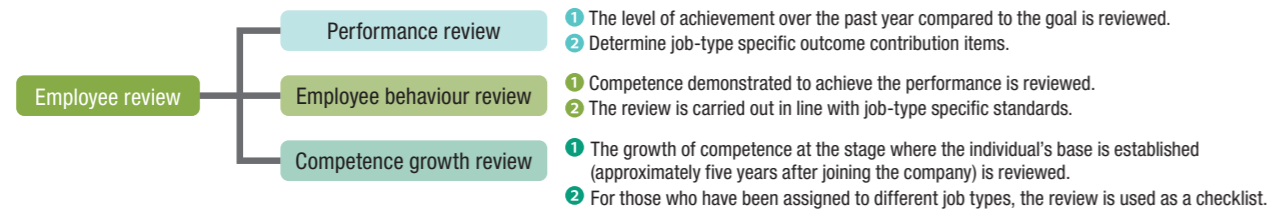
Following up on long-hour workers

Dai-Dan provides long-hour workers, as defined by the Industrial Safety and Health Act (those who have worked more than 100 hours over the legally defined monthly work hour limit) and those who have worked more than 80 hours of the legally defined monthly work hour limit for three consecutive months, with consultations with medical doctors once per month. Through this, we are managing the health condition of our employees and make improvements in line with advice from doctors.

Employee review system

The outline of our employee review system is as shown below and is utilised depending on the objectives of implementation.

Through communication between supervisors and subordinates (interviews, etc.), and regular provision of feedback on evaluation results, we attempt to enhance target achievement levels, determine skills put into practice, and develop staff through guidance.



VOICE Message from the Labour Union

The Dai-Dan Labour Union was established in 1973, and 2013 marked its 40th year. We have been undertaking our union activities with the objective of making daily improvements, building on the current working conditions that our predecessors have built over many years.

It is challenging to reconcile the diverse views expressed by staff of both domestic and international offices. However, as we stand at this 40-year anniversary mark, we are determined to achieve even better working conditions and working environments.

We continue to strive to gain an accurate understanding of the needs of our union member and engage in discussions with the company.

(from left)
Takuma Kishimoto General Secretary
Takuya Yamashita Chairperson
Atsushi Mogi Vice-Chairperson



110th Anniversary Party



March 2013 marked the 110th anniversary of Dai-Dan and we held parties to celebrate the occasion at 11 sites across Japan, as well as at the Singapore branch. The parties were attended by current employees as well as former employees who had built the foundations of Dai-Dan. The parties provided us with a renewed sense of the bonds between people, making them very fruitful events.

Each of the participating sites had a variety of programs, making the events fun and successful.



Dai-Dan Alumni Association



The Dai-Dan Alumni Association provides opportunities for those who have worked with Dai-Dan for many years and subsequently retired to get together and socialise.

The association has three regions, East Japan, Central Japan and West Japan, and they meet in the respective cities of Tokyo, Nagoya and Osaka.

Former employees either attend the venue that is closest to them or the one that they have a connection with, and they are welcomed by the current executive officers and senior staff at the venues.

Attendees travel from as far as Hokkaido to the north and Kagoshima to the south. The reunion always has a Dai-Dan-like homey atmosphere where the former employees enjoy catching up with old friends and talking about their current lives.

The reunions also serve as a place for communication between current and former employees, enabling us to hear valuable opinions of Dai-Dan.

It is our task to make the most of the outstanding knowhow passed down from our former employees who have contributed to today's Dai-Dan, and to pass it on to the next generation of employees.

Communication with society

We undertake a variety of initiatives to make contributions to the industry, community and society in our position as a responsible corporate citizen.

Dissemination of technical information to external parties

In order to contribute to the development of Japan's building services industry, Dai-Dan supports the running of academic conferences and dispatches lecturers to external organisations. In particular, Dai-Dan's engineers are dispatched to external organisations as lecturers to provide classes on building service technology at training centres and educational institutions across Japan.

External organisation memberships and positions (as of September 2013)

Organisation	Position
Society of Heating, Air-Conditioning and Sanitary Engineers of Japan	General Director
Institute of Electrical Installation Engineers of Japan	General Director
Air-conditioning & Plumbing Contractors Associations Of Japan	Vice President
Japan Electrical Construction Association	Advisory committee member
Association of Japan Instrumentation Industry	Administration council member
Japan Building Mechanical and Electrical Engineers Association	General Director
Japan Electrical Engineer Association	General Director
Osaka Electrical Construction Association	General Director
Aichi Electrical Construction Association	General Director
Tokyo Electrical Construction Association	Auditor-secretary

Organisations to which Dai-Dan employees are dispatched as lecturers

Organisation	Position
Kanto Gakuin University	Part-time lecturer
Osaka Piping Higher Training School	Lecturer
The Corporation for Production and Research of Laboratory Primates	Lecturer
Japan Industrial Publishing Co., Ltd.	Contribution of articles
Technical Information Institute Co., Ltd.	Contribution of articles
Institute for Aerial Studies Foundation	Lecturer
Kagawa Plumbing Association	Lecturer

Signing of the Disaster Prevention Agreement (cooperation with local communities)

When a large disaster strikes, while we engage in reconstruction efforts to ensure continuation of business, we will also contribute to the swift recovery of electricity, water and other utilities in our position as a member of the construction industry.

Dai-Dan, via its industry organisation, has signed the Disaster Prevention Agreement with local municipalities concerning post-disaster emergency activities. We have also entered into agreements directly with some municipalities and industry organisations, and have established a system that allows for the swift provision of post-disaster emergency assistance.

We aim to assist with the swift recovery of the local community and local businesses by proactively participating in reconstruction efforts of the affected region.

Assistance through the Dai-Dan Society Activity Fund

In April 1993, as part of our social contribution activities for our 90th anniversary, the Dai-Dan Society Activity Fund was established in the Osaka Community Foundation. We provide assistance in activities for people with disabilities using the investment earnings.

FY2011: Support for after-hour childcare, programs to promote the social participation of children and adults with disabilities

FY2012: Dolphin-watching camp for children with developmental disorders accompanied by volunteers

FY2013: Support for investigative interview session to prevent deaths in solitude among single elderly people

Donations

Dai-Dan contributes financial support for various causes to help create and build a better community.

Our contributions include donations for environmental protection, university scholarship funds, and sponsorship of community events in areas where our sites are based.

Part of sales proceeds from beverage vending machines in the Tokyo Head Office, Nagoya Branch and the Osaka Head Office are donated to the Central Community Chest of Japan, National Land Afforestation Promotion Organisation and TABLE FOR TWO International.

As we did in March 2012, we organised fundraising campaigns for the areas affected by the Great East Japan Earthquake in March 2013.

Social contribution activities (initiatives by each site)

Dai-Dan promotes social contribution activities. Our major activities are clean-up of the local community, which we encourage all employees to participate in.

All the activities we run are published on the intranet notice board to raise awareness of social contribution activities.

Post-Disaster Volunteering

Staff members of the Kyushu Branch and Kumamoto Branch assisted with recovery efforts by removing mud and helping to move furniture at houses in the Tatsuda-jinnai area of Kita Ward of Kumamoto City that were inundated following the extreme rainfall in northern Kyushu in July 2012.

Street fundraising for the Central Community Chest of Japan

Staff members of the Kagoshima office participated in street fundraising for the Central Community Chest of Japan in December 2012 at the east exit of the Kagoshima Chuo Station. [Photo 1]

Sorting used stamps

Members of Tokyo Head Office sorted used stamps in August and November 2012. Used stamps were sold and then used as operational funds for the Chiyoda Ward volunteer organisation for youths. [Photo 2]

Major community cleanups

Sites	Name of the project or details
Hokkaido Branch	Trash-picking Beach Walk (Ishikari Bay Port East Wharf) Toyohira River bank cleanup
Tohoku Branch	Sendai City Beautification Support Program (Ichibancho, Aoba Ward) [photo 3]
Niigata Branch	Shinanogawa River Clean Mission
Tokyo Head Office	Akiba Smile Project (area surrounding Akihabara)
• General Administration Division (Tokyo)	Yasukuni Shrine cleanup [photo 4]
• Sales Division	Kandagawa River Water Quality Purification Promotion
• Industrial Facilities Department	Movement (throwing EM mud balls into the river)
Yokohama Branch	Cleanup in the area surrounding Yokohama Branch
Kanto Branch	Cleanup of the Sakura-namiki Dori in Omiya Ward, Saitama City
Chiba Branch	Intensive cleanup on the Makuhari New City Cleanup Day
Nagoya Branch	Cleanup in the area surrounding Nagoya Branch [photo 5]
Hokuriku Branch	Picking up Trash and Love the City Campaign (Area surrounding Kohrinbo of Kanazawa City and other areas)
Toyama Branch	Big cleanup project (Toyama City and other areas)
Fukui Branch	Fukui City Beautification Partner Scheme (Area surrounding the Fukui Prefecture Office Building)
Osaka Head Office	Osaka City Beautification Partner Scheme (footpaths in
• Internal Audit Office	Yotsubashi area)
• General Administration Division	
• Sales Division (Osaka)	
• Technical Development Division (Osaka)	
• Industrial Facilities Department (Osaka)	
Kobe Branch	Kobe City Former Foreign Area Settlement Cleanup Project
Okayama Branch	Lake Kojima basin cleanup Cleanup in the area surrounding Okayama Branch [photo 6]
Chugoku Branch	Intensive cleanup at the Peace Memorial Park Road Cleanup Project (Prefectural road Itsumakushi Hayamada route and the surrounding prefectural roads)
Shikoku Branch	Intensive cleanup at Sunport Takamatsu, Chuo-dori and other areas
Kyushu Branch	Fukuoka Castle Cleanup Project
Kumamoto Branch	Community Cleanup (Densha-dori arcade) Kiyotake River bank cleanup

In addition to the above activities, we also participate in cleanups led by each site and individuals.

Forestry care and tree planting

Sites	Name of the project or details
Tohoku Branch	Osaki Hachimangu Shrine' forest revegetation project [photo 7]
Niigata Branch	Forest development project (forestry care)
Hokuriku Branch	Ishikawa Prefectural Artistic And Cultural Association Ishikawa Geijutsu no Mori Project (cherry blossom tree planting)
Chugoku Branch	Peace Memorial Park Active Volunteers
Technical Construction Division Technical Development Division Technical Research Laboratory Medical Care Facilities Promotion Department	Miyoshi Green Support Squad Tree planting in woodlands and forests care [photo 8]

Company-wide activities

Eco-cap Project	In FY2012, 246,000 caps were collected (equivalent to vaccines for 316 people).
Charity Calendar Market	In January 2013, 1,479 calendars and diaries were donated from throughout Japan.
Tanzania Pole Pole Club	14.53 kg of used stamps were sent in from sites throughout Japan. They will be used for the tree planting projects on the world heritage listed Mount Kilimanjaro in Tanzania. 40 g of used stamps can be used for the planting of one tree. (14.53 kg of stamps is equivalent to 363 tree seedlings.)



1. Kagoshima Branch Fundraising



2. Tokyo Head Office Sorting used stamps



3. Tohoku Branch Cleanup



4. Tokyo Head Office Cleanup



5. Nagoya Branch Cleanup



6. Okayama Branch Cleanup



7. Tohoku Branch Forest revegetationraising



8. Technical Research Laboratory Tree planting and forestry care

Certificate of appreciation from Miyagi Prefecture

Since the Great East Japan Earthquake on March 11, 2011, Dai-Dan has made donations each year. On March 12, 2013, Miyagi Prefecture presented us with a certificate of appreciation for our efforts. The certificate was presented with a message from Miyagi Prefecture, which read, "The road to recovery is long and winding, but we will keep the bonds demonstrated through your cooperation in our hearts as we work together in our reconstruction efforts. We are determined to do our very best to restore our hometown, Miyagi, and achieve on-going development." Moving forward, we will continue providing support in order to see the affected region restored to its former self as soon as possible.



Third Party Opinion

This opinion statement expresses views on this CSR report. The statement has been completed by going through 30 questions in cooperation with a number of attorneys belonging to the Kinki Branch of the Japan Federation of Bar Associations (Daisuke Inayoshi, Ryota Matsui and Yasuko Fujii) based on the association's Corporate Social Responsibility (CSR) Guideline 2009. The process for completing the statement also included reviews of internal regulations and other related documents, as well as interviews with department managers and, from this year, the labour union.



Tsuneo Yamada
Attorney/Former Chairman of
Osaka Bar Association
Director of Japan CSR Promotion
Association
Branch Manager of Kinki Branch

Dai-Dan has incorporated the philosophy of CSR into its Corporate Principles, Management Policies and business plan so that its corporate activities themselves exemplify CSR, while the company's CSR initiatives undergo a PDCA cycle. This CSR report gives a comprehensive and visually-rich overview of fiscal 2012 CSR performance and 2013 targets across a two-page spread, which is notably good.

In terms of the content of this report, the report includes the fresh and direct opinions of business partners, subcontractors and other stakeholders throughout the report. Additionally, the report has been made available on the company's website, allowing all employees access. The views of nearly 70% of employees have been gathered, which are then incorporated into the report. These initiatives are exemplary ways of making the most of a CSR report, and are therefore worthy of commendation. Furthermore, the report has disclosed negative information about the company, demonstrating Dai-Dan's commitment to dialogue with stakeholders.

Moving forward, I anticipate that the CSR report will be further improved on and utilised to facilitate CSR activities and dialogue with stakeholders.

Initiatives to ensure compliance

The leaders of the company have strong awareness of compliance, and have implemented proactive initiatives to ensure permeation and establishment of compliance awareness throughout the company, as was the case in the previous year. This is something to be commended.

In terms of compliance, I recognise their efforts in this area as seen by the regular publication of a newsletter. However, I anticipate that further efforts to permeate and establish awareness of compliance will be made by, for instance, ensuring that all employees are aware of the whistle blowing system, enhancing the level of training, and carrying out a survey of trainees (employees).

Initiatives to improve workplace environments for employees

Employees are important stakeholders and are a source of corporate value. Dai-Dan has continued in its efforts to ensure that its employees are able to devote themselves to work in a healthy and comfortable state, which is evident in the new initiative that began in fiscal 2012. This is a support system for young employees, designed to develop the skills and support the psychological health of young employees. I am hopeful that this program will be effective.

Last year I noted the lack of quantitative targets, but this year Dai-Dan has set quantitative targets to reduce the number of long-hour workers. I believe that to resolve the issue of long hours of work in a more practical manner, Dai-Dan could employ a system that ensures that extra hours or days worked are supplemented with time-off, and which sets quantitative targets for the percentage of employees that takes refreshment holidays. Moving forward, I anticipate the implementation of initiatives to further improve work place environments while taking into account differences between workplaces.

Initiatives to conserve the environment

Dai-Dan has been undertaking the development of installation methods with low environmental impact and energy saving technology by leveraging on its vast technical expertise. This is to be highly commended as a proactive effort to sustain a sustainable society.

In terms of setting quantitative targets, which I noted last year, Dai-Dan has set more reasonable targets by accounting for average target achievement over the past three years, which is something that I can commend. Upon setting quantitative targets, it is important that they are reviewed constantly, not only accounting for the results of prior years, but also taking into consideration the expected social responsibilities in light of changes in stakeholder awareness of the environment and technological advancement. I expect that this will continue to be explored.

VOICE Reflecting on the Third Party Opinions



Hirokazu Kawakubo
Director Senior Executive Corporate Officer
Head of General Administration Division

I would like to express my sincere gratitude for the opinions and suggestions on our 2013 CSR Report once again, provided by attorney at law Mr. Tsuneo Yamada in the form of a Third Party Opinion.

We are extremely honoured to have been highly commended for our CSR initiatives.

Moving forward, we will further enhance our compliance system and increase our efforts to improve workplace environments. We will also carry out our corporate activities with the ultimate goal of achieving the development of a better environment and stronger communities as set forth in our Corporate Principles.

Site List

Headquarters Organisations

Name	Postal Code	Address	Telephone Number	Name	Postal Code	Address	Telephone Number
General Administration Division	550-8520	1-9-25 Edobori, Nishi-ku, Osaka City	06-6447-8000	Technical Research Laboratory	354-0044	390 Kita-Nagai, Miyoshimachi, Iruma-gun, Saitama Prefecture	049-258-5725
Sales Division	102-8175	2-15-10 Fujimi, Chiyoda-ku, Tokyo	03-3261-8231	Industrial Facilities Department	102-8175	2-15-10 Fujimi, Chiyoda-ku, Tokyo	03-5276-4710
Technical Construction Division	354-0044	390 Kita-Nagai, Miyoshimachi, Iruma-gun, Saitama Prefecture	049-258-1891	Medical Care Facilities Promotion Department	354-0044	390 Kita-Nagai, Miyoshimachi, Iruma-gun, Saitama Prefecture	049-258-1891
Technical Development Division	354-0044	390 Kita-Nagai, Miyoshimachi, Iruma-gun, Saitama Prefecture	049-258-1891				

Branch/Office Organisations

Name	Postal Code	Address	Telephone Number	Name	Postal Code	Address	Telephone Number
Hokkaido Branch	001-0020	5-1-43 Nishi, Kita 20, Kita-ku, Sapporo City	011-716-9116	Osaka Head Office	550-8520	1-9-25 Edobori, Nishi-ku, Osaka City	06-6441-8231
Obihiro Branch	080-0010	Aobatokachi Bldg. 4F 12-20 Odoriminami Obihiro City Hokkaido	0155-25-3559	Tenri Branch	632-0012	4-228 Toyoda-cho, Tenri City, Nara Prefecture	0743-63-1231
Hakodate Branch	041-0851	4-17-40 Hondori, Hakodate City Hokkaido	0138-55-7086	Kobe Branch	651-0088	Nihon Seimei Sannomiya Ekimae Bldg. 7F 7-1-1 Onoe-dori, Chuo-ku, Kobe City	078-221-7777
Tohoku Branch	980-0811	1-15-17 Ichiban-cho, Aoba-ku, Sendai City	022-225-7901	Kyoto Branch	604-8186	Urbanex Oike Bldg. East Wing 2F 361-1 Umeya-cho, Kurumaya-cho, Nakagyo-ku, Kyoto City	075-251-6411
Aomori Branch	030-0802	Tanuma Bldg. 4F 2-4-10 Hon-cho, Aomori City	017-773-1582	Wakayama Branch	640-8203	Nankai Wakayama Bldg. 6F 3-6 Higashikuramae-cho, Wakayama City	073-433-9431
Akita Branch	010-0951	Sanno Pires Bldg. 6F 2-2-17 Sanno, Akita City	018-824-6491	Shiga Branch	527-0025	Janty 21 Room 11, 6-55 Yokaihi Higashinonmachi, Higashi-omi City, Shiga Prefecture	0748-25-5400
Morioka Branch	020-0032	Hiramatsu Bldg. 2-16 Yugaose-cho, Morioka City	019-654-3023	Okayama Branch	700-0984	6-10 Kuwada-cho, Kita-ku, Okayama City	086-223-3106
Fukushima Branch	960-8031	Fukushima Sakaemachi Bldg. 4F 10-21 Sakaemachi, Fukushima City	024-521-4213	Chugoku Branch	730-0812	2-22 Kakomachi, Naka-ku, Hiroshima City	082-241-4171
Yamagata Branch	990-0043	Honcho Bldg. 1F 2-4-3 Hon-cho, Yamagata City	023-634-2620	Yamaguchi Branch	754-0011	Sanyo Bldg. Ogori 4F 4-6 Ogorimiyukimachi, Yamaguchi City	083-976-0121
Niigata Branch	950-0088	2-4-3 Bandai, Chuo-ku, Niigata City	025-247-0201	San-in Branch	690-0015	Heights Shalom Room 103 2-29-13 Agenogi, Matsue City	0852-27-5890
Tokyo Head Office	102-8175	2-15-10 Fujimi, Chiyoda-ku, Tokyo	03-3261-8231	Shikoku Branch	760-0018	11-20 Tenjinmae, Takamatsu City	087-861-6030
Kanto Branch	330-0854	GINZA YAMATO 3 Bldg. 3F 1-10-2 Sakuragi-cho, Omiya-ku, Saitama City	048-644-8468	Matsuyama Branch	790-0065	2-208-1 Miyanishi, Matsuyama City	089-922-7161
Gunma Branch	371-0805	Daidoseimei Maebashi Bldg. 7F 3-9-5 Minami-cho, Maebashi City, Gunma Prefecture	027-226-7720	Kochi Branch	780-0088	10-16 Kitakubo, Kochi City	088-884-8231
Tochigi Branch	321-0953	Yamaguchi Bldg. 6F 4-1-20 Higashishukugo, Utsunomiya City	028-637-3380	Tokushima Branch	770-0872	4-1-10 Kitaokinosa, Tokushima City	088-664-8121
Ibaraki Branch	300-0037	Sumitoseimei Tsuchiura Bldg. 7F 1-16-12 Sakuramachi, Tsuchiura City, Ibaraki Prefecture	029-825-6656	Kyushu Branch	810-0023	3-1-24 Kego, Chuo-ku, Fukuoka City	092-771-4361
Chiba Branch	261-0023	NTT Makuhari Bldg. 25F 1-6 Nakase, Mihama-ku, Chiba City	043-211-8881	Kumamoto Branch	862-0941	1-7-6 Izumi, Chuo-ku, Kumamoto City	096-364-7134
Yokohama Branch	231-0062	Nisseki Yokohama Bldg. 24F 1-1-8 Sakuragi-cho, Naka-ku, Yokohama City	045-683-1050	Miyata Branch	823-0016	680-1 Shiromaru, Miyawaka City, Fukuoka Prefecture	0949-33-2602
Nagoya Branch	461-0005	Urbannet Nagoya Bldg. 16F 1-1-10 Higashisakura, Higashi-ku, Nagoya City	052-973-4750	Saga Branch	841-0031	Sungarden Yaita Room101 436-1 Yaitamachi Tosu City, Saga Prefecture	0942-84-2350
Toyota Branch	471-0835	1-20 Akebono-cho, Toyota City, Aichi Prefecture	0565-28-1841	Nagasaki Branch	850-0862	Dejima Asahiseimei Aoki Bldg. 8F 1-14 Dejimamachi, Nagasaki City	095-828-0772
Mikawa Branch	448-0011	5-6-4 Tsujiji-cho, Kariya City, Aichi Prefecture	0566-27-0324	Oita Branch	870-0033	Matsumoto Bldg. Room 402 1-3-22 Chiyomachi, Oita City	097-532-4350
Nagano Branch	380-0824	Choedaiichi Bldg. 5F 1282-11 Minamiishido-cho, Nagano City	026-228-3820	Miyazaki Branch	880-0933	Inoue Bldg. Room 201 2189-2 Kusabazaki, Otsubo-cho, Miyazaki City	0985-54-6382
Matsumoto Branch	390-0811	Orii Bldg. 2F 1-1-2 Chuo, Matsumoto City, Nagano Prefecture	0263-33-7016	Kagoshima Branch	890-0052	Arima Bldg. Room 201 26-5 Uenosono-cho, Kagoshima City	099-256-3662
Shizuoka Branch	422-8067	South Pot Shizuoka Bldg. 17F-1704 18-1 Minami-cho, Suruga-ku, Shizuoka City	054-281-3501	Okinawa Branch	900-0015	Arute Bldg. Naha 4F 3-15-9 Kumoji, Naha City	098-868-1700
Mie Branch	514-0004	Kasama Bldg. 2F-B 3-261 Sakaemachi, Tsu City	059-225-3840	Singapore Branch	—	315 Outram Road #15-09, Tan Boon Liat Building, Singapore, 169074	010-65-62218488
Gifu Branch	500-8175	Daini-nagazumi Bldg. 2F 1-9 Nagazumi-cho, Gifu City	058-265-8224	Hong Kong Branch	—	21F, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong	010-852-22898888
Hokuriku Branch	920-0902	1-6-15 Owari-cho, Kanazawa City	076-261-6147	Philippine Branch	—	FABTECH Building, 1229 Quezon Avenue, 1104 Quezon City Metro Manila Philippines	010-63-2413-3333
Toyama Branch	930-0019	1-10-20 Yayoi-cho, Toyama City	076-441-3371	Malaysia Branch	—	No.75-2 Jalan SS 23/15, Taman SEA, 47400 Petaling Jaya, Selangor, Malaysia	010-60-3-78055443
Fukui Branch	910-0005	Fukui Hosokaikan 4F 3-4-1 Ote, Fukui City	0776-23-2166				

* The blue shading indicates regional headquarters



For any feedback or inquiries relating to this CSR report,
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