


Independent Report/External Evaluations

Third-Party Comment on the Taisei CSR Report 2011

Independent Report



This English language report is a translation of the original Independent Assurance Report in Japanese on Taisei Group CSR Report 2011.

Independent Assurance Report

**To: Mr. Yamauchi Takashi, President and Chief Executive Officer
Taisei Corporation**

May 24, 2011

1. Objectives and Scope

We, PricewaterhouseCoopers Aarata Sustainability Certification Co., Ltd., have been commissioned by Taisei Corporation (hereafter the "Company") to provide independent assurance on the Company's "Taisei Group CSR Report 2011" (hereafter the "Report"). The scope of the assurance covers the Company's specific environmental performance data (Taisei's material flow, prevention of global warming, construction waste). The objective of our assurance engagement is to independently express our conclusion using the Company's policies and standards as criteria as to:

- Whether the Company's specific environmental performance data (Taisei's material flow, prevention of global warming, construction waste) for the year ended March 31, 2011 included in the Report were collected and reported in accordance with the Company's policies and standards, in all material respects.

The preparation of the Report is the responsibility of the Company's management. Our responsibility is limited to independently express a conclusion on the Report.

2. Summary of Assurance Procedures Performed

We performed our work in accordance with International Standard on Assurance Engagement 3000 – Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE3000), revised in December 2003 by the International Federation of Accountants. Therefore, we provide limited assurance on data reported in the Report in accordance with the aforementioned standard under the scope of our assurance engagement. Accordingly, we do not intend to express auditor's opinion as this is not an audit work conducted in accordance with generally accepted auditing standards.

The summary of the procedures we performed for our assurance engagement is as follows:

- Reading the relevant documents with regard to the Company's overall status and environmental management, and interviewing personnel responsible thereof;
- Interviewing personnel with regard to the establishment and implementation of the Company's policies and standards under the scope of our assurance engagement in the headquarters and the site visited as listed in the following;
- Reading the relevant documents in the headquarters and the site visited as listed in the following with regard to the methodologies for measuring, compiling, and reporting the information under our scope, and interviewing personnel responsible thereof;
- Performing analytical procedures mainly and tracing part of data provided with supporting documents available at the headquarters and the site visited.

The sites on which we performed the above procedures are as follows:

Name of Site	Functions
Taisei Corporation Headquarters	Headquarters
Taisei Corporation Construction Site (Tokyo Branch)	Marunouchi 2-Chome Plan (Tentative Name) Underground Concourse Construction Project Construction Site

3. Our Conclusion

Based on our work performed, we have reached the following conclusion:

- To the extent of our procedures performed, nothing has come to our attention that causes us to believe that the Company's specific environmental performance data (Taisei's material flow, prevention of global warming, construction waste) for the year ended March 31, 2011 included in the Report were not collected and reported in accordance with the Company's policies and standards, in all material respects.

4. Independence

In accordance with the provisions of the Certified Public Accountants Law of Japan, no reportable relationship exists between the Company and PricewaterhouseCoopers Aarata Sustainability Certification Co., Ltd.

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Taisei's 2011 CSR report describes changes in its corporate organization, including last year's reevaluation of the Taisei Group's Structure of Values and Policies as well as the reorganization of CSR personnel as a result of the establishment of the Corporate Communication Department at Taisei's head office.



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CSR Management Initiatives

Since last year, Taisei has been working to enhance collaboration among its group companies and to reorganize its core group management principles, including the Taisei Group Ideal, the Taisei Spirit, and the Action Guidelines for Taisei Personnel and the Taisei Group as a Whole. The company maintains that such a reorganization will allow all Taisei Group officers and employees to work together towards achieving the same goals with a sense of group solidarity. Expectations are high that this reorganization will further strengthen the Taisei Group.

This year's CSR report is organized in accordance with the seven core themes of ISO 26000, which was released last year. Detailed data on fiscal 2010 challenges, goals, and achievements is presented on Taisei's website. However, there is no information available showing which ISO standards are fulfilled and which are not. Taisei is reportedly reviewing its CSR initiatives against the ISO standards, an important process for the company's future development.

In April of this year, Taisei reorganized its corporate structure and established the Corporate Communication Department under the Corporate Planning Office, relocating the Public Relations Section, IR Section, and CSR Promotion Section within this department. I expect that these changes will systematically integrate communications with stakeholders and improve results. To this end, however, there is also a need to coordinate the disclosure of corporate information. In addition, company profiles, annual reports, and CSR reports, which are currently prepared independently of each other, must be compiled more systematically. Taisei needs to combine financial and non-financial information more effectively to reveal how it harmonizes its business interests with its social commitments.

Group Management

This year's CSR Report emphasizes the effects of enhancing group management. To what extent, then, are Taisei's group management policies successfully

implemented? In general, the securities report and annual reports are strictly calculated by including consolidated subsidiaries. However, it is more difficult to obtain non-financial information on management issues and specific results for group companies since there are no legal regulations regarding such information.

To estimate financial results, Taisei formulates medium-term management plans based on management issues that are clearly defined for both the parent company and the group as a whole. However, although there is a well-developed risk management system for problems that may occur within the group, it is not always clear how the individual initiatives defined in the Action Guidelines are managed.

For example, companies vary with regard to initiatives for corporate governance and human rights. The variance among environmental policies and initiatives is even greater, as results are dependent on actual business processes. Relationships with consumers (customers) also vary between construction, which is basically a B-to-B business, and businesses like real estate, housing, and hotel management, which are B-to-C businesses. This CSR Report only provides data on the parent company; subsidiaries' initiatives are discussed as side issues. While some Taisei group companies present related information on their websites, in most cases no information is available on their initiatives.

Taisei's Medium-term Management Action Plan identifies raising compliance awareness among its group companies as one of its highest priorities. There is also a need to regularly check how group companies incorporate Taisei's Action Guidelines and individual policies and verify such results. Taisei's divisions should also incorporate Key Performance Indicators (KPI) for CSR in their own medium-term management plans in order to better review the results of their activities.

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Inclusion in Major World SRI Indexes

Amid the increasing uncertainty surrounding the world economy, people have been paying more attention to Socially Responsible Investment (SRI) indexes. To ensure steady profits, these indexes evaluate and select companies based not only on their financial performance but also on their compliance with laws and regulations and their contribution to society and environment, and then evaluate their business continuity. As of March 2011, Taisei has been included in a major domestic index, the Morning Star Socially Responsible Investment Index*, as well as two major overseas indexes, the FTSE4Good Global Index and the Dow Jones Sustainability Asia Pacific Index.

* The Morning Star Socially Responsible Investment index is the first Japanese SRI index created using the stock prices of 150 companies judged to be socially responsible and chosen by Morning Star Japan K.K. from among companies listed on domestic stock exchanges.



Recognition of Our Environmentally Friendly Initiatives

The Development Bank of Japan (DBJ) awarded Taisei the bank's highest possible environmental rating for Taisei's distinguished, cutting-edge environmental initiatives. DBJ further recognized Taisei as a model company. Also, Taisei Group CSR Report 2010 received the Excellence Prize for Reliability Reporting at the 14th Environmental Communication Awards.

