Sustainability Report 2017
Focused on Creating Shared Value

For the year ended January 31, 2017

SEKISUI HOUSE, LTD.
Changing the World
Underpinning the Sekisui House Group corporate philosophy is a love of humanity. This means desiring happiness for others and treating their joy as our own. Desiring happiness for all our stakeholders and the realization of a sustainable society, we strive to create and share four key values: environmental value, economic value, social value and homeowner value.

Today, we are surrounded by a variety of accumulating social issues. including responses to natural disasters, energy problems, falling birthrates and aging populations, the future of communities and abandoned homes. We want to share happiness with our stakeholders by creating new value and contributing to the resolution of social issues precisely because the Sekisui House Group develops housing-related growth strategies. This achieved through our Creating Shared Value (CSV) strategy.
The purpose of this report is to educate the general public about initiatives the Sekisui House Group engages in to help build a sustainable society, while also encouraging reader feedback as a means to improve these initiatives going forward.

In selecting topics to be reported and formulating an editing policy, we referred to the 2012 Environmental Reporting Guidelines of Japan’s Ministry of the Environment. The selected topics are reported in accordance with ISO 26000, an international standard providing guidance on social responsibility. Furthermore, this report has been prepared in accordance with the Core options of the Global Reporting Initiative’s (GRI) Sustainability Reporting Guidelines (G4).

The content of this report was determined by the Sekisui House CSR Committee, taking into consideration social conditions and survey responses to the Sustainability Report 2016.

In accordance with the G4 “core” option, all general standard disclosures (“core” items required for disclosure compliance) as well as specified standard disclosures (46 aspects) and 19 material aspects narrowed down into six CSV strategies are disclosed in this report and online.

As an annual report, this publication contains a summary of our corporate activities during FY2016, which can be found in the “CSV Strategies” pages. This report also includes a self-evaluation of our performance towards achieving our goals.

The report shows changes in key performance indicators (KPI) in important areas, such as in the progress of our Eco-First Promise.

This report also includes comments from stakeholders in various sectors, including our customers and external experts, who provide objective third-party views on our corporate activities.

Energy usage, waste and greenhouse gas emissions, water used in factory production and social reporting (accidents resulting in lost worktime and job-related illness frequency rates) disclosed in Sustainability Report 2017 are assured by third-party institutions to heighten reliability (see page 75, Independent Third-Party Assurance Report). Furthermore, with regard to the reliability of greenhouse gas emissions data disclosed herein, the symbol on the right indicates this report meets greenhouse gas reporting examination and registration marks standards established by The Japanese Association of Assurance Organizations for Sustainability Information.
This report covers Sekisui House Limited and 225 consolidated subsidiaries.

Areas of Business
This report covers the business operations of the Sekisui House Group, which include custom detached houses, rental housing, remodeling, real estate management fees, houses for sale, condominiums, urban redevelopment, overseas business, and others (e.g. exterior construction work).

• Period covered: FY2016 (February 1, 2016 to January 31, 2017)
  Note: Some activities undertaken in FY2017 are covered in this report.
• Date of publication: This report is published annually in Japanese in May.
  Note: English and Chinese versions are published annually in June.
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This publication compiles information selected due to its importance and presented in a format that is easy to read and understand. To meet our responsibility for full accountability to a wide range of shareholders, comprehensive information is disclosed on our website. We also issue a separate publication that focuses on information of particular importance to customers.

Note: Our CSR website is only available in Japanese.
Since our founding in 1960, the Sekisui House Group has developed housing-related businesses that have come to lead the housing industry. With beginnings in detached homes, we have expanded into business domains including rental housing, ready-built homes, condominiums, remodeling, real estate, urban development and overseas business. Going forward, we will continue to provide new value to life making use of various business technologies, expertise and achievements grounded in our SLOW & SMART brand vision.

**Houses for Sale**

Sale of houses and residential land; design, construction, and contracting of houses on residential land for sale  
[ Main Affiliates ]  
7 Sekiwa Real Estate companies (purchase/sale of real estate, etc.)  
19 Sekiwa Construction companies (housing construction, etc.)

**Condominiums**

Sale of condominiums  
[ Main Affiliates ]  
7 Sekiwa Real Estate companies (purchase/sale of real estate, etc.)  

**Urban Redevelopment**

Development of office buildings and commercial facilities; management and operation of real estate in possession

**Custom Detached Houses**

Design, construction, and contracting of detached houses  
[ Main Affiliates ]  
19 Sekiwa Construction companies (housing construction, etc.)

**Remodeling**

Expansion and renovation of houses, etc.  
[ Main Affiliates ]  
3 Sekisui House Remodeling companies (Sekisui House detached housing expansion and renovation, etc.)  
7 Sekiwa Real Estate companies (remodeling and extension of rental housing, etc.)

**Real Estate Management Fees**

Subleasing, management, operation, and brokerage of real estate, etc.  
[ Main Affiliates ]  
7 Sekiwa Real Estate companies (purchase/sale, brokerage, leasing, and management of real estate, etc.)  
Sekiwa Grand Mast, Ltd. (operation and management of rental housing for senior citizens)

**Development Business**

Ready-built houses, condominiums, urban development

**Built-to-Order Business**

Custom detached houses, rental housing

**Supplied Housing Business**

Remodeling, real estate management
of Housing-Related Growth Strategies

### Consolidated Sales by Segment

<table>
<thead>
<tr>
<th>Segment</th>
<th>Sales (million yen)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Custom detached houses</td>
<td>383,129</td>
<td>18.9%</td>
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<tr>
<td>Rental housing</td>
<td>440,312</td>
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<tr>
<td>Remodeling</td>
<td>133,498</td>
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<tr>
<td>Overseas business</td>
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<tr>
<td>Houses for sale</td>
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<tr>
<td>Condominiums</td>
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<tr>
<td>Urban redevelopment</td>
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<tr>
<td>Overseas business, etc.</td>
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<td>4.0%</td>
</tr>
<tr>
<td>Other businesses (exterior bus.)</td>
<td>2,026,931</td>
<td></td>
</tr>
</tbody>
</table>

### Custom Detached House Sales

- **13,612 houses** (FY2015, No. 1 among prefabricated house manufacturers)
- **26,840 houses** (No. 1 in Japan, sales of ready-built detached houses and residential land, and detached housing business in overseas markets)
- **1,430 buildings** (No. 1 in Japan, orders received for net-zero-energy housing)

### Rental Housing

- Design, construction, and contracting of rental housing and medical and nursing care facilities
- **2,334,222 houses** (No. 1 in the world)
- **133.4 billion yen** (No. 1 in Japan, remodeling business sales)
- **12,722 units** (No. 1 in Japan, total number of registered residential units in assisted-living complexes for senior citizens)

### Other Businesses

- Exterior construction work, etc.
- **67.7 billion yen** (No. 1 in Japan, exterior business sales)

### Note

Cumulative figures are all as of January 31, 2017.
Developing Business That Creates Dreams with Positive Thinking and Flexible Ideas

With Eyes Like a Bird, Insect and Fish, We Are Intently Focused on the Future of Japan and Global Movements to Achieve New Growth

Changing the Whole Concept of Living Environments, Societies and Countries as an Advanced Nation with Longevity

Global political and economic conditions are increasingly unstable and uncertain, with developments reported in the news nearly every day. In Japan, we tend to focus on commentary on negative aspects such as declining birthrates and the super-aged society. However, societies that do not change cannot progress. Changes are an opportunity. Rather than fretting over uncertain social conditions, it is important to calmly see through the essence of things, accept them with a positive attitude and take action boldly with conviction. So doing, our field of vision will instantly broaden. I believe this will greatly expand housing industry possibilities and avenues to pursue.

Even in terms of the super-aged society, if we think positively, a variety of innovations give rise to the concept of an “advanced nation of longevity.” With the lifelong-housing concept as its basic approach, the Sekisui House Group established the proprietary Smart Universal Design that takes into account individual differences in physical abilities. We continue to offer advanced proposals from the perspective of both physical housing structures and comfortable living standards, including remodeling and renovations to improve thermal environments and protect people from what is referred to as heat shock during wintertime baths as well as houses that extend healthy life expectancy. This perspective and the technologies that support it will undoubtedly be necessary in countries around the world.

Isami Wada
Chairman & CEO
the world in the near future. This will become our new strength.

Furthermore, if we promote thinking based on our experience as an advanced nation of longevity, the way in which a country can become a model for the world and a path indicating the formation of a new society will come into view.

To put this into practice, “lifelong activity” is the keyword. Corporations and society overall will arrange mechanisms for energetic, long-living generations to continue working. In addition to extending the retirement age and the creation of other basic systems, perhaps we can create unprecedented social environments that continuously and carefully leverage the capabilities of skilled individuals within economic activities. The energy and abilities of long-living generations are assets and resources indispensable to Japanese society going forward. This is an important theme that we must incorporate into our corporate activities.

New Initiatives with a Unique Perspective on Support for Inbound Tourism Demand

Expectations are rising in terms of inbound tourism demand as one driver of growth in Japan. The government announced it was doubling its target number for foreign tourists to 40 million people in 2020. However, currently France receives more than 80 million visitors, a number that exceeds its population. In this sense, Japan still has a long way to go. From here on out, rather than superficial or temporary phenomena such as shopping sprees, the focus will be on long-term visits including experiential sightseeing resulting in practical economic results. To this end, it is necessary that we prepare accommodation facilities satisfying a variety of needs in a high quality, distinctive and accepting environment.

As an example of one of these distinctive activities, the Sekisui House Group collaborated with Waqoo Project Co., Ltd., to launch the Shukubo (Temple Lodging) Creation Project. This involves staying at a temple or shrine, transcribing Buddhist sutras, zazen (seated meditation) and sermons while enjoying shojin ryori (Buddhist vegetarian meals). We are responsible for designing and constructing the shukubo where these activities will take place. From the material to the abstract, we will respond to the conversion of consumer needs. Positioned as a project that has social significance, this involves the development of a new market for the housing industry that is linked to regional revitalization activities as well as promoting the appeal of regional attractions that will lead to the creation of jobs.

In addition, we launched a luxury serviced apartment business in the Akasaka district of Tokyo through an alliance with Frasers Centrepoint Ltd. of Singapore. This is the first entry of this company’s Frasers Suites luxury brand in Japan. We will respond to the growing need for fine quality hotels and provide high-quality services to long-term residents engaged in business and sightseeing. Frasers is our local partner overseas with numerous achievements in collaborative projects. This project, which responds to inbound demand from affluent travelers, is a new milestone for the Overseas Business and can be considered part of its evolution.

Although shukubo and luxury serviced apartments are different business lines, agile and flexible responses to a variety of needs will be necessary for business development and market creation going forward. What will make this possible is our pursuit of high quality housing environments, our unique environmental technologies, our track record of constantly taking on challenges, our comprehensive strengths and our relationships of trust with business partners. We will continuously engage in a variety of initiatives with original methods and ideas.

Delving Deeper into the Overseas Business, Confident of Growth as an Industry with a Dream

When developing Overseas Business, which currently is proceeding on track, we chose project locations based on three conditions: (1) Countries with a population bonus, (2) countries rich in resources and (3) countries with high environmental consciousness. And, we always aimed to realize projects that the other country would be pleased with. We are not expanding overseas because the market in Japan is shrinking. We do not have such a pessimistic outlook. Rather, the world needs our environmental technologies. Changing global housing with these technologies will also help to prevent global warming. We have developed new businesses with confidence and a sense of mission. The Sekisui House Group never aims for immediate market expansion or profits from short-term investment.

Even though international conditions change moment to moment, we are not shaken in our belief. Going forward, we will continue to delve deeper with projects welcomed locally without rushing to aimlessly expand business lines. We consider development in terms of the keyword “deepening.”

Sekisui House Group environmental technologies and ideas, which consider housing not only in terms of individual houses, but also the overall housing environment including the surrounding environment, have earned a strong reputation. The Ecco Ripley large-scale housing development and housing construction project underway in Queensland, Australia, received a rating of five stars in the Green Building Council of Australia (GBCA) environmental ranking. Confidence in Sekisui House, an Eco First Company, is steadily rising. New concepts for housing that extend a healthy life expectancy and opportunities to leverage proprietary technologies will surely increase going forward.

Changing society through housing. We have a daily sense of the importance of the housing industry’s mission and responsibilities, and we are confidently growing as an industry with a dream. The housing business is founded on working with customers throughout their lifetime, revitalizing communities and creating regions and localities. From overseas business and businesses supporting inbound tourism, to interactions with people and societies around the world—there are still many things we need to do. The dream we talk about from the perspective of the housing industry can itself be said to be Japan’s dream of the future. To realize this dream, we must have eyes like a bird, which has a wide view of overall society, eyes like an insect, which never misses even the smallest movements, and eyes like a fish, which focuses firmly on the current time even when it is raging. Maintaining the importance of these three types of eye and promoting balanced business activities, the Sekisui House Group will continue to realize its future responsibilities in its own unique way.
TOP MANAGEMENT COMMITMENT

Employee Hearts, Product Competitiveness and Construction Capabilities. Enhancing Total Brand Value

Creating a Workplace That Thrills and Excites Employees. Efficiently Promoting Business with Energy and Comprehensive Strengths

Combining the Creation of Healthy and Energetic Workplaces with Solid Results

“Workstyle innovation” is the key phrase in our times, demanding corporations adopt measures with high ethical standards. Thorough compliance is indispensable as a major precondition for corporations to grow. Furthermore, the Sekisui House Group has the basic philosophy “love of humanity” as its corporate philosophy. Workstyle innovation and a love of humanity. Our founder’s words are deeply etched on my heart as a way of thinking that links these two concepts. “Companies are made up of people, and people act with their hearts. I want to rise above other companies in terms of the heart and character of our employees.” First of all, if a company has outstanding employees, good performance will follow. If we are not healthy in both mind and body, we cannot build character that is trusted by customers. Creating healthy and energetic workplaces is more important than anything else. This concept is the basis for diversity initiatives and other workstyle innovations promoted by the Sekisui House Group.

Workplaces that are healthy and energetic. What I envision are workplaces that thrill and excite employees. Workplaces where employees work until late at night have no future. Ideally, there should be a balance between one's work and private life, making each day fulfilling. I used a simple expression, but this theme leads to results such as the promotion of diversity, human resource growth and improved retention rates.

Our business strategy is focused on the priority themes of promoting the creation of an idealized workplace and “residential”-related businesses. With both these wheels fully engaged, on the earnings front we were able to achieve consolidated net sales of over ¥2 trillion, our strongest performance ever. We also achieved a new high in terms of operating income. These major achievements are the fruition of structural reforms conducted with the aim of recovery after the Lehman Shock in 2008. We streamlined our head office, devised an area market strategy and strengthened the specialization of each business. Group coordination is also leading to solid results. And, we thoroughly promoted management with an awareness of the breakeven point. We generate profit with a lean corporate structure. We launched a new Medium-Term Management Plan targeting further growth to maintain this momentum. Now, while focusing on what needs to be changed and what needs to be protected, we will develop business that further enhances Sekisui House Group strengths.

Utilizing IT, Strengthening Mutual Understanding and Bonds.

Focusing Efforts on Operational Efficiency

Operational efficiency is a critical issue for maintaining and augmenting a lean structure. This is also connected to workstyle innovations. At present, we are engaged in utilizing IT to “visualize capabilities” related to design and onsite supervision operations. As opposed to sales, it is difficult to quantify work results in these types of positions. Thus, we created a point system to clarify evaluation criteria such as workload, accuracy, assessments, etc. In other words, we visualize fairness and impartiality. As a result, we have been able to share business problems and solutions and effectively reduce waste and overwork. In terms of construction management, this is also useful in revising redundant technical operations by Sekisui House and Sekiwa Construction. Going forward, we will enhance the precision of these initiatives while creating thrilling and exciting workplaces from a variety of perspectives.

One of the Sekisui House Group’s major strengths are its construction capabilities. We attempt close cooperation through systematized career paths that enable Sekisui House employees aiming to become construction chiefs to gain experience by working for a limited time with Sekiwa Construction. Relationships of trust with Sekisui House Association building contractor partners and a corporate culture that has placed importance on bonds since our founding are virtues we inherit with a sense of pride. Also, in the near future, we anticipate the continued decline of technicians working on construction sites. At present, we are training employees who will carry the next-generation at schools established in Ibaraki, Shiga and Yamaguchi Prefectures. We are also improving work environments with the intention of creating construction sites where even women are able to work comfortably.

At the same time, we also established a help line providing
building contractor partners and business partners with consultation regarding corporate ethics violations or concerns regarding transactions. It is important that we become aware of positive information and especially negative information as soon as possible, providing a rapid response to all problems. We will continue to focus efforts on instilling a climate with nothing hidden and no scandals by attempting to improve compliance awareness and crisis response capabilities.

Enhancing Brand Power, Growth in Domains Linked to Resolving Social Issues

Amid a declining number of new housing starts in Japan, Sekisui House Group performance is steadily improving. Rather than falling into contraction equilibrium, we adopted a strategy whereby we capture core “built-to-order business” centered on custom detached and rental housing while engaging in our remodeling and real estate management fee “supplied housing business,” our ready-built house and condominium “development business” and cultivating and growing our “overseas business.” The adoption of zero net energy housing (ZEH), which reduces energy balances to zero or less, and our promotion of the industry-leading “Green First” strategy have also provided a major boost. We are coming steadily closer to reaching our goal of making 80% of newly constructed homes ZEH compliant by the year 2020. The first ZEH condominiums in Japan, located in Nagoya and scheduled for completion in spring 2019, are also attracting attention.

To promote our business strategy to customers, we reconstructed our brand communication strategy for the detached housing business. This initiative promotes high added value housing proposals. Going forward, we will continue to adhere to middle- and high-class lines originating with Sekisui House, focusing on products that leverage our original technologies such as Dyne Concrete (“Is Series” steel frame houses with concrete exterior walls) and Bellburn (“SHAWOOD” wooden-frame houses with ceramic exterior walls).

With regard to the rental housing business, we will redouble the area marketing efforts we have engaged in up to now and construct quality properties mainly in urban areas where occupancy is highly competitive. In FY 2016, block leasing occupancy rates were maintained at a high level of 96.5%.

In addition, we reshuffled our organizational structure to strengthen the existing home remodeling and renovation business. Approximately 40 million homes were in need of warmer indoor environments and about 10 million homes had old seismic safety standards. This huge market can be said to be a growth field. Going forward, we will continue to tackle challenges linked to resolving social issues by anticipating the needs of the times and making full use of advanced technologies.

We are selling on value rather than price. Moving from “needs” to “wants,” Sekisui House would like customers to say “I want that!” To this end, it is essential we raise our brand value overall. While reaffirming the Sekisui House Group basic policy of “best quality and the highest technology” and our brand vision “SLOW & SMART,” we will position CSR management as the basis for the entire Group, which will result in the development of business activities linked to creating shared value (CSV).

Toshinori Abe
President & COO

Sekisui House Sustainability Report 2017
The Sekisui House Group creates and provides value through housing in response to societal changes and needs based on its corporate philosophy.

In 2005, we defined “a sustainable society” as the vision we must aim towards and announced four values—environmental, economic, social and homeowner—to realize and verify this goal, which is intended to achieve balanced management. After that, the four values were realized by accelerating the development of new products and technologies in response to social trends and needs.

We will target sustainable development through the continued creation of shared value.

**Corporate Philosophy**

Our fundamental philosophy, a love of humanity, means doing all things in good faith and with a spirit of service. It means desiring happiness for others, and treating their joy as our own, with the awareness that each and every human being has irreplaceable value. This was formulated in 1989 based on discussions with all employees.

**4 Values and 13 Guidelines**

In 2005, we announced our Sustainable Vision targeting balanced management based on four values focused on sustainability as the cornerstone of our management. In 2006, we formulated 13 guidelines as guiding principles based on these four values.
Values through Housing

Shared Value Created by the Sekisui House Group

Indices representative of the four values created by Sekisui House are demonstrated by trends over the past 10 years. This chart shows that promoting initiatives focused on environmental, social and homeowner values are linked to improved economic value.
Maximizing Value for Customers with Accumulated

Unlike consumable products, the value and quality demanded of homes are not fixed. To respond to changes in the environment surrounding housing, physical and mental changes in homeowners and their needs and secular changes affecting buildings, as well as to ensure customers feel comfortable at any given time, Sekisui House itself must continue to exist by engaging in sustainable management. To this end, it is important to incorporate a mechanism for providing ongoing services into our business. Sekisui House Group companies aim to provide maximum value to customers by efficiently apportioning functions and acting flexibly, leveraging Group alliances to enhance added value throughout the entire Group.

Technical Capabilities

Realizing Abundant Lifestyles through Housing Innovation

Security, relaxation, taste, enjoyment and other universal housing values are all about comfort. To realize abundant and comfortable lifestyles, basic housing functions require advanced technologies. The Sekisui House Group uses the phrase “SLOW & SMART” to express this concept. To satisfy customers and fulfill our social responsibilities, we have established this as our brand vision for the work we engage in every day.

Providing “comfortable living—now and always” through a home’s basic functions and technical capabilities related to the value proposition of new homes is the embodiment of SLOW & SMART.

2,728 first-class architects and other experts are ready to help build your home.

Construction Capabilities

Project Accountability from Wholly-Owned Subsidiary Sekiwa Construction and Building Contractor Partners

Onsite construction quality control is an extremely important process for ensuring our characteristic detached housing designed, manufactured, constructed and tailor-made for each customer.

We created a project accountability structure to guarantee solid construction quality. 19 companies comprising wholly-owned subsidiary Sekiwa Construction and building contractor partners comprising the Sekisui House Association constantly strive to improve their skills through training and other activities. The Sekisui House Group’s proprietary management system facilitates construction schedule planning and construction progress status visualization that is continually shared with the Sekisui House Association to thoroughly manage quality.
Capabilities and Group Alliances

Customer Base

— Supporting Homeowners Even after They Have Moved into Their New Homes

1,450 Employees Responsible for After-Sales Service

After handing over a property, many housing companies consign after-sales services to an outside contractor. However, Sekisui House considers appropriate maintenance ensuring security, safety and comfort to be part of a home’s intrinsic value, thus we established a nationwide Customer Center. We also centrally manage information related to customer housing in our Company-wide system.

After moving in, questionnaires and other tools are used to solicit customer feedback, which is distributed throughout the Company and utilized daily as an important source of information for product development and service improvements.

Comprehensive Group Support for Rental Housing Operation and Management

In response to increasingly diverse needs, Sekisui House rental housing Sha Maison specializes in designs with a high degree of freedom. Operation and management after completion are important for high occupancy rates and long-term, stable management.

The seven companies comprising wholly-owned subsidiary Sekiwa Real Estate develop business throughout Japan, providing comprehensive support for rental management, from block leasing, to solicitation of residents and ongoing maintenance, on consignment from owners. They facilitate the maintenance of asset value over the long term.

Group-Wide Support, from Remodeling to Rebuilding and Relocation

Group companies provide a wide range of support, from small-scale remodeling to large-scale renovations. Sekisui House detached housing is handled by the three companies comprising Sekisui House Remodeling. Sha Maison rentals are handled by the seven companies comprising Sekiwa Real Estate. General pre-existing housing is supported by the 19 companies comprising Sekiwa Construction.

With numerous construction achievements in the industry, we are able to procure various building materials from a variety of equipment manufacturers at optimal prices, which adds to the merits of our remodeling services.

Also, when rebuilding or relocating homes, customer needs are supported through Group alliances.
The Sekisui House Group has built a business model for the creation of shared value. Profit and value created through Group alliances leveraging our unique strengths and the specialization of each Group company are invested to achieve further growth. We will implement our six CSV strategies to create more value for society and our stakeholders. By enhancing this business model, we believe we can achieve sustainable development.

### Investment and Activities Aimed at Value Creation

- **More than ¥704 million invested in employee training**

The Group’s mission is to develop the skills of a diverse range of human resources, utilize those skills to create high added value and become a corporate group needed by the world. To cultivate professionals having a deep sense of humanity who will understand customer housing concepts and make them a reality, we systematically conduct a variety of level- and position-based training. In 2016, we invested approximately ¥704 million in education and training.

- **¥11,269 million investment in IT environment upgrades**

The Group constructed a system based on the usage of big data to rationalize proposals and construction of the approximately 50,000 houses we construct annually as well as to centralize residential information with regard to the after-sales services provided to owners of approximately 780,000 homes. As a result of using this system, we have realized shorter construction times and substantial cost reductions. Also, by conducting main operational processes on smart devices such as iPhones and iPads, we have increased productivity and realized a work-life balance by expanding the scope of operations able to be completed on the go, leading to workstyle innovation. Furthermore, we are also engaged in the visualization of capabilities using IT for design and onsite supervision duties.

### Business Model

- **Customer service center, periodic maintenance, requests and consultation support**

Approximately 700,000 inquiries

- **New customers in FY2016**

Approximately 1.3 million people

Attaching importance to being a community-based Company, we believe homebuilding sites should be as open to the public as possible. Accordingly, we strive to offer information on housing and lifestyles as well as provide onsite tours. These activities are mainly undertaken at our housing construction sites across Japan, at our model homes, and at our hands-on learning centers, such as Sumai no yume kojo and Nattoku kobo. We also worked with a variety of stakeholders to open the Sumufumulab, the industry’s first base for open innovation aimed at creating a new housing culture, and the Sekisui House Eco First Park, a next-generation educational center where the public can learn about the relationship between housing and the environment. All of these are important venues where we can connect with customers.
Unique Strengths and Strategies

1. Providing housing with high added value
   Realizing high added value while at the same time comfort, Nadeshiko brand 2016 economy and eco-friendliness with Green First Zero and other housing.
   CSV Strategy 1,2,3,4,5,6

2. Building a solid customer base
   For more than half a century, we have been the housing industry leader, developing business specializing in housing and building a solid customer base boasting the largest number of detached and rental housing units in the world.
   CSV Strategy 1,2,3,4,5

3. Supplied housing business expansion
   We are expanding the supplied housing business in response to societal changes and real estate management fee and remodeling business making use of strengths including a solid customer base and Group collaborations.
   CSV Strategy 1,3,4,5

4. Investment for future profits
   We invest profits earned from business activities in human resource development, IT aimed at operational efficiency and cost reductions, overseas business and other forward-looking activities.
   CSV Strategy 5,6

Primary Value Creation and Impact on Society

**Economic value**

- **Operating margin**: 9.1%
  - We improved our profit structure to achieve a fourth consecutive year of record operating profits. The operating margin improved 1.0 points compared to the previous fiscal year.

- **Unit price per house**: ¥37.29 million
  - The unit price per detached home increased ¥290,000 year on year due to orders of Green First Zero, 3- to 4-story houses and other high added value homes.

**Environmental value**

- **CO2 reduction rate of detached houses (compared to 1990)**: 80.1%
  - The spread of eco-friendly homes led by Green First Zero led to increased reductions compared to 75.5% in the previous fiscal year.

- **Green First Zero ratio**: 70.4%
  - Developing business based on the strong belief that the provision of high added value homes will lead to customer security, safety, comfort and happiness, the ratio of Green First Homes rose substantially, 59% higher than in the previous fiscal year.

**Homeowner value**

- **Customer satisfaction level**: 95.5%
  - In questionnaires submitted one year after moving in, the total ratio of very satisfied (43.3%), satisfied and somewhat satisfied homeowners has hovered around 95% for the past several years. The questionnaire results are analyzed in detail and incorporated into the PDCA cycle.

- **Rental housing block lease ratio**: 96.5%
  - The construction of high-quality rental housing and batch leasing has led to the realization of more stable sales. Occupancy rates have been steadily rising since 2010.

**Social value**

- **Sekisui House Matching Program grants**: ¥37.44 million
  - Sekisui House matches donations contributed by employees in support of activities by NPOs and other organizations engaged in the resolution of social issues. During an 11 year period, we have provided over ¥200 million in assistance to more than 200 organizations.

Sekisui House matches donations contributed by employees in support of activities by NPOs and other organizations engaged in the resolution of social issues. During an 11 year period, we have provided over ¥200 million in assistance to more than 200 organizations.

Sekisui House was selected as a company that excels in empowering women. In addition to being selected in 2013, 2015 and 2016, we are the only company in the housing and construction industry to have been recognized a total of four times.
In 2008, the Sekisui House Group announced its “2050 Vision” aiming to eliminate CO₂ emissions from housing, quickly shifting management focus to decarbonation. Amid accelerating changes to social systems and rapid technological innovations, we established the direction of initiatives conscious of the time axis within a broader business domain in preparation for further environmental changes in the future.

We formulated a new long-term vision focused on 2050 to share with stakeholders such as customers, employees, long-term, investors and suppliers who are concerned about long-term value realization by the Sekisui House Group.

### Formulating Sustainability Vision 2050

In 2005, the Sekisui House Group revealed the direction of its business with the Declaration of Sustainability that establishes sustainability as the basis for management. We have consistently advocated the possibility of solving social problems through housing. In 2013, we came out with Creating Shared Value (CSV) as our corporate stance and have been making repeated efforts to realize this concept.

In light of global trends such as the Sustainable Development Goals (SDGs), we will leverage the influence of business activities accumulated for resolving social issues and demonstrate our long-term vision to lead the way to a new society through the creation of value.

### Background and Objectives of the Long-Term Vision

20th century society attempted to realize happiness by eliminating scarcity, a lack of freedom and inconvenience from daily life through mass production and consumption supported by the massive exploitation of resources. Although this system was successful in enhancing lifestyles from the bottom up, it created environmental problems such as global warming attributed to the massive consumption of fossil energy, while at the same time this process caused a variety of strains on society.

However, now that society is saturated with material goods, people’s concerns are shifting to the pursuit of a deeper quality of life beyond material wealth. Thus, the role demanded of corporations is changing from a mere provider of quantity to a creator of sustainable quality.

Based on this awareness, the Sekisui House Group revealed the direction of its business in 2005 with the Declaration of Sustainability that establishes sustainability as the basis for management. We have consistently advocated the possibility of solving social problems through housing. In 2013, we came out with Creating Shared Value (CSV) as our corporate stance and have been making repeated efforts to realize this concept.

In light of global trends such as SDGs, we will leverage the influence of business activities accumulated for resolving social issues and demonstrate our long-term vision to lead the way to a new society through the creation of value.

### 2050 Challenge Objectives

#### Zero CO₂ Emissions within the Housing Lifecycle

As a leading company, with respect to our housing products, we will eliminate CO₂ emissions from the entire house lifecycle, from the purchase of materials to manufacture, sales, occupancy and demolition, including renewable energy usage.

#### Maximizing Ecosystem Networks through Business

We will procure 100% FairWood products to realize Zero Deforestation, which is linked to the destruction of ecosystems. We also aim to become Japan’s number one corporation in terms of urban greening contributions intelligently utilizing green infrastructure functions such as ecosystem conservation, disaster prevention/reduction and comfortableness through green housing construction and community development.

#### Expanding Zero Emissions Initiatives within the Housing Lifecycle

To cultivate housing as a quality asset, the Sekisui House Group provides apposite remodeling and renovation in response to housing styles and societal changes. With regard to the waste generated from these activities, we will expand our industry-leading zero emissions initiatives to realize zero emissions at the social infrastructure level through industry alliances.

#### Maximizing Abundance in Housing and Communities

Positioning the abundance of safety, security and comfort, enjoyment of new technologies, health, long life, happiness and a familial bonds as a positive element of people’s lifestyles, we will pursue the potential for these elements from every angle.

We will continue to develop new technologies and pursue open innovation, making abundance our main mission.

* Sustainable Development Goals
Common goals for the international community, including both developed and developing nations, that aim for sustainable development with respect to society, the economy and the environment, adopted by the General Assembly of the United Nations in September 2015.
Creating Environmental and Social Value, Leading the Way to Sustainable Societies

Our Goals

**Leading the Way to a Decarbonized Society**

Climate change attributed to global warming is beginning to have a visible impact on our lifestyles. Secure, high-quality lifestyles will realize a sustainable society that is not dependent on fossil fuels or constrained by energy problems.

**Leading the Way to Societies in Which Humans and Nature Coexist**

Rich natural networks contribute to the protection of biodiversity and alleviate climate change, contributing not only to the protection of ecosystem services that support our lifestyles, but also to improving the quality of people’s lifestyles and strengthening connections between people. We will maximize this network function to realize coexistence between humans and nature.

**Leading the Way to a Recycling-Oriented Society**

Amid increasing demand for resources and energy in line with the growing world population, we will realize a recycling-oriented society that uses recycled resources sustainable without depending only on natural resources through technological and economic system innovations to enable all people to live a stable lifestyle.

**Leading the Way to Society with Advanced Longevity and Diversity**

We aim to create a society in which the elderly are healthy and proudly participate actively (advanced longevity society) as well as a society in which people of every generation and nationality with disparate values work to realize mutual benefit while realizing sustainable innovation (diverse society).
Long-Term Vision

Promoting the CSV Strategy

The Sekisui House Group considers housing to be positioned at the center of social issues, thus the CSV strategy was established as a priority theme to realize a sustainable society. Specific activity levels are grouped as six CSV strategies in line with Medium-term Management Plan 19 material aspects selected from Specific Standard Disclosures of the G4 Guidelines.

CSV Strategy Value Creation Priority Themes

<table>
<thead>
<tr>
<th>CSV Strategy Value Creation Priority Themes</th>
<th>Relationship to 2050 Challenge Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Promoting net-zero-energy</td>
<td>Zero CO₂ emissions within the housing lifecycle</td>
</tr>
<tr>
<td>Contribute to customer healthy life expectancy and the environment by realizing high-quality living not constrained by energy problems</td>
<td></td>
</tr>
<tr>
<td>2 Preserving biodiversity</td>
<td>Maximize ecosystem networks through business</td>
</tr>
<tr>
<td>Protect ecosystem networks through use of sustainable natural capital that considers impacts on business</td>
<td></td>
</tr>
<tr>
<td>3 Maintain and improve technological development, manufacturing and constriction quality</td>
<td>Maximizing abundance in housing and communities</td>
</tr>
<tr>
<td>Realize maximum customer satisfaction through superior quality and leading technologies</td>
<td></td>
</tr>
<tr>
<td>4 Extend lifespan of houses and enhance after-sales support</td>
<td>Expanding zero emissions initiatives within the housing lifecycle</td>
</tr>
<tr>
<td>Long-term support of customer lifestyles through Group company collaborations. Link to improved value of housing and resource recycling</td>
<td></td>
</tr>
<tr>
<td>5 Promoting diversity and developing human resources</td>
<td>Maximizing abundance in housing and communities</td>
</tr>
<tr>
<td>Aim to become a sustainable corporate group generating high added value while encouraging diverse employees to realize their potential and respect one another</td>
<td></td>
</tr>
<tr>
<td>6 Developing overseas business</td>
<td>Maximizing abundance in housing and communities</td>
</tr>
<tr>
<td>Contribute to the preservation of the environment and the promotion of safe, secure and comfortable global lifestyles through the expansion of high-quality and sustainable housing and urban development</td>
<td></td>
</tr>
</tbody>
</table>

CSV Strategy and G4 Material Aspects

<table>
<thead>
<tr>
<th>CSV Strategies</th>
<th>Correlation with Specific G4 Material Aspects</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Promoting net-zero-energy</td>
<td>• Environment: Energy • Environment: Atmospheric emissions • Environment: Products and services</td>
</tr>
<tr>
<td>2 Preserving biodiversity</td>
<td>• Environment: Biodiversity • Environment: Supplier’s environmental evaluation • Economy: Procurement practices</td>
</tr>
<tr>
<td>3 Maintain and improve technological development, manufacturing and constriction quality</td>
<td>• Product responsibility: Customer safety and health • Product responsibility: Compliance • Labor practices: Occupational health and safety</td>
</tr>
<tr>
<td>4 Extend lifespan of houses and enhance after-sales support</td>
<td>• Environment: Effluents and waste • Environment: Products and services • Product responsibility: Customer safety and health • Product responsibility: Compliance • Product responsibility: Products and services labeling</td>
</tr>
<tr>
<td>5 Promoting diversity and developing human resources</td>
<td>• Labor practices: Diversity and equal opportunity • Labor practices: Occupational health and safety • Labor practices: Training and education • Labor practices: Employment • Human rights: Investment</td>
</tr>
<tr>
<td>6 Developing overseas business</td>
<td>• Environment: Energy • Environment: Biodiversity • Product responsibility: Customer safety and health</td>
</tr>
</tbody>
</table>
Fourth Medium-Term Management Plan
(FY 2017–2019)

The Sekisui House group formulated a Medium-Term Management Plan with January 2020 as the final fiscal year of the plan. This plan builds a foundation for the residential business toward BEYOND 2020 in recognition of the exponential advances in IT technologies represented by IoT and A.I., changes in housing demand required to respond to global warming and aging societies, the expansion of inbound tourism demand, the Tokyo Olympics and other developments in 2020 and beyond that will bring significant changes to the Japanese economy and the business environment. In addition to bolstering our residence and residential-related businesses, we will expand new business domains utilizing the Company’s factory shipping elements and position the overseas business (launched in 2009) as one of the major pillars of our business. We will continue to proactively promote the spread of high value added residences and residential environments.

Building a Foundation for the Residential-Related Business toward BEYOND 2020

Basic Policies

From the Development of a Growth Strategy Specializing in Housing, Toward Business Creation

Promote stable growth and work to create quality housing stock by supplying high value added houses.

Develop business for the purpose of increasing the asset value of quality housing stock created by the built-to-order business.

Promote the creation of quality communities through environment creation-oriented development and promote stable growth by increasing the asset turnover ratio.

Fourth pillar following Built-to-Order, Supplied Housing and Development

Overseas Business

Provide Sekisui House Quality globally based on environmental technologies cultivated in Japan.

Business Promotion Polices

Core Competencies

- Technical capabilities
  - SLOW & SMART (environmental technologies, SHEQAS, Airkis, Smart Universal Design, original exterior walls, etc.)
  - Three- and four-story housing products
  - Chief architects, first-class architects

- Customer base
  - No. 1 globally in terms of total number of houses built and after-sales service system
  - Long-term relationships via customer service centers and Sekisui Real Estate
  - Variety of customer contact points (exhibitions, Surai no yume kojo, Sekisui House Visiting Day, Sha Maison Festa, etc.)

- Construction capabilities
  - Sekiwa Construction accountability system
  - Sekisui House Association highly loyal construction partners system

New Technologies

- IoT
- A.I.
- Robotics
- Blockchain

Open Innovation

- Business-academia collaboration
- Joint development
- Business alliance
- Business contest
- Venture investment
- M&A

Profit Plan

<table>
<thead>
<tr>
<th></th>
<th>FY2016</th>
<th>FY2017 (plan)</th>
<th>FY2018 (plan)</th>
<th>FY2019 (plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>20,269</td>
<td>21,440</td>
<td>22,000</td>
<td>23,830</td>
</tr>
<tr>
<td>Operating income</td>
<td>1,841</td>
<td>1,920</td>
<td>2,000</td>
<td>2,300</td>
</tr>
<tr>
<td>OP margin</td>
<td>9.1%</td>
<td>9.0%</td>
<td>9.1%</td>
<td>9.7%</td>
</tr>
<tr>
<td>ROE</td>
<td>11.3%</td>
<td>11.3%</td>
<td>Stable creation in 10% range</td>
<td></td>
</tr>
</tbody>
</table>

August 2020: Celebrating the 60th anniversary of our founding.

Promote new business development by integrating hardware and software.

Note: Fourth Medium-Term Management Plan http://www.sekisuihouse.co.jp/english/financial/library/info/data/__icsFiles/afieldfile/2017/03/09/p20170310e.pdf
Medium-Term Management Plan and CSV Strategy

Viewed as the standard for sustainability, CSV strategy functions effectively by aligning with the direction of management policies and planning. Business strategies built into the Medium-Term Management Plan and the positioning of CSV strategy within ESG initiatives targeting sustainable growth are indicated below.

Fourth Medium-Term Management Plan (FY2017–2019)

Business Strategies

<table>
<thead>
<tr>
<th>Business Strategies</th>
<th>Built-to-Order Business</th>
<th>Supplied Housing Business</th>
<th>Development Business</th>
<th>Overseas Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic policies</td>
<td>1, 2</td>
<td>4</td>
<td>1, 2, 6</td>
<td></td>
</tr>
<tr>
<td>Supplying high value added houses</td>
<td>Enhancing cooperation within the Group</td>
<td>Creating asset value at present and in the future</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth strategy</td>
<td>Increasing profitability through break-even point management</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Priority issues</td>
<td>• ZEH</td>
<td>• Securing high occupancy rates</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• 3- and 4-story houses</td>
<td>• Energy-saving remodeling</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Rental housing of income generating properties</td>
<td>• Renovation</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Exterior business</td>
<td>• SumStock</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Trip Base business</td>
<td>• Distribution of existing houses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Core competencies</td>
<td>1, 3</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technical capabilities</td>
<td>Customer base</td>
<td>Construction capabilities</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

ESG Initiatives Targeting Sustainable Growth

1, 2 Environmental Management

- Selected for the Dow Jones Sustainability Indices (DJSI) World Index
- Promotion of Net Zero Energy House “Green First Zero” received the “2016 Minister of the Environment’s Award for Global Warming Prevention Activity” and the “Minister of Economy, Trade and Industry’s Award at the 26th Grand Prize For The Global Environmental Awards.”
- Ranked first in the construction industry in Nikkei Inc.’s “20th Environmental Management Survey.”

5 Improvement in Sociability

Workstyle Innovation

- “Creating thrilling and exciting workplaces”
- Fair evaluation and visualization
- Higher operational efficiency using IT
- Achievement of a work-life balance
- Higher productivity

Promotion of Diversity

- Promotion of active participation by women
- Support for the satisfaction of both work and childcare
- Support for the satisfaction of both work and nursing care
- Creation of a pleasant workplace for disabled people

Governance

Positioning corporate governance as our most important management issue, we have appointed two outside directors to the Board of Directors and three outside audit and supervisory board members to the Audit & Supervisory Board to ensure management transparency and exercise timely and appropriate checking and monitoring functions. We have also introduced an executive officer system to clarify management responsibilities and speed up the execution of business. In 2016, we established a Basic Policy on Corporate Governance. We will strive to further improve our governance.
### CSV Strategies
— Creating Shared Value through Business —

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Promoting net-zero-energy housing</td>
<td>23</td>
</tr>
<tr>
<td></td>
<td>Contribute to creating more healthy life years for customers and to the environment by realizing high-quality living not constrained by energy problems</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Preserving biodiversity</td>
<td>29</td>
</tr>
<tr>
<td></td>
<td>Protect ecosystem networks through use of sustainable natural resources that considers impacts of business</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Maintain and improve technological development, manufacturing and construction quality</td>
<td>33</td>
</tr>
<tr>
<td></td>
<td>Realize maximum customer satisfaction through superior quality and leading technologies</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Extend lifespan of houses and enhance after-sales support</td>
<td>37</td>
</tr>
<tr>
<td></td>
<td>Long-term support of customer lifestyles through Group company collaborations. Link to improved value of housing and resource recycling</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Promoting diversity and developing human resources</td>
<td>43</td>
</tr>
<tr>
<td></td>
<td>Aim to become a sustainable corporate group generating high added value while encouraging diverse employees to realize their potential and respect one another</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Developing overseas business</td>
<td>49</td>
</tr>
<tr>
<td></td>
<td>Contributing to the preservation of the environment and safe, secure and comfortable global lifestyles by going beyond housing to create environmental technologies and sustainable housing environments</td>
<td></td>
</tr>
</tbody>
</table>
Promoting net-zero-energy housing

Contribute to creating more healthy life years for customers and to the environment by realizing high-quality living not constrained by energy problems

Backdrop

Japanese Government Targeting Implementation of ZEH as the Standard for Newly Built Housing by 2020

CO₂ emissions must be reduced globally to control global warming. At COP21 (the Framework Convention on Climate Change, 21st Session of the Conference of the Parties to the United Nations) held in Paris in 2015, Japan committed to reducing greenhouse gas emissions 26% by 2030 compared to 2013 levels. To achieve this, we must achieve a substantial 39.3% reduction in the residential sector.

To reduce home energy consumption and control CO₂ emissions, the Japanese government is promoting the spread of net-zero-energy housing (ZEH) enabling zero net energy consumption through the utilization of high heat-insulating capabilities and energy-saving devices, as well as photovoltaic systems and fuel cells. The government is targeting having the majority of newly built housing be ZEH by 2020.

Sekisui House’s responsibility as a housing manufacturer is to contribute to the resolution of important social issues including energy and environmental problems while aiming to promote sustainable business.

Positioning energy conservation as one of our core functions, we proactively propose eco-friendly Green First homes as well as energy-saving and energy-creation remodeling and renovation for existing homes.

In 2008, we announced our 2050 Vision, which targets zero CO₂ emissions over the entire housing product lifecycle. We signed the Joint Declaration in the Building and Construction Sector formulated at COP21 in 2015, as well as committed to the Paris Agreement.

We aim to increase comfort and affordability of our housing while significantly reducing energy consumption and contributing to the achievement of national objectives for the reduction of greenhouse gas emissions. We aim to achieve the COP21 residential sector commitments with both newly built and existing homes.
Aim for Zero CO₂ Emissions throughout the Entire Housing Product Lifecycle

Since 2009, we have been focusing on promoting the spread of eco-friendly Green First homes, which significantly reduce impacts on the environment. In 2013, in anticipation of government policies promoting ZEH, we launched sales of an upgraded version, Green First ZERO housing. Green First ZERO housing offers a high level of comfort, affordability, and eco-friendliness, by substantially limiting the amount of energy consumption with high insulation and highly efficient energy-saving equipment, while also creating more energy than is consumed with high-capacity photovoltaic systems and Ene-Farm fuel cells.

To reach our goal of zero CO₂ emissions throughout the housing product lifecycle by 2050, we will continue to pursue diverse initiatives.

**Action Policies**

1. **Expanding Net-Zero-Energy Housing**

   We will develop aggressive proposal activities aimed at increasing the ratio of Green First ZERO sales to 80% by 2020. We will also promote ZEH in rental housing Sha Maison and condominiums.

   Furthermore, we will aim to meet the COP21 residential sector commitment including for our existing housing.

   **Increase ratio of Green First ZERO newly built detached housing to 80% by 2020**

   **Reduce CO₂ emissions from newly built homes and existing low-rise rental apartments by 39.3% by 2030 (compared to 2013)**

2. **Strengthen Energy-Saving and Energy-Creating Proposals for Remodeling**

   We are also promoting Green First renovation for existing homes to provide comfortable, eco-friendly living. Energy saving through improved insulation and the latest equipment combined with energy creation using photovoltaic systems and fuel cells should significantly reduce CO₂ emissions.

   Three Sekisui House Remodeling companies handling our detached housing, seven Sekiwa Real Estate companies handling rental housing, and nineteen Sekiwa Construction Group companies handling general detached housing and condominiums are conducting proposal activities. We are working to further improve communication with our customers, such as by establishing remodeling and renovation corners in Sumai no yume kojo centers nationwide.

**Impact of These Activities on the Company**

ZEH housing significantly reduces CO₂ emissions and utility expenses, while supporting more comfortable living and increasing healthy life years of homeowners. We emphasize these merits to customers in an attempt to expand sales of homes with high added value.

In addition, actively promoting the remodeling and renovation of existing homes to be energy saving and energy creating is expected to expand business by stimulating potential demand as well as contribute to our inventory of quality housing.

**Risk Management**

**Risk 1** Increased costs in line with making homes compliant with national ZEH standards

Our detached homes meet high standard specifications, so upgrading them to ZEH can be achieved at comparatively little extra cost. Furthermore, as a major housing manufacturer, we control costs through central purchasing, which reduces the cost burden for the buyer. Additionally, with ZEH specifications, utility expenses are significantly lower, thus the increase in costs can be recovered after a certain amount of time.

**Risk 2** Declining demand due to decreases in subsidies or power purchase prices

We will enhance employee awareness and proposal capabilities and communicate to customers not only the economic merits of ZEH, but also the increased quality of life in terms of health and comfort, in an effort to stimulate needs. We absorb part of the initial costs as Company environmental promotion expenses to lessen the financial burden on customers.
State of Progress

1 Expanding Net-Zero-Energy Housing

Activities Report

Promoting the Spread of Green First ZERO

We are making efforts to promote the spread of Green First ZERO in anticipation of the Japanese government objective of making net-zero-energy housing (ZEH) the standard by 2020. For customers with plans to build a new house, we explain the substantial reduction in utilities expenses and the entirely new level of comfort. We also renovate showrooms for exhibitions and hold seminars for customers, among other initiatives, to emphasize the merits of Green First ZERO.

In FY2016 we continued to actively propose that customers receive subsidies under the net-zero-energy house support project. The subsidies are applied to new construction of ZEH housing and installation of storage cells and other equipment. Sekisui House also acts as an agent to assist with the subsidy application process. We worked to develop a system to facilitate subsidy applications, conduct study sessions for employees, and create manuals.

Furthermore, from February 2016, in the windows of our new detached homes we started using multi-layered vacuum-glazed glass, which has a vacuum layer between multiple glass sheets. Since windows using this glass have more than double the insulation capability of conventional multi-layered windows, we are further improving energy-saving performance.

Green First ZERO Model

We aim to achieve energy-neutral housing through improved insulation and energy-saving equipment, in addition to photovoltaic systems and other advanced energy-generating equipment.

Announced ZEH Initiatives in Line with COP22

In November 2016, at Building Day of COP22 (the 22nd Session of the Conference of the Parties) held in Marrakech, Morocco, Sekisui House conducted a presentation as a global example regarding our promotion of Zero Energy Housing (ZEH). We presented an overview of our business and the spread of ZEH, as well as the resulting reduction in CO2. Sekisui House was the only private company that made a presentation at this session.

Many country representatives that participated in the session were impressed with our ZEH initiatives, and we received questions and comments such as, “I was surprised that Sekisui House had already almost reached the levels stipulated under the Paris Agreement. These initiatives need to be shared,” and “Fascinating. I wonder if my country can also implement the thinking of Sekisui House’s efficient housing production.”
Making Condominiums into Net-Zero-Energy Housing: Building the First ZEH Condominiums in Japan

Collective housing comprises roughly half of all housing starts, and CO2 emissions account for about 30% of all residential sector emissions. Yet collective housing has relatively less roof space per unit, so it is difficult to install enough photovoltaic systems to reduce CO2 emissions.

Amid this environment, Sekisui House, which develops Grande Maison condominiums, is planning to build a next-generation ZEH condominium in Nagoya City. Scheduled for completion in spring 2019, this building is expected to be Japan’s first condominium where all units meet the national ZEH standards, with various energy-efficient equipment and improved window and door insulation, as well as photovoltaic systems generating an average of 4kW and Ene-Farm fuel cells installed at each unit.

Key Performance Indicators (KPIs)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>FY2012</th>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016</th>
<th>Definition and remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green First ZERO</td>
<td>%</td>
<td></td>
<td>47.9</td>
<td>58.5</td>
<td>70.9</td>
<td>70.4</td>
<td>Ratio within Sekisui House detached housing</td>
</tr>
<tr>
<td>Amount of CO2 reduction compared to 1990</td>
<td>Tons of CO2/year</td>
<td>42,074</td>
<td>50,256</td>
<td>43,015</td>
<td>41,599</td>
<td>41,877</td>
<td>Reduction of residential CO2 emissions from new detached homes compared to 1990 levels (amount and %)</td>
</tr>
<tr>
<td>Rate of CO2 reduction compared to 1990</td>
<td>%</td>
<td>55.7</td>
<td>61.5</td>
<td>73.4</td>
<td>75.5</td>
<td>80.1</td>
<td></td>
</tr>
</tbody>
</table>

Growth in the Number of Green First and Green First ZERO Homes

Reduction in CO2 Emissions Achieved by the Green First Strategy*

<table>
<thead>
<tr>
<th>Year (FY)</th>
<th>Green First</th>
<th>Green First ZERO</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>83.8</td>
<td>5,285</td>
</tr>
<tr>
<td>2013</td>
<td>83.7</td>
<td>6,410</td>
</tr>
<tr>
<td>2014</td>
<td>58.5</td>
<td>7,556</td>
</tr>
<tr>
<td>2015</td>
<td>70.9</td>
<td>7,590</td>
</tr>
<tr>
<td>2016</td>
<td>70.4</td>
<td>80.1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year (FY)</th>
<th>Reduction in CO2 emissions (Tons of CO2 per house/year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>2,750</td>
</tr>
<tr>
<td>2013</td>
<td>3,037</td>
</tr>
<tr>
<td>2014</td>
<td>3,621</td>
</tr>
<tr>
<td>2015</td>
<td>3,941</td>
</tr>
<tr>
<td>2016</td>
<td>4,181</td>
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</table>

Sales Price per Detached House

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
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<tbody>
<tr>
<td></td>
<td>3,700</td>
<td>3,700</td>
<td>3,700</td>
<td>3,700</td>
<td>3,700</td>
<td>3,700</td>
<td>3,700</td>
</tr>
</tbody>
</table>

Note: Survey questionnaire taken one year after move-in (March 2015; N = 516)

*Figures are Sekisui House estimates (versus 1990)
Promoting Green First Renovation of Existing Homes

Three Sekisui House Remodeling companies are focusing on Green First Renovation initiatives for customers of our detached housing.

We are promoting Green First Renovation, which involves proposing ZEH features and living spaces, as well as remodeling to save and create energy. We are working to reduce CO₂ emissions while offering a comfortable lifestyle and an increase in healthy life years.

In FY2016, we boosted our floor, wall, ceiling, and window insulation remodeling product lineup by adding an internal wall heat cover to improve insulation and the RePlus SH sash cover construction method.

Future Initiatives

Sekisui House will strive to expand the sales ratio of Green First ZERO, detached homes offering comfort, economy, and eco-friendliness, to 80% by FY2020, while aiming to implement ZEH in Sha Maison low-rise rental housing and Grande Maison condominiums.


evaluation

In FY2016, the ratio of Green First ZERO homes was 70.4%, surpassing the target of 70%. The number of newly built detached homes supplied decreased, but the amount of CO₂ reduction per household compared to 1990 was slightly higher. The rate of CO₂ reduction per household compared to 1990 was 80.1% (up 4.6 points YoY), meeting the 80% target.

In addition, the sale price per detached home in FY2016 was ¥37.29 million, up by about ¥6 million compared to 2009, when we started sales of Green First homes.

Activities Report

Promoting Green First Renovation of Existing Homes

Energy-Saving and Energy-Creating Remodeling Overview

Renovating Door and Window Insulation

We remodel with limited impact on daily life, leaving the existing aluminum sash frame when replacing doors and windows with high-performance thermal barrier and insulation products.

RePlus SH: new proposal

High-performance window sashes and windows installed using a construction method of covering the existing window frame from above offer improved insulation.

Ceiling Heat Cover

We improve insulation capabilities by adding suitable insulation materials to the ceiling. It helps keep the house warmer in the winter and cooler in the summer, improving comfort.

Internal Wall Heat Cover: New Proposal

Leaving the existing wall intact, we cover it with a high-performance internal wall insulation panel. As the panel is thin, it does not make the room feel smaller.

Underfloor Heat Cover

Renovation without removing the floor reduces the impact on daily life and the cost burden. The insulation makes the floor warmer, increases comfort.

* Sponsored by the Ministry of the Environment from 1998 as part of the promotion of global warming countermeasures, this award recognizes individuals or organizations with notable achievements in reducing climate change.
We will continue to strive to promote Green First Renovation to contribute to the reduction of CO₂ emissions from our existing housing. Energy-saving and -generating remodeling, including improved insulation and installation of high-efficiency equipment, is linked to an increase in residents’ healthy life years. We will strengthen proposal activities based on the concept of “sukoyaka remodeling” through hands-on centers such as Sumai no yume kojo nationwide.

We have prepared a remodeling menu of high-performance CO₂ reduction and insulation for floors, walls, and ceilings. We have added higher-performance window insulation products to our lineup, and customers are praising our initiatives as helping them save energy while living comfortably and healthily. Installations of our photovoltaic power system declined in part due to the fall in power purchase prices, but installations increased for Ene-Farm fuel cells, part of energy-creation remodeling that includes hybrid power generation. We split Sekisui House Remodeling into three companies in East, Central, and West Japan, and by being firmly rooted in local communities, we are making proposals even more promptly in line with customer needs.

### Key Performance Indicators (KPIs)

#### Energy Saving and Creation Remodeling Achievements*

<table>
<thead>
<tr>
<th>Energy saving and creation remodeling menu</th>
<th>FY2016 achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Photovoltaic power system installations</td>
<td>1,185 units</td>
</tr>
<tr>
<td>Energy-efficient bath fixtures</td>
<td>3,707 units</td>
</tr>
<tr>
<td>Door and window insulation reform</td>
<td>3,263 units</td>
</tr>
<tr>
<td>Ene-Farm (residential fuel cells)</td>
<td>490 units</td>
</tr>
<tr>
<td>Eco-Jozu (latent heat recovery gas water heater system)</td>
<td>3,140 units</td>
</tr>
<tr>
<td>Eco-Cute (heat pump water system)</td>
<td>1,095 units</td>
</tr>
<tr>
<td>Underfloor heat cover</td>
<td>1,116 units</td>
</tr>
</tbody>
</table>

#### CO₂ Reductions due to Energy-Saving and Energy-Creation Remodeling* (tons of CO₂/year)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total energy input*1</th>
<th>CO₂ emitted during development, design, factory production, construction and demolition*1</th>
<th>CO₂ emitted during transportation*2</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>10,638</td>
<td>114,780</td>
<td>38,959</td>
</tr>
<tr>
<td>2013</td>
<td>7,720</td>
<td>148,329</td>
<td>45,815</td>
</tr>
<tr>
<td>2014</td>
<td>6,657</td>
<td>126,209</td>
<td>37,749</td>
</tr>
<tr>
<td>2015</td>
<td>5,024</td>
<td>130,482</td>
<td>36,499</td>
</tr>
<tr>
<td>2016</td>
<td>5,465</td>
<td>126,337</td>
<td>35,828</td>
</tr>
</tbody>
</table>

Note: Sekisui House Remodeling Co., Ltd.

### Future Initiatives

We will continue to strive to promote Green First Renovation to contribute to the reduction of CO₂ emissions from our existing housing. Energy-saving and -generating remodeling, including improved insulation and installation of high-efficiency equipment, is linked to an increase in residents’ healthy life years. We will strengthen proposal activities based on the concept of “sukoyaka remodeling” through hands-on centers such as Sumai no yume kojo nationwide.

### Promoting CO₂ Reductions throughout the Home Lifecycle

Sekisui House ascertains CO₂ emission levels not only when a resident moves in, but throughout the home lifecycle, from the purchase of building materials to factory production, transportation, construction and demolition. We continually engage in activities linked to CO₂ reduction proposals and implementation.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>FY2012</th>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016</th>
<th>Definition and remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total energy input*1</td>
<td>Tt</td>
<td>2,830</td>
<td>3,542</td>
<td>3,039</td>
<td>3,061</td>
<td>2,985</td>
<td>Amount of energy input at the various stages of development and design, factory production, transportation, construction and demolition</td>
</tr>
<tr>
<td>CO₂ emitted during development, design, factory production, construction and demolition*1</td>
<td>t-CO₂</td>
<td>114,780</td>
<td>148,329</td>
<td>126,209</td>
<td>130,482</td>
<td>126,337</td>
<td>Amount of CO₂ emitted at these stages per fiscal year</td>
</tr>
<tr>
<td>CO₂ emitted during transportation*2</td>
<td>t-CO₂</td>
<td>38,959</td>
<td>45,815</td>
<td>37,749</td>
<td>36,499</td>
<td>35,828</td>
<td>Amount of CO₂ emitted at these stages per fiscal year</td>
</tr>
</tbody>
</table>

*1 Starting in FY2013, energy input by Sekisui House’s consolidated subsidiaries in Japan (40 companies) and Sekisui House Advanced Manufacturing (Shenyang) Co., Ltd. was added to the total energy input. Also, starting FY2015, main overseas subsidiaries were added to the total.

*2 Starting in FY2013, in addition to specified consigners based on the Act on the Rational Use of Energy, the amount of CO₂ emitted during product shipments by Sekisui House Advanced Manufacturing (Shenyang) was added to the total.
Preserving biodiversity

Protect ecosystem networks through use of sustainable natural resources that considers impacts of business

Backdrop

Affecting Urban Ecosystems with Landscaping

As greenery declines due to advancing urbanization, greening initiatives are spreading throughout Japan. Effective landscaping in urban areas not only preserves ecosystems, but also invigorates communities by creating relaxing spaces for people, enables the collection of rainwater to prevent urban flood damage and provides a variety of other functions. These various green efforts, known as "green infrastructure," are now attracting attention as the basis for resolving a wide range of social issues.

Landscaping is an indispensable element of housing. Each year, the majority of landscaping consists of planting garden trees. However, garden and non-native species are often selected for their attractiveness and ease of care. These are not always appropriate for sustaining local birds and insects, nor are they adaptable to Japan’s climate, and they tend to have low resistance to pests. To protect local ecosystems, the selection of tree species for planting must take the ecosystem into consideration.

The Importance of Ensuring Traceability in Lumber Procurement

Lumber is an important housing material used for structural components as well as on the interior and exterior of homes. Sekisui House uses more than 300,000 cubic meters of lumber each year. However, as wood is a raw material of biological origin, even among the tens of thousands of materials used in housing, ensuring lumber traceability is crucial, especially when considering the complexity of distribution channels.

In recent years, logging exceeding the allowable limit to meet strong demand in foreign countries and logging in prohibited areas such as protected forests, timber theft, and smuggling are becoming major problems. Such illegal logging causes wide-spread destruction of ecosystems and exacerbates climate change, not only adversely impacting the multifaceted environmental protection of forests, but also society, as it harms the lifestyle of local residents, creates instability in the lumber market, and hinders sustainable forest management. Under such circumstances, in Japan the Act on Promotion of Distribution and Use of Legally Logged Wood Products (the Clean Wood Act) was promulgated in 2016, and requirements to use legally logged materials expanded from public procurement to include private transactions.

Approach

Our Goal

Based on Long-Term Scenarios, Promote the Preservation of Biodiversity by Working with Our Supply Chain

Sekisui House, Japan’s largest manufacturer and supplier of prefabricated housing, is also one of Japan’s largest landscape gardeners, planting nearly one million trees each year. From this standpoint, we have set a 2050 goal of maximizing ecosystem networks through business, which involves focusing efforts on planting that contributes to the preservation of local ecosystems and sustainable lumber procurement linked to the protection of global biodiversity.

It takes time for natural capital and ecosystem to mature or recover. In addition, these initiatives cannot be completed by one company alone. Based on long-term scenarios, we will work with our suppliers to provide customers with rich and comfortable lifestyles while contributing to preserving the environment and creating a sustainable society.
Since 2001, Sekisui House has promoted gardening and landscaping activities known as the Gohon no ki planning. This involves the proactive proposal of indigenous species able to provide a high level of support for local creatures in consideration of the ecosystem as opposed to the frequent and exclusive use of garden or non-native species.

In terms of project implementation, we collaborate with a network of local tree growers and landscapers to ensure the provision of indigenous species where traditionally there have been few available on the market. We will propose to consumers the richness of life in harmony with living creatures and the significance of environmental conservation.

Sekisui House procures FairWood* lumber and wood products that are friendly to local communities and the forest environment in logging areas to enable the use of sustainable lumber.

FairWood procurement is legal and based on 10 Wood Procurement Guidelines established with an even greater consideration of ecosystems and resident lifestyles in logging areas. Each year, procurement surveys are conducted targeting approximately 50 suppliers of wood materials to ascertain where their timber is felled and milled and to confirm its legality. This information is then converted into numerical data used to manage ongoing progress in this area. These initiatives attempt to expand the use of FairWood by enhancing supplier consciousness of procurement routes while promoting awareness among trading companies further upstream in the supply chain.

Promoting the Use of Legal and Sustainable FairWood Lumber

Sekisui House procures FairWood* lumber and wood products that are friendly to local communities and the forest environment in logging areas to enable the use of sustainable lumber.

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Impact of These Activities on the Company

Promotion of the Gohon no ki planning enables the realization of housing with high home value through proposals to customers offering comfortable lifestyles surrounded by abundant nature. In addition, it strengthens the recognition that housing appearance that changes over time due to green growth is helpful to enhancing home value—even in the case of green common areas in rental housing—creating rich urban spaces.

In addition, in the area of lumber procurement, by having each supplier follow our guidelines we are raising awareness about the procurement process and increasing the accuracy of traceability data. As a result, the market for high-quality FairWood steadily expands leading to the spread of sustainable lumber.

Risk Management

Risk 1

Proposals similar to Gohon no ki planning spread throughout the industry, leading to a relative decrease in the value of our proposals.

Our response

We will make use of the many years of collaborations with our landscaper network to aggressively promote tree species proposals in line with market needs, while attempting to differentiate ourselves through total exterior designs delivering higher customer satisfaction by improving our design proposal capabilities and strengthening our construction system. As a result, the continued proposal of new value will further drive the ecosystem-friendly greening market.

Risk 2

Tighter international regulations will restrict logging, exports and distribution, disrupting the stable procurement of lumber.

Our response

As logging area trends and other breaking news is monitored by local environmental NGOs, we will obtain information from a network of global environmental NGOs and promptly share it with suppliers of wood materials so that they can make preferential supply arrangements for us.
State of Progress

1 Promoting the Planting of Indigenous Species in Consideration of Regional Ecosystems through the Gohon no ki planning

Activities Report

Ongoing Promotion of the Gohon no ki planning

Based on our Gohon no ki planning, we promoted planting of trees considering regional ecosystems. In FY2016 we planted 1.07 million trees in the yards of our detached houses and collective housing, meaning we have planted a total of 13.06 million trees from 2001, when we launched this initiative.

Key Performance Indicators (KPIs)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>FY2012</th>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016</th>
<th>Definition and remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of trees planted annually</td>
<td>Tens of thousands</td>
<td>101</td>
<td>106</td>
<td>81</td>
<td>99</td>
<td>107</td>
<td>Number of trees planted in Sekisui House gardening and greening</td>
</tr>
</tbody>
</table>

Number of Trees Planted Annually (Tens of thousands)

Evaluation

A decrease in the number of detached housing starts is causing a decline in the number of trees planted. However, customers have come to appreciate the benefits that greener provides—such as comfort, a distinctive appearance, and townscapes that grow more attractive over time—even for rental housing and condominiums, which has promoted an increase in tree planting and higher quality greening proposals.

In line with this, FY2016 sales of our exterior construction work business, which includes greening and tree planting, grew to ¥67.7 billion, up over 10% year-on-year.

Future Initiatives

The spread of highly insulated sashes has further expanded openness enabling better views of gardens, which in turn enhances property value and leads to significantly enhanced homeowner comfort.

To this end, we continue to conduct surveys to better understand the comfort that greening through our Gohon no ki planning provides homeowners, as well as to record the butterfly varieties in customers’ gardens in cooperation with homeowners nationwide. The survey, which is unusual in Japan, looks at a wide variety of butterfly species in individual gardens to promote the visualization of ecosystem preservation and customer comfort.

TOPICS

Mushinan won Top Prize at the Garden Contest

At the Garden Contest held in October 2016 at the Hibiya Park Gardening Show, our Group’s piece, Mushinan, won the top Minister of Land, Infrastructure, Transport and Tourism Award.

We created a charming space by reflecting the abundant nature as seen in city life.

VOICES

Landscape Architect

Hachirosakakibara

Hibiya Park Gardening Show

Garden Contest, Garden Division

Division Review Committee Head

Landscapes from the Gohon no ki planning

While walking through cities with lush greenery, I can hear birds chirping, and it makes me feel content. Traditionally, Japanese homes were built on spacious properties with large gardens, creating residential streets overflowing with greenery. In the 1960s, newly developed residential properties also included gardens where trees were planted that have grown to create rich natural environments. Yet now with the increase in nuclear families and the rising price of land, economic rationalization has taken precedent; properties are subdivided without leaving a single tree and many residential areas have only dull parking spaces. Even one tree would be better than nothing. Even if there is limited space, I believe we should be putting our energy into designs that make buildings beautiful. As demonstrated by this winning piece, Sekisui House understands the characteristics of trees and thinks of suitable building materials and placement, cultivating techniques to beautifully reflect these aspects. I anticipate its role as a leader in emphasizing the creation of landscapes in cities through its Gohon no ki planning.
Promoting the Use of Legal and Sustainable FairWood Lumber

Activities Report

Proactively Procuring FairWood Lumber with a View to Zero Deforestation

In line with our Wood Procurement Guidelines created in April 2007, we continue with FairWood lumber procurement initiatives, toward the fair procurement of wood sourced with consideration to the environment. These guidelines are divided into 10 wood procurement policies that take into consideration legality, biodiversity, economies of production areas, and lifestyles of residents of logging areas. Each wood product is classified into one of four ranks based on its total score from each policy. We are pushing ahead with FairWood procurement by using fewer low-ranked wood products and more Rank S and Rank A products. In addition, in consideration of cultivating communities’ forestry we do not set procurement targets for the sole adoption of certified wood. Still, certified wood (including certified processed wood) accounts for 63% of all of our wood materials including for interior installation.

In line with the enforcement of the Clean Wood Act, we flagged Zero Deforestation as a new long-term vision, recognizing that we need to be even more proactive as a company that has led the housing industry in sustainable wood procurement.

10 Wood Procurement Guidelines

1. Source wood products from areas with relatively low risk of illegal logging.
2. Source wood products from areas without sensitive ecosystems.
3. Do not source wood products from areas where local ecosystems are seriously damaged due to large-scale logging of natural forests.
4. Do not use endangered species for wood products.
5. Minimize CO2 emissions when producing, processing, and transporting wood products.
6. When logging wood products, avoid conflict with local communities and refrain from unfair labor practices.
7. Source wood products from areas of controlled logging, so as not to exceed the rate of forest regeneration.
8. Source wood products from domestic forests where well-planned forest management is in place to conserve ecosystems.
9. Source wood products from plantation forests that are managed so as to promote conservation and ecosystem development.
10. Use recyclable wood building materials.

Key Performance Indicators (KPIs)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>FY2012</th>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016</th>
<th>Target</th>
<th>Definition and remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio of Rank S and Rank A wood products as defined by the Wood Procurement Guidelines</td>
<td>%</td>
<td>89</td>
<td>88</td>
<td>91</td>
<td>93</td>
<td>93</td>
<td>95</td>
<td>Survey results of about 50 of our main wood suppliers</td>
</tr>
</tbody>
</table>

| FairWood Procurement Volume and Rank Breakdown (10,000 meters cubed) |
|-----------------|--------|--------|--------|--------|--------|--------|
| Year             | 2012  | 2013  | 2014  | 2015  | 2016 (FY) |
| S Rank           | 34.8  | 34.8  | 33.4  | 32.0  | 30.3  |
| A Rank           | 3.3  | 4.3  | 4.7  | 5.4  | 4.4  |
| B Rank           | 26.7  | 25.4  | 20.4  | 12.3  | 14.3  |
| C Rank           | 41.2  | 47.3  | 50.6  | 71.1  | 79.9  |

Percentage of Wood Products by Region

- Others *4 14%
- South America 0.1%
- North America 22%
- South Pacific *2 11%

*1 Asia; Includes domestic materials
*2 North Pacific: Russia, etc.
*3 South Pacific: Indonesia, Malaysia, etc.
*4 Others: Africa (includes waste wood)

Evaluation

In FY2016, the combined proportion of Rank S and Rank A wood, a management target, was the same as last year at 93%, but the ratio of Rank S wood rose by 8 points to 79%.

Future Initiatives

Supplier awareness regarding procurement is growing in line with the enforcement of the Clean Wood Act in May 2017, so we will use this opportunity to strengthen consulting for each of our suppliers.
Maintain and improve technological development, manufacturing and construction quality

Realize maximum customer satisfaction through superior quality and leading technologies

Main stakeholders:
Customers, employees, partner companies (procurement, processing, distribution, and construction), factories, and residents living in neighborhoods surrounding construction sites

Backdrop

Construction Workers Now Fewer and Older—a Nationwide Problem Amid Demands for High-Quality Housing

The frequent occurrence of large-scale natural disasters such as earthquakes and typhoons across Japan in recent years has heightened the importance of housing’s role as the cornerstone of life. Yet recently in the construction industry, one scandal after another has come to light in the construction industry, such as the falsification of construction and product performance data. This caused anxiety to increase among consumers, whose confidence in construction quality has been substantially shaken. The social responsibility of people working in the construction industry to “protect the lives and assets of residents” has been called into question.

At the same time, one in three workers in the Japanese construction industry are aged 55 or older. As these older workers retire, the decline in the number of construction workers is expected to continue. Similarly, the shortage of workers in the transportation industry responsible for the distribution of materials is becoming increasingly serious. In light of these trends, it is critically important to recruit and train new employees and improve the workforce retention rate, while also improving labor productivity and working environments through reforming workstyles and other methods.

Approach

Our Goal

Creating the Highest Possible Quality for Maximum Customer Satisfaction by Leveraging Our Technological, Production and Construction Capabilities

Our goal as defined in the Sekisui House Group corporate philosophy is to meet customer needs with the highest levels of quality and technology. In collaboration with partner companies with whom we share a common destiny, we perpetually retain skilled employees and build structures that stably provide quality housing able to be lived in and passed on to future generations providing safety, peace of mind and comfort. We aim for the highest quality in all house manufacturing processes and provide products and services that earn customer trust and satisfaction.

Action Policies

1. Realizing Heightened Safety, Peace of Mind and Comfort through Advanced Technologies
Sekisui House is pursuing higher levels of quality and performance in terms of basic safety and comfort, leveraging advanced technological and organizational capabilities accumulated for more than half a century. We lead the industry and will establish our product as the standard for Japanese housing.

2. Enhancing Production and Distribution Quality, Improving Operational Efficiency
Sekisui House promotes production line maintenance and automation for the stable provision of high-precision parts to make production more efficient and facilitate build-to-order production of various product types in small lots. We collaborate with distributors in an effort to make distribution more efficient.

3. Strengthening Construction Site Capabilities through Collaborations with the Sekisui House Association
In conjunction with the Sekisui House Association (a voluntary organization comprising Sekisui House Group companies involved with construction and our partner building contractors), we make an effort to strengthen construction site capabilities by improving construction quality, communicating with customers and people living near the site and initiatives involving safety measures, clean construction sites, human resource development and work environment improvements.
Impact of These Activities on the Company

We continuously develop new technologies from the perspective of whether or not they are useful to customers or contribute to society. Initiatives including the maintenance of equipment and systems and the retention and development of skilled human resources enable us to fulfill our mission to “protect the lives and assets of residents,” and most importantly, to enhance the quality of production and construction. This enables us to realize customer satisfaction and amass high-value housing as stock for society. This will lead to enhanced corporate and brand value.

Risk Management

**Risk 1** Shortage of workers in the construction and transportation industries

*Our response*

We will promote production line maintenance and automation, engage in prefabrication (precutting, presetting, and partial assembly of components at the factory) and create systems that maximize labor force utilization through proper process planning and personnel allocation without excess or waste with the aim of conserving manpower and realizing efficiency and labor-reduction in production, distribution and construction at worksites. We are also making an effort to retain talented employees through training for young technicians operated by Sekisui House Training Schools, support for the development of multiple skill sets that can be deployed flexibly, maintenance of the work environment, enhanced welfare programs and a system for commending achievements.

**Risk 2** Quality risks associated with production and construction processes

*Our response*

We ensure quality in all housing manufacturing processes through observation of related laws and the establishment of our own rigorous standards. We also promote production quality risk management in conjunction with partner companies. In addition, we operate a Group-wide construction quality control system aimed at ongoing improvement activities, internal controls, the maintenance and storage of records and careful construction quality management of each and every home we build. This includes the "visualization" of quality information and other verification records using photos and the use of iPads running specialized applications for site foremen and construction managers (Sekiwa Construction, home construction companies). These initiatives aim to enhance timely construction site management and increase quality levels.

State of Progress

1. **Realizing Heightened Safety, Peace of Mind and Comfort through Advanced Technologies**

**Activities Report**

**Reducing Building Deformation by Approximately 50% with SHEQAS Seismic Control System, Certified by the Ministry of Land, Infrastructure, Transport, and Tourism**

The stronger the earthquake, the higher the risk that the building deformation will be severe, damaging the structural frame, interior and exterior. Sekisui House’s proprietary SHEQAS seismic control system converts seismic wave energy into heat energy to absorb building movement, and can reduce building deformation by approximately 50%. The SHEQAS damper, made of special high-damping rubber, maintains its efficacy through large earthquakes and repeated aftershocks, providing housing in which residents can continue to live with peace of mind.

**Airkis High-Quality Indoor Air System, Which Reduces Indoor Concentrations of Five Major Chemical Substances to Less Than 50% of the Guideline Value Set by the Government**

From early on we have focused our attention and promoted research on the health impact of chemical substances in our construction materials. We developed the Airkis high-quality indoor air system using standards that take into account the fact that children are more susceptible to the impact of air pollution than adults. Using Airkis in the home reduces indoor concentrations of five major chemical substances to less than 50% of the guideline value set by the government. In addition to reducing chemical substances, we are also engaged in ventilation and air purification to improve the overall quality of air environments. To this end, we developed proprietary ventilation and air conditioner systems.

**Developing and Implementing New First Floor Subfloor Construction Method, Which Offers Improved Safety and Reduces Workload**

We developed an innovative new construction method for the first floor of buildings, and have been using this method as the standard for collective housing Sha Maison since October 2016. The previous method involved placing floor panels on top of steel frames called lumber girders, but under the new method, the floor panels and lumber girders are integrated. This reduces the labor involved and substantially shortens construction time. In addition, construction has become safer, as there is no longer a need to step over the lumber girders when working.
In FY2016, the installation rate for SHEQAS and Airkis reached 100% for some business offices, while for others it stopped at 60%. In the end, installation is up to the customer, but we will continue to actively propose these options to offer safer and more comfortable homes.

Evaluation

Many customers opted to install our original seismic control system, SHEQAS, which protects during earthquakes and enables freedom in planning, as well as the high-quality indoor air system, Airkis. In FY2016, 96% of steel frame detached houses had installed SHEQAS, and 87% had installed Airkis, each up 2 percentage points from the previous year.

Future Initiatives

In FY2016, the installation rate for SHEQAS and Airkis reached 100% for some business offices, while for others it stopped at 60%. In the end, installation is up to the customer, but we will continue to actively propose these options to offer safer and more comfortable homes.

Activities Report

Promoted Automated Production of Main Structural Components

As Sekisui House builds detached houses based on specifications tailored to each customer, the components we use also differ from one house to another. At our factories, we promote maintenance and automation of our production lines to provide precision components offering stable performance and quality while attempting to engage in the efficient and labor-saving custom manufacturing of various product types in small lots. In FY2016, we worked to increase automation and production capacity of production lines at our Shizuoka and Yamaguchi plants, to respond to an increase in orders for “β System” construction of steel rigid-frame three- and four-story homes. For our two-story steel housing, we also worked to increase capacity and promote automation, substantially reforming production lines at our Kanto plant in line with the increase in orders of the original exterior-wall component Dyne Concrete.

Increasing Efficiency of Delivery to Construction Sites, and Improving Working Environment for Drivers

To respond to societal challenges such as the insufficient number of truck drivers and to the growth in our remodeling and renovation business, we are streamlining distribution by partnering with construction sites and distributors. In FY2016, we created a new system to deliver temporary construction materials such as horizontal safety nets and safety rails to construction sites from our factories when needed, and to quickly retrieve them afterward. In addition, we strived to reduce working hours and driver workload by streamlining shipping preparation at factories, such as reviewing flow, reducing the loading time and wait time for drivers.

Continuously Working to Improve Quality, Aiming for the Superior Quality and Leading Technology

We are continuing activities to improve quality toward our corporate mission of offering superior quality and leading technology. From 2014, we established the main points of a mechanism for handling grievances and abnormalities under ISO9001, and have been working to reduce the number of cases from all construction sites using a unified process. In addition, from 2015, as part of a strategy to reduce the number of construction site grievances and abnormalities to zero, we have been strengthening mutual audits between factories and field-specific working group activities.

As a result of these activities, in FY2016 the number of grievances and abnormalities from construction sites decreased by about 60% compared to FY2012. We plan to continue promoting quality improvement throughout the entire production process.

Key Performance Indicators (KPIs)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>FY2012</th>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016</th>
<th>Definition and remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>SHEQAS seismic control system installation ratio (steel-framed two-story detached housing)</td>
<td>%</td>
<td>75</td>
<td>87</td>
<td>89</td>
<td>94</td>
<td>96</td>
<td></td>
</tr>
<tr>
<td>Airkis high-quality indoor air system installation ratio (steel-framed detached housing)</td>
<td>%</td>
<td>76</td>
<td>78</td>
<td>80</td>
<td>85</td>
<td>87</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>FY2012</th>
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<th>FY2015</th>
<th>FY2016</th>
<th>Definition and remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breakeven point shipment area</td>
<td>%</td>
<td>100.0</td>
<td>100.9</td>
<td>102.4</td>
<td>98.5</td>
<td>93.1</td>
<td>Index utilizes FY2012 as 100</td>
</tr>
<tr>
<td>Trends in grievances and abnormalities at construction sites</td>
<td>%</td>
<td>100.0</td>
<td>98.0</td>
<td>75.6</td>
<td>56.7</td>
<td>60.9</td>
<td>Index utilizes FY2012 as 100</td>
</tr>
</tbody>
</table>
To strengthen the reception of our training schools, we created interior labs at three centers, and built new dormitories and remodeled others. We are also building a women-only area for female participants. We will work to increase skills by offering applied skills courses in both interiors and exteriors in FY2017, compared to FY2016, when we offered only a course in interiors.

Going forward, we will further boost our remodeling internship program and practical training of interior and exterior remodeling of three- and four-story buildings, continuing to improve the construction capabilities of participants.

In FY2016, a total of 88 employees attended Sekisui House Training Schools: 31 employees participated in the building frame exterior course and 57 employees participated in the interior construction course. The retention rate for employees still with the company five years after participating is extremely high at 90%. Young energy invigorates worksites and contributes to enhanced construction capabilities.

We were able to respond to the growing demand such as for three- and four-story housing and original exterior-wall component Dyne Concrete by maintaining and increasing production line capacity and streamlining distribution. We were also able to steadily streamline operations and improve quality for production and construction.

Evaluation

Future Initiatives

In addition to further improving quality, we will strengthen measures in the supplied housing business such as remodeling and the development business. To contribute to streamlining efficiency at construction sites and reducing labor, we will continue initiatives such as reforming the way materials are delivered to construction sites and continue to pre-process and assemble components at factories.

Evaluation

Future Initiatives

3 Strengthening Construction Site Capabilities through Collaborations with the Sekisui House Association

Reforming Each System through Discussions with Sekisui House Association

We visit Sekisui House Association chapters nationwide and conduct interviews. Through discussions with our directors we hear various requests and suggestions, and implement reform starting from the top priority issues. In 2016, we newly established a six-month applied skills course as part of the Sekisui House Training Schools, accredited vocational ability development schools operated by Sekisui House, to further increase the skillset of young technicians. Regarding the special bonus given to technicians who pass the Sekisui House Senior Technician Exam, we raised the maximum age of recipients from 65 to 70. This has increased motivation for skilled technicians who have spent many years working to improving quality.

Create A Structure to Gather Requests and Suggestions from Construction Sites and Implement Reform

To increase construction efficiency and improve quality, the Sekisui House Group is creating a construction reform request database as a measure to listen to the voices from construction sites. Registered requests are examined at Construction Reform Department Meetings held every other month, and responded to sequentially.

To lead to broader and faster reforms, from 2015 we widened the scope of registrants who can request improvement, adding head architects from all branches and construction managers from each Sekiwa Construction company. At these meetings, we added participants from each Sekiwa Construction company and partner construction companies, and have a system to gather opinions and suggestions from the ground in real time.

We are promoting activities to improve construction as a Group-wide endeavor.

We are working to share information with employees at construction sites and build partnerships, so concrete reforms that result from these activities are included in Tsuchioto, a newsletter distributed to the Sekisui House Group and partner construction companies, and on our company intranet.

Key Performance Indicators (KPIs)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>FY2012</th>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction workers (foundations, construction, carpentering)</td>
<td>People</td>
<td>--</td>
<td>--</td>
<td>10,518</td>
<td>10,393</td>
<td>9,843</td>
</tr>
<tr>
<td>Educational training center and school participants (total)</td>
<td>People</td>
<td>2,208</td>
<td>2,294</td>
<td>2,385</td>
<td>2,480</td>
<td>2,568</td>
</tr>
<tr>
<td>Employees who passed the Sekisui House Senior Technician exam (total)</td>
<td>People</td>
<td>14,301</td>
<td>14,458</td>
<td>14,607</td>
<td>14,808</td>
<td>15,012</td>
</tr>
<tr>
<td>Certified Construction Masters</td>
<td>People</td>
<td>205</td>
<td>312</td>
<td>318</td>
<td>305</td>
<td>325</td>
</tr>
</tbody>
</table>

Evaluation

In FY2016, a total of 88 employees attended Sekisui House Training Schools: 31 employees participated in the building frame exterior course and 57 employees participated in the interior construction course. The retention rate for employees still with the company five years after participating in the training is extremely high at 90%. Young energy invigorates worksites and contributes to enhanced construction capabilities.

Future Initiatives

To strengthen the reception of our training schools, we created interior labs at three centers, and built new dormitories and remodeled others. We are also building a women-only area for female participants. We will work to increase skills by offering applied skills courses in both interiors and exteriors in FY2017, compared to FY2016, when we offered only a course in interiors.

Going forward, we will further boost our remodeling internship program and practical training of interior and exterior remodeling of three- and four-story buildings, continuing to improve the construction capabilities of participants.
Extend lifespan of houses and enhance after-sales support

Long-term support of customer lifestyles through Group company collaborations. Link to improved value of housing and resource recycling

Backdrop

Japanese Home Asset Value is Lower Compared to Europe and the United States

The cumulative amount of housing investment in Japan from 1969 to 2013 was approximately ¥893 trillion. The total appraisal value of housing stock assets in 2013 was about ¥350 trillion, ¥540 trillion less than the housing investment figure. This is because in Japan, homes rapidly lose asset value as they get older, meaning housing assets do not accumulate as stock. Given that housing is typically the cornerstone of household assets, the low asset value of houses in Japan represents major losses not only in macrosocial and macroeconomic terms, but also in the way it significantly impacts people’s economic lives.

On the other hand, in Europe and the United States, homes tend to maintain high value over a long period of time, accumulating as shared assets of society. Performing adequate home maintenance creates a housing culture that passes safe, secure and comfortable homes on to future generations. This leads to the improvement of home asset values.

Approach

Maintaining Homes as Long-Lasting Quality Assets for Customers and Society

The Sekisui House Group aims to cultivate housing as long-lasting quality asset. In addition to developing and providing homes that can be lived in for a long time offering excellent basic qualities, including high durability and comfort, we will attempt to maintain and improve housing stock asset value by proactively promoting housing stock remodeling and renovation through Group collaborations and the long-term support of comfortable customer lifestyles.

Furthermore, the creation of high-quality housing and appropriate remodeling and renovation enables long-term utilization of houses as social assets, leading to reductions in resource inputs and leading to the effective use of resources. We will contribute to the realization of a recycling-oriented society by creating a market in which homes are shared as social assets, promoting the reuse of waste (zero emissions) and limiting adverse impacts on the environment.
Aiming to create homes that can continue to be lived in beyond each life stage, Sekisui House Group companies flexibly collaborate to propose maintenance optimized for individual customers.

Going beyond repairs, facility renewals, and remodeling for improved comfort and convenience, we conduct renovations involving large-scale transformations and changes in use that correspond to customer needs, providing an extremely high level of safety, security, and comfort that heightens customer satisfaction.

We are reducing the loss of social assets through the vigorous circulation of properly assessed quality housing stock abundant in society while conducting appropriate maintenance to lengthen the life of housing, leading to resource conservation.

Furthermore, we will contribute to the formation of a recycling-oriented society through the effective use of limited resources by focusing efforts on recycling waste and reducing emissions to zero as the result of promoting remodeling and renovation.

**Provide Long-Term Support for Customer Lifestyles, Maintain and Improve Housing Asset Value**

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**Contribute to the Creation of a Recycling-Oriented Society through the Effective Use of Resources Related to Housing**

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Furthermore, we will contribute to the formation of a recycling-oriented society through the effective use of limited resources by focusing efforts on recycling waste and reducing emissions to zero as the result of promoting remodeling and renovation.

**Engaging in Group Collaborations to Provide Peace of Mind throughout the Customer Life Stage**

**Building high-quality homes**
- Creating homes that excel in durability and contribute to health

**Maintaining and improving home functions**
- Long-term warranty and after-sales support offering peace of mind
- Appropriate maintenance to prevent deterioration
- Remodeling and renovation to match lifestyle changes

**Utilizing the market for high-quality housing stock**
- Appraisal and circulation of housing stock
- Support housing changes such as rental housing for senior citizens

**Integrated information management via housing history information system “IE-LOG”**

**Impact of These Activities on the Company**

If homes can be circulated while maintaining their asset value, this will ensure the elderly can cover living expenses, enable younger people to choose homes from a wide range of options in the housing market in line with their stage in life, and support an ample lifestyle for homeowners.

Also, long-term support will maintain and strengthen our relationships with customers, leading to increased Group brand value.

**Risk Management**

**Risk 1: Long-life housing causes the newly built home market to shrink**

With a 5.1% share in the domestic newly built home market, there is still room for Sekisui House to grow. We will expand our market share and enhance our brand power through the provision of high-quality homes and comprehensive after-sales support.

**Risk 2: Intensifying competition due to expansion in the remodeling market**

We will attempt to differentiate ourselves in the market with remodeling and renovation proposals demonstrating a strong commitment making use of business innovations in the newly built home market and timely proposals based on housing history information system “IE-LOG.”
Provide Long-Term Support for Customer Lifestyles, Maintain and Improve Housing Asset Value

Long-Term Support for Customer Housing through Group Collaboration

**About 10% of Sekisui House Employees Dedicated to After-Sales Service**

As housing is used over the long-term, providing a quality support system after move-in is crucial. Sekisui House employs 1,450 people—accounting for about 10% of all employees—as dedicated staff in our Customer Center. They support the lifestyles of customers living in 780,000 detached homes and 220,000 rental housing units such as by assisting with daily repairs and remodeling consultations. Our unique organizational structure enables us to quickly reflect customer feedback into our product development and management structure.

**Long-Term Warranties and Housing History Information Database “IE-LOG”**

For structural frames and rainwater-proofing components, we offer a 20-year warranty, which provides an additional 10 years to the 10-year liability period required under the law promoting housing quality. In addition, all other components are under warranty for a specified period of time. Even after the warranty period has expired, homeowners can take advantage of our U-trus system to extend warranties in 10-year intervals.

We operate “IE-LOG,” which shares each property’s various building component information and other data in digital form, based on the Long-Term Quality Housing Certification Program in Japan, which aims to build up a stock of high quality housing that can be used in the long term. Group companies utilize IE-LOG historical data to make remodeling and renovation proposals.

**The 20-Year Warranty System and the U-trus System**

*1 At Sekisui House, a 20-year manufacturer warranty is applied to structural frames and rainwater-proofing components (rainwater-proofing components are covered by an initial 10-year warranty plus another 10-year warranty) on condition that free inspections be conducted and maintenance/repairs be made at the homeowner’s expense upon expiration of the first 10 years.

*2 The U-trus system provides extended warranty at 10-year intervals, subject to required inspections and with maintenance/repairs to be completed at the homeowner’s expense.

**Sekisui House Remodeling Split into Three Companies to Strengthen Capabilities to Make Proposals Suited to Local Communities**

Sekisui House Remodeling Co., Ltd., which handles Sekisui House’s remodeling business for detached and other housing, has actively promoted maintenance-type remodeling to maintain and improve the asset value of homes over the long term.

In 2016, the company was split into three companies in East, Central, and West Japan. The aim was to work with Group companies in each area, and further strengthen the capability to make proposals suited to local communities. Through initiatives such as setting up remodeling and renovation corners in our hands-on learning center *Yume no kojo*, we aim to bolster our after-sales follow up and further expand lifestyle proposal-type renovations.
Proposing Remodeling That Enhances Comfort and Convenience to Wider Society

Expanding Sekiwa Construction’s “Re:QUEST”
For general detached housing and condominiums, the Sekisui House Group responds to customers’ various needs, from small-scale remodeling to large-scale renovations. The 19 companies of Group company Sekiwa Construction conduct remodeling and renovation nationwide under one brand, “Re:QUEST.” “Re:QUEST” has three themes to inspire customers to remodel.

Launched Condominium Renovations, RENOVETTA
As part of efforts to strengthen the condominium renovation business of Sekiwa Construction, in April 2016 we launched RENOVETTA* in collaboration with product designer Toshiyuki Kita.
Condominiums are generally divided into small floorplans of 2DK (two bedrooms + dining and kitchen space) or 3LDK (three bedrooms + large living room, with separate dining and kitchen) units, but problems arise, such as an overflow of things when the number of residents changes. RENOVETTA proposes an improved lifestyle through the use of functional, multi-purpose spaces, removing the existing divisions until just the skeleton remains, and placing the kitchen and dining areas in the center of the home as a gathering place. In addition, it proposes spaces that change in line with residents’ life stages and lifestyles, for example, a foldable Japanese-style room or wall storage, which are Mr. Kita’s original designs.

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* RENOVETTA is a registered trademark of Kita Toshiyuki Design Research Lab.

VOICE
I’m satisfied with my open and stylish LDK after RENOVETTA
Our kitchen used to be closed off from the rest of the house, so when my wife prepared dinner, she could not see what the kids were up to. At that time, I learned about RENOVETTA, the collaboration between global designer Mr. Kita and Sekiwa Construction, and spoke with a sales representative. Hearing that Mr. Kita would even choose the interior design and furniture, I thought that he may be able to create something interesting, and requested that he remodel our house.

After the remodeling, our LDK feels so much more open: we can see what our children are doing and the opportunities to communicate have increased. Thanks to the total color coordination of Mr. Kita, everything matches and the place seems quite stylish.
Mr. K (Fukuoka Prefecture)

TOPICS
Supporting the transfer of valuable assets through an integrated housing inheritance system
Sekiwa Construction offers restoration of old houses, and based on the wishes of our customers, we support the handing down of housing under an integrated system that spans repair planning through construction and transfer.
In addition to restoring a property as a home, we also help find other uses as a lodging facility or shop. We suggest renovations appropriate for each objective and use, and maintain the culture and design of old Japanese houses that will also speak to future generations.
Spread of “SumStock” Quality Housing Stock

Aiming to invigorate the circulation of quality housing stock and create an appropriate market, 10 major housing manufacturers including Sekisui House operate the Provision of Quality Housing Stock Association. Salespeople certified by the Association appraise a house’s basic structure (“skeleton”) and its interior furnishings and facilities (“infill”) separately. The value of the building and the land are indicated separately in our proprietary circulation system “SumStock,” which we are striving to expand. The Sekisui House Group is also promoting SumStock proposals using IE-LOG. We worked to spread the SumStock brand, such as by participating in a 10 different housing exhibitions held in Kansai in November 2016.

Future Initiatives

Deepening the Platinum Business, Which Supports Societies with Increased Longevity

Sekisui House Group’s Platinum Business is a totally different concept from simply building infrastructure. We anticipate that this business will spread as a solution to societal challenges, through a community design that facilitates multi-generational interactions in line with a region’s needs, not only energizing active seniors but also contributing to stimulating local communities.

September 2016, we completed construction of and opened Grand Mast Sengencho Yokohama. The building has 76 assisted-living units for the elderly on the second through tenth floors, and the first floor has multi-purpose spaces that can be used by local community members with shared interests and child-raising groups. We are also building a café. On the second floor is a community house with a collection of about 28,000 books provided by the Nishi-ku Youth Library. There are study rooms and an area for reading out loud to children, making this a space where multiple generations can gather.

Activities Report

Contribute to the Creation of a Recycling-Oriented Society through the Effective Use of Resources Related to Housing
We will continue working to ensure that waste from newly built home construction sites can be disposed of through recycling, as well as streamline construction and reduce surplus materials. With the expansion of the supplied housing business including remodeling and renovation, waste from the demolition process is expected to increase. We aim to create a system to collaborate with partner companies and industry organizations to ensure the appropriate handling and recycling of waste.

**Zero Emissions Structure and Status of Support for Remodeling and Recycling**

- **Sekisui House Construction companies**
- **Sekisui House Remodeling companies**
- **Sekisui Real Estate companies**

**Key Performance Indicators (KPIs)**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>FY2012</th>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016</th>
<th>Definition and remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total resource input</td>
<td>Thousands of tons</td>
<td>1,112</td>
<td>1,286</td>
<td>1,079</td>
<td>1,109</td>
<td>1,098</td>
<td>Amount used at our factories</td>
</tr>
<tr>
<td>Volume of waste generated*</td>
<td>Thousands of tons</td>
<td>311</td>
<td>362</td>
<td>728</td>
<td>753</td>
<td>725</td>
<td>Waste from new construction, remodeling, and demolition</td>
</tr>
<tr>
<td>Volume of waste generated at new construction sites</td>
<td>Kg/house</td>
<td>1,441</td>
<td>1,449</td>
<td>1,485</td>
<td>1,506</td>
<td>1,476</td>
<td>Amount per house (per 145 m²)</td>
</tr>
</tbody>
</table>

Note: From FY2014, includes waste from affiliated companies and waste from demolition of buildings.

**Evaluation**

Waste from newly built home construction has been substantially reduced, falling by nearly 60% compared to waste generated per house in FY1999.

In recent years, we have entered into a stage of more modest reductions, and the amount of waste generated per house is progressing at about the same level. This is partly due to the impact from an increase in the ratio of sales of three- and four-story rental housing, which generate a comparably larger amount of waste.

**Future Initiatives**

We will continue working to ensure that waste from newly built home construction sites can be disposed of through recycling, as well as streamline construction and reduce surplus materials. With the expansion of the supplied housing business including remodeling and renovation, waste from the demolition process is expected to increase. We aim to create a system to collaborate with partner companies and industry organizations to be able to further streamline recycling.
Promoting diversity and developing human resources

Aim to become a sustainable corporate group generating high added value while encouraging diverse employees to realize their potential and respect one another

Backdrop

Diverse Perspectives Support Sustainable Corporate Growth
Today, all corporations are urgently compelled to respect and accept diversity in the form of gender, age, physical abilities, race and nationality, as symbolized by the Act Promoting Women’s Participation and Advancement in the Workplace implemented in April 2016. The aggressive promotion of diversity and expansion of areas where diverse individuals are able to participate actively is extremely important to corporate sustainable growth. Proactively making use of these “differences” in business will enable us to effectively respond to a constantly changing business environment and diversifying needs.

In the housing industry, customer needs are diversifying amid low birth rates and the aging of society, changes to the family structure, women in the workplace and a variety of other lifestyle changes. For this reason, there is a demand for new housing and lifestyle proposals that flexibly incorporate a variety of perspectives and ways of thinking. In response to these changes, even the housing industry has begun to engage in workstyle innovations aimed at work environments able to leverage the maximum capabilities of human resource diversity represented by women, people with disabilities, senior citizens and foreigners.

Approach

Creating High Added Value Making Use of Diverse Employee Skills to Become a Corporate Group Necessary to Global Society
The Sekisui House Group makes an effort to increase employee satisfaction in order to become a corporate Group that meets its responsibilities to its stakeholders with sincerity. In 2006, we announced the Declaration for Human Resource Sustainability as our basic personnel policy. The declaration comprises three basic policies: encouraging female employees to pursue career development; promoting a diversity of human resources; and supporting a work-life balance. We are engaged in the creation of a rewarding workplace environment facilitating a diverse range of employee workstyles as well as the creation of mechanisms and an environment that enable employees to grow sustainably along with the Company.

Going forward, we will continue aiming to become a corporate Group necessary for global society by generating high added value in workplaces of mutual respect where all employees are able to maximize their capabilities.
### Action Policies

#### 1. Promoting Diversity

In February 2014, we reorganized the Diversity Development Team, established the same year we announced the Declaration for Human Resource Sustainability, to create the Diversity and Inclusion Promoting Office to promote measures based on three priority themes: contributing to women’s career development, promoting workstyle diversity and a work-life balance.

In light of the Act Promoting Women’s Participation and Advancement in the Workplace implemented in 2016, the Sekisui House Group formulated an action plan for the promotion of active participation by women and is engaged in the creation of mechanisms and an environment enabling all employees to enjoy a lively social life.

**<Future Developments>**

- Female career development
  - Development of female managers
  - Promote active roles for female salespeople
  - Promote active roles for female technical personnel
  - Changing supervisor thinking

- Promotion of diverse workstyles and a work-life balance
  - Support for work and childcare
  - Awareness and strengthening of employees raising children
  - Support for work and caregiving
  - Promote use of paid leave

- Diverse human resources utilization
  - Promote active roles for the disabled and senior citizens
  - Enhance Retiree Reinstatement Registration Program

**Promotions to management positions**
- Individual development planning for sales office manager candidates
- Development of young salespeople and retention support
- Support active roles for Technical Chief class
- Cultivation of professional technical personnel
- Foreman support program

**Conduct “Active Support Forum for Work and Childrearing”**
- Promote use of telecommuting via systematic implementation
- Promote use of paid leave system Smart Holiday
- Encourage men to take childcare leave
- Promote Sunday substitute holiday in sales division

**Expand diversity meetings to new areas**
- Expand awareness of career advancement and challenge systems
- Promote use of Retiree Reinstatement Registration Program

#### 2. Develop Professionals with a Deep Sense of Humanity

To incorporate customer hopes into the houses Sekisui House builds, we are focusing efforts on employee skills development and the establishment of various human resource systems able to realize the development of professionals with a deep sense of humanity.

In terms of employee development, we systematically conduct a variety of level- and position-based training targeting salespeople, technicians and administration. In an attempt to improve motivation among individual employees, we aim to foster the career development of autonomous human resources by linking development and evaluation to a professional duties interview system incorporating the PDCA cycle.

**Level-Based and Position-Based Training**

<table>
<thead>
<tr>
<th>Level-based training</th>
<th>Mid-career training (45 years old)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Female career development</strong></td>
<td><strong>Self-managed career course</strong></td>
</tr>
<tr>
<td>Promotion of diverse workstyles and a work-life balance</td>
<td>(seventh year of employment)</td>
</tr>
<tr>
<td>Support for work and childcare</td>
<td>Position-based training (from entry-level to advanced training for foreman and managers)</td>
</tr>
<tr>
<td>Support for work and caregiving</td>
<td>Administration manager training</td>
</tr>
<tr>
<td>Promote use of paid leave</td>
<td>Administration practical training</td>
</tr>
</tbody>
</table>

**Level-based training**

<table>
<thead>
<tr>
<th>Self-esteem improvement seminars (third year employees)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ground and foundation training</td>
</tr>
<tr>
<td>Foreman basic training</td>
</tr>
<tr>
<td>Nationwide housing hands-on educational programs</td>
</tr>
<tr>
<td>Interior finishing practice</td>
</tr>
<tr>
<td>Planning seminar</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Second year training</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-control training</td>
</tr>
<tr>
<td>Administration foundational training (e-learning)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Newly hired employee training</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical-related newly-hired employee training</td>
</tr>
<tr>
<td>New administrative manager training</td>
</tr>
</tbody>
</table>

**Level-based training**

| Sales |
| Technology |
| Administration |

### Impact of These Activities on the Company

In addition to promoting the active participation of women, our human resources are engaged in a variety of workstyles, which enables us to make proposals from a variety of lifestyle perspectives. In particular, this enables us to make use of technological developments and universal design proposals based on the perspectives, feelings and experiences of disabled people.

In addition, the development of human resources embodying a love for humanity, the core of our corporate philosophy, will earn the trust of society and lead to the resolution of social issues as well as create conditions that support sustainable corporate growth.

### Risk Management

#### Risk 1: Operations are adversely affected by an increase in the percentage of employees engaged in childcare and caregiving

**Our response**

We will promote the creation of individual career visions and establish systems that support a diverse array of workstyles. Also, we will share information with male and female employees pertaining to working while raising children or caregiving and share workplace conditions in an effort to create an environment that facilitates career advancement while raising children or caregiving.

#### Risk 2: Inhibited human resource development due to the lack of effective training

**Our response**

At the end of training we conduct a practical level check test and provide feedback on the results to the participants and the offices where they are assigned. In addition, we look at all the results of participant questionnaires to confirm that the expected outcomes have been achieved in an effort to improve training content.
Promoting Diversity

Development of Female Managers
In 2014, we established the Sekisui House Women's College for management candidate training to develop female employees that will be able to become managers in the future. Female employees throughout Japan nominated for management positions are sent to this college to acquire business skills and study workplace issue resolution during a two-year curriculum aimed at systematically providing candidates with a suitable education. In the inaugural class of FY 2016, 20 women completed the Women's College curriculum. Playing an active role in a wider range of areas, female managers are appearing one after the other in management ranks as design chiefs and superintendents, and in terms of female sales staff, as branch managers and office managers. Furthermore, an increasing number of female managers are married or raising children, becoming an important force in the housing business domain.

Support for Career Advancement Corresponding to Level and Position
In support of female employee education and career advancement, we conduct a variety of ongoing training and networking events based on level, position and location. Since 2007, we have regularly held special personnel meetings for female sales staff that are also established as a subcommittee aimed at developing young people and training office managers. We also hold meetings for female technical staff and nationwide construction superintendent meetings to cultivate leaders and enhance skills as specialists, which is linked to the development of core personnel and improved proposal capabilities.

Workstyle Innovations That Promote Diverse Workstyles and a Work-Life Balance
As one part of our attempt to create a corporate culture supporting men and women both in their work and home life and childrearing, we engage in regular consultation between employees who are pregnant or on maternity leave and their supervisors, facilitating a smooth return to the workplace. To make the most of capabilities during a variety of life events, in 2013 we introduced a telecommute trial program, and after creating individualized plans corresponding to conditions faced by each participating employee, we formally launched a system for telecommuting in February 2017. This system enables employees with limited working hours to flexibly use time and location to raise children or provide nursing care by permitting employees to work from home 1–2 days per week or providing extra time to work after they return home. We also hold a Work and Childrearing Forum at seven locations across Japan for employees raising children while working or on childcare leave and their supervisors, to encourage autonomy among child caregivers and raise awareness among supervisors.

In addition, we are promoting the introduction of diverse workstyles including parental leave for men and tele-work. In 2016, we introduced a paid leave system called “Smart Holiday” and are promoting a targeted 80% usage rate. Smart Holidays are named according to their purpose, such as grandchild leave, self-improvement leave, healthcare leave and volunteer leave, a device that makes it easier for employees to take time off.

Voice

The Women's College increases job satisfaction
Michiyo Akiyama
Chiba Sha Maison Branch
Having attended the Women's College has provided me with more opportunities to give lectures within and outside the Company, enabling me to engage in work from a branch or head office perspective rather than only focusing on my own duties. It also provided me with an opportunity to rethink my work in terms of speedy decision-making in operations and cost awareness in terms of time spent working. This has made work more meaningful and satisfying, enabling me to enjoy work. From now, promoting ZEH in Sha Maison rental housing, a topic raised at the Women's College, I am able to make proactive proposals that will delight owners and occupants.

Voice

Promoting the systematic acquisition of Smart Holidays (paid leave)
Kenichi Yamazaki
Chubu No. 2 Sales Administration Headquarters
In addition to promoting workstyle innovations, we must transform consciousness, reform operations and increase operational efficiency. Our division calls for employees to sign up for three or more days of Smart Holidays every six months. Regular use of this system will result in work enthusiasm (transforming consciousness), the elimination of operational waste (reforming operations) and the sharing of work details (increasing operational efficiency). When planning which days to take off, employees coordinate with office and section members, confirm work schedules of related divisions and consult with family and friends, leading to stronger communication within and between branches.

Poster promoting the use of paid leave
Promoting the Employment of Disabled People and Expanding Opportunities for a Diverse Array of Human Resources

With the goal of employing one or more disabled people at each worksite, Sekisui House is engaged in the employment of disabled people through the acceptance of internships and proactive participation in nationwide joint recruitment events. Support for active participation of those enrolled includes the introduction of the Career Challenge system, which enables employees in region-specific positions to transition into career track positions, and diversity meetings held with the aim of creating relationships enabling mutual consultations among disabled employees from different worksites. We have participated in the Accessibility Consortium of Enterprises (ACE) since its founding in 2013 and we hold career development seminars for disabled students and school officials.

We will move forward with the establishment of structures for consultation and promote the employment, retention and active participation of disabled people through the provision of different types of training and the sharing of experience accumulated in each workplace and job.

With regard to employment of the elderly, in light of Japanese labor policies, in FY2015 the retirement age was extended to 65 years old throughout the Company to proactively support active participation by older employees. With respect to the employment of foreigners, we are proactively promoting the employment of local hires in our overseas business, while at the same time promoting human resource development aimed at the future management class by inviting these workers to visit Japan and deepen their understanding of Sekisui House Group management policies.

**VOICE**

*Being entrusted with work involving more responsibilities than ever before as a career track employee*

**Yasutaka Abe**

Tokyo Special Construction Branch

I joined Sekisui House because out of food, clothing and housing, which are indispensable for daily life, I wanted to be involved in the housing field to be able to provide customers with the most added value. I am mainly responsible for accounting and delivery operations. I want to expand my work duties and prove that I am able to actively participate despite my disability, so I signed up for Career Challenge. From this year, I am working as a career track employee. Becoming a career track employee, I am entrusted with work involving more responsibilities than ever before, making my work feel more meaningful on a daily basis. Going forward, my aim is to work as a Sekisui House employee with responsibilities rather than simply as a disabled worker. I want to become a driving force enabling people with disabilities to work in a comfortable working environment.

### Key Performance Indicators (KPIs)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016</th>
<th>Evaluation</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of female personnel in managerial positions (Group-wide)</td>
<td>People</td>
<td>65</td>
<td>101</td>
<td>114</td>
<td>141</td>
<td>○</td>
<td>FY2020 200 (5%; 10% in the future)</td>
</tr>
<tr>
<td>Number of female office managers*1 (includes office sub-managers from FY2015)</td>
<td>People</td>
<td>7</td>
<td>12</td>
<td>18</td>
<td>22</td>
<td>○</td>
<td>Minimum 1 female office manager (or at least office sub-manager) at each of our 15 sales administration Heads</td>
</tr>
<tr>
<td>Employment rate of people with disabilities*1</td>
<td>%</td>
<td>1.97</td>
<td>2.08</td>
<td>2.21</td>
<td>2.20</td>
<td>○</td>
<td>Minimum 1 person at every business office</td>
</tr>
<tr>
<td>Proportion of male employees who took parental leave</td>
<td>%</td>
<td>3</td>
<td>19</td>
<td>23</td>
<td>70*2</td>
<td>△</td>
<td>FY2020 80%</td>
</tr>
</tbody>
</table>

*1 Sekisui House, Ltd. only

*2 From FY2016, the count was changed from number of people to number of times used.

### Evaluation

In recognition of the promotion of active participation by women as our basic human resource policy, Sekisui House was chosen by the Ministry of Economy, Trade, and Industry and the Tokyo Stock Exchange for inclusion on the Nadeshiko 2017 list of companies that empower women and their careers. We were the first in the housing and construction industry to be included on the Nadeshiko 2013 list, and this is the fourth time we have been selected. In FY2016, we were also selected by the Ministry of Economy, Trade and Industry for inclusion in the New Diversity Management Selection 100. Furthermore, we were selected as the top company in the construction and real estate industry in the “100 Best Companies Where Women Play an Active Part” ranking for FY2016 sponsored by Nikkei WOMAN magazine.

### Future Initiatives

With an organization that enables a diverse array of employees to make the most of their creativity and ingenuity, Sekisui House aims to realize innovation through business by concentrating employee energy toward common goals as they live active lives as members of society.

We are engaged in housing, a job intimately connected to people’s lives. From housework to childrearing and caregiving, homes are places where each person has a wide variety of experiences and perspectives. Going forward, the Sekisui House Group will strengthen its promotion of diversity through the achievement of its action plan based on the Act Promoting Women’s Participation and Advancement in the Workplace implemented in April 2016 and other efforts.
Sekisui House systematically conducts position- and level-based training for salespeople, technical and administrative personnel with the aim of developing professionals with a deep sense of humanity to understand and realize the customer’s concept of their home. In this section, we focus on onsite foreman positions.

Activities Report

Education Program Enabling All Young Technical Personnel to Gain Design and Onsite Foreman Work Experience

In 2013, we introduced the young technical personnel training program to develop and improve all employees in technical positions through experience in our human resource development system (job rotation) born from the idea that “superior technical staff involved in housing need the perspectives of both design and onsite supervision.”

Under this program, after joining the Company and working in design, second-year employees work as an onsite supervisor for six months to gain experience in both design and onsite supervision. In addition to the training of technical personnel with a broad range of knowledge and perspectives, this also provides an opportunity for employees and their superiors to reconsider their aptitude. During the onsite supervisor experience, employees interact with a multitude of construction-related personnel onsite through on-the-job training (OJT), learn the phases of construction and listen to lectures on various laws and regulations as well as the experiences of senior employees during onsite supervisor experience.

Various Onsite Supervisor Training Programs Aimed at Strengthening Management Capabilities

In FY2013, we restructured our onsite supervisor training system with the aim of enhancing management capabilities, which are a critical skill for onsite supervision, strengthening alliances with construction partner companies and raising construction capabilities. We conduct a variety of level-based beginner, intermediate and advanced training to clarify the required skills and desired stature for onsite supervisors.

Advanced training is intended to inculcate the leadership skills necessary to promote smooth daily operations such as construction site management, manage construction site teams and instill a management perspective facilitating growth along with construction partner companies. Through this training, we make an effort to cultivate team leaders able to conduct a high level of onsite supervision while coordinating with a large number of related personnel.

In addition, each year we hold a workshop where architect chiefs from each area in four nationwide blocks meet to learn about human resource development and organizational management. This is an opportunity to expand the scope of work through the bolstering of networks going beyond branch offices and the sharing of various approaches and initiatives.

Certifying Excellent Onsite Supervisors as Chief Constructors

In FY2012, we introduced a “chief constructor” certification system for particularly excellent onsite supervisors with the aim of increasing our brand power and productivity and developing a multitude of talented onsite supervisors. Onsite supervisors recommended from each branch undergo a primary review to assess their contribution to customer satisfaction and confidence as well as the degree to which partner construction companies, after-sales service staff and branch colleagues consider them to be reliable. After the secondary review, which assess candidates quantitatively in terms of number of homes completed and sales figures in a calendar year, as well as qualitatively in terms of superior efforts regarding onsite construction management capabilities and work-related issues, the chief constructor certification committee makes its determination based on a final review.

As of April 2017, Sekisui House had certified 124 chief constructors. This qualification is effective for two years, after which a follow-up review is conducted to determine whether or not to renew the certification.

VOICE
I want to contribute to advancing all aspects of onsite supervision
Masaru Hirota
Kobe Branch

Regardless of the degree of difficulty, as a chief constructor I make every effort on all construction sites and always do my utmost to thoroughly read drawings before anyone else when starting construction. Currently, we are creating a mechanism whereby an iPad is used to view examples of onsite responses by chief constructors that can be put into practical use by inexperienced onsite supervisors. I want to raise the level of onsite supervisors overall by providing opportunities such as these for attaining internal qualifications.
Female Onsite Supervisor Support Program Aims to Expand Occupational Field Enabling Active Participation by Women

Sekisui House aims to expand active participation by women in the occupational field of onsite supervisors, the majority of whom formerly were men and to create new value from the perspective of diversity. In support of this goal, the female onsite supervisor support program was launched in 2015. Under this program, the head office, division headquarters and branch offices coordinate to systematically appoint and provide support to individual female onsite supervisors to enable their growth without feelings of isolation. We also attempt to increase motivation and the sharing of information through events including networking events attended by female supervisors from across Japan. At the same time, we provide construction sites with temporary facilities for women such as the “Orihime” mobile toilet, a toilet just for the ladies, tools, helmets and other equipment made for women and even a guide for women working while pregnant to promote the creation of environments and systems enabling women to continue working with peace of mind. We also encourage overall organizational growth by incorporating a woman’s point of view into health and safety checks and decisions related to specification uniformity. Going forward, we will promote the progressive appointment of female technical staff as the key choice for career development and expand the sphere of their active participation throughout Japan.

Key Performance Indicators (KPIs)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>FY2012</th>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016</th>
<th>Definition and remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average hours of annual training per person</td>
<td>hours</td>
<td>21.2</td>
<td>18.9</td>
<td>22.9</td>
<td>21.0</td>
<td>19.7</td>
<td>Training held at head office only</td>
</tr>
<tr>
<td>Training investment amount</td>
<td>tens of thousands of yen</td>
<td>58,344</td>
<td>64,917</td>
<td>69,202</td>
<td>73,425</td>
<td>70,368</td>
<td>Total amount of expenses attributed to education and training costs</td>
</tr>
<tr>
<td>Total number of people obtaining qualifications</td>
<td>People</td>
<td>3,984</td>
<td>4,596</td>
<td>4,544</td>
<td>6,427</td>
<td>4,332</td>
<td>Includes internal qualifications</td>
</tr>
</tbody>
</table>

*1 Sekisui House, Ltd. only
*2 Total number of certifications acquired within each fiscal year (when one employee acquires three certifications in a single fiscal year it is counted as “3.”) The number of people in FY2015 is prominent because we promoted the acquisition of some qualifications through limited time financial support and other systems.

Comments from a Director in Charge of Technical Personnel

Making an effort to further enhance the skills of onsite technical personnel to provide each customer with optimal solutions

Compared to other companies in the industrialized housing industry, Sekisui House is distinctive for offering a high degree of freedom. Rather than houses built 100% by a factory system, for many years we have promoted the creation of homes meeting needs flexibly by conducting 50% of design and construction conducted onsite. This is based on the concept that houses should be products that provide individual customers with optimal solutions. In addition to providing stable and high-quality industrial production, we provide optimal solutions through design and construction meticulously supporting the various wishes of each individual user. Above all, this approach emphasizes development of technical personnel onsite capabilities and skill enhancement.

For the onsite supervisors, management capabilities are the most important skill set. This is the aim of the chief constructor system, and by clarifying the management capabilities required of onsite supervisors as a positive example, we attempt to achieve bottom-up improvements throughout the entire organization.

Active participation by women is expanding even in the technical occupation fields. At present, women have increased to account for 40% of new employees in technical occupations, but there are still only a few female onsite supervisors, thus it is our policy to raise this ratio to the same level throughout the organization. Female onsite supervisors are highly regarded for their ability to communicate with members of construction partner companies and their sensitive consideration for customers. Sales divisions, branches and sales offices are working in conjunction to support the growth of female employees to provide female onsite supervisors with a comfortable workplace and work that provides them with significant meaning and purpose.

Tetsuo Iku
Executive Vice President & Director

VOICE
Creating collaborative relationships is important
Asuka Yamazaki
Saitama-Minami Branch

Since returning to work after taking childcare leave, I am working as an onsite supervisor. Everyone pitched in to help me out when me child was hospitalized. Receiving this support from the people around me touched my heart. The job of an onsite supervisor is not solitary, it is supported by the efforts of everyone. This makes it easy to arrange my time, and I am confident that if something comes up, most of my work can be done by sharing information on an iPad. I know I shouldn’t rely on others so much, but I think it is important to communicate regularly with building contractor partners and colleagues in my section and build collaborative relationships.

Guide for working during pregnancy

Female onsite supervisors playing an active role on construction sites
Developing overseas business

Contributing to the preservation of the environment and safe, secure and comfortable global lifestyles by going beyond housing to create environmental technologies and sustainable housing environments

www.sekisuihouse-global.com

Backdrop

Developing Business in accordance with Local Needs Employing Advanced Environmental Technologies and Initiatives

The Paris Agreement went into effect in 2016 based on the recognition that abnormal weather is occurring throughout the world and global warming is a worldwide risk. There is a shared sense of risk that, if rising temperatures are not held in check, the business environment will worsen and corporate activities will falter. As construction plays a significant role in terms of greenhouse gas emissions throughout the world, Japanese energy-saving technologies and other environmental technologies that are highly compatible with the environment are considered to be of a high global standard.

Japan is a country plagued by earthquakes, thus we have also made progress in the development of disaster-resistant housing technologies. Based on the concept of lifelong housing, the Sekisui House Group provides safe, secure and comfortable housing incorporating advanced environmental technologies and superior basic performance including earthquake resistance, insulation and the use of universal design. These technologies are necessary in all countries throughout the world. We are able to contribute to development in countries and regions throughout the world and protect the environment through the proposal and provision of business customizations bringing advanced technologies and initiatives developed in Japan to other countries.

Approach

Our Goal

Changing the World Through Living

To realize sustainable societies, we view housing value from a variety of perspectives, known as the four values: environmental, economic, social and homeowner, and make an effort to increase the value of each. Always considering customer lifestyles, we adopt a “customer first” corporate stance as we proceed with sustainable development that becomes an asset for the people living in each country and region.

When developing business overseas, we thoroughly research climate, natural features, culture and lifestyles in each country. With an understanding of demands pertaining to sustainable housing and the creation of ideal communities, we respect the changing universal value of housing while responding to the needs of changing times with advanced technologies. Going forward, we will propose high-quality, safe, secure and comfortable lifestyles throughout the world and contribute to sustainable development in all nations through the creation of our four values.

Main stakeholders:
Local developers, overseas customers
### Action Policies

**Global Development of Sekisui House Product Quality Based on Environmental Technologies Cultivated in Japan**

We aim to provide housing that brings customers a high degree of satisfaction through comfort commensurate with the culture and lifestyle habits of individual countries as well as consideration for economic and environmental factors. In particular, we attempt to expand business opportunities from the perspective of creating communities that take into consideration Gohon no ki planning and ecosystems as well as environmental technologies that contribute to the effective use of CO2 emissions and energy. We also build relationships of trust with local blue-chip partners and engage in business localization by developing talented local human resources who understand Sekisui House philosophy and concepts.

### United States

In the United States, we develop two businesses: residences (communities) and urban rental apartments (multi-family housing) through collaborations with local blue-chip partners. We are promoting development incorporating Sekisui House concepts while meeting local needs. In 2017, we will also enter the home sales business as a new business area.

![Spring Street in Los Angeles](image)

**Australia**

In Australia, we are engaged in condominium and residential land development and detached housing construction adapted to the local environment and culture. We have sold over 3,000 units in the bay area around Sydney and are currently engaged in the large-scale mixed use urban development of approximately 8,000 units. All of these projects have achieved a high level of customer satisfaction, leading to sustainable growth.

![Savannah at The Address in Sydney](image)

### China

We are developing low-rise housing and the condominium business under the "Yuqin" brand in the cities of Taicang, Suzhou and Wuxi on the outskirts of Shanghai and in the northeastern city of Shenyang. We aim to further increase brand penetration by enhancing differentiation factors including high-quality construction, environmental technologies and after-sales service systems developed in Japan.

![Yuqin Residence in Wuxi](image)

**Singapore**

We are promoting projects centered on condominium developments and mixed use development including retail mall in collaboration with leading local developers. We are also currently engaged in office development projects. We will propose new value to the area by sharing Sekisui House concepts with local partners.

![Punggol Watertown retail mall](image)

### Impact of These Activities on Society

Leveraging strengths cultivated in Japan, we are able to contribute to local housing environment improvements and environmental conservation through the development of communities in light of country and regional conditions. We not only provide homeowners with high added value housing environments, our Group business activities also create value for society and communities, which is regarded highly in each region leading to the enhancement of our Group brand value in Japan.
Risk Management

<table>
<thead>
<tr>
<th>Risk</th>
<th>Description</th>
<th>Our response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk 1</td>
<td>Diverse local needs different from Japan</td>
<td>We collaborate with local blue-chip partners and strive to ascertain needs in all regions. We share Sekisui House concepts and values with local partners and promote each development project based on shared principles and problem awareness.</td>
</tr>
<tr>
<td>Risk 2</td>
<td>Compliance with the laws, regulations and political affairs of each country</td>
<td>We are focusing efforts on local, environmentally-friendly procurement, production and construction, while at the same time strengthening our global compliance structure to ensure laws and regulations are adhered to in all countries and regions where operate. Furthermore, we formulate risk management manuals for employees on international business trips or on assignment overseas and created the Sekisui House Group Overseas Risk Management Guidelines for managers at worksites where employees are assigned or sent on business.</td>
</tr>
<tr>
<td>Risk 3</td>
<td>Management of overseas subsidiaries</td>
<td>Leveraging the autonomy of overseas subsidiaries, to enhance control and collaborations with specialists in each country and the International Business Department, we established the International Internal Control Promotion Office as a head office organization to conduct localized training overseas and enhance the level of various initiatives.</td>
</tr>
</tbody>
</table>

State of Progress

Activities Report

United States: The JUXT Project, Luxury Rental Housing Incorporating Gohon no ki Planning

The JUXT project in Seattle, which began occupancy in June 2016, is urban rental housing (seven stories, 361 units) built by Sekisui House and the Holland Partner Group.

We determined that there is a need for leafy, comfortable and relaxed luxury rental housing in Seattle and the surrounding area, where a large percentage of IT workers live. Gohon no ki planning is embodied as symbolic trees in the courtyard consisting of five containers of vine maple, which are indigenous to this area. We enhance occupant comfort with inventive ideas in a variety of places, including bicycle parking for tenants who commute by bicycle, an area for washing pets, snack vending machines, and a lounge designed like a quaint tavern.

Australia: The Hermitage Project, Proposing a Local Version of SHAWOOD

The Hermitage, a large-scale residential land sales project developed in suburban Sydney in 2014, preserves as many cultural heritage buildings and existing plants as possible, developing land for homes while maintaining the existing topography, and at the same time, expands proposals for Sekisui House SHAWOOD wooden-frame detached homes arranged for local conditions to create an Australian version of SHAWOOD.

Differing from the two-by-four and brick wall construction typical in Australia, SHAWOOD’s distinctive raked ceilings and open-ceilinged spaces are gaining a reputation as evolved housing, causing sales to increase. In 2017, we aim to begin construction on 140 new units.
China: The Yuqin Project, Providing Sekisui House High Quality with Interior Decorated Condominiums

Based on the idea that housing with interior decorations are essential for high-quality housing, we propose the Yuqin brand as housing that comes equipped with high-quality interior decorations and storage installations.

The Yuqin Residence, built in Suzhou located on the west side of Shanghai offer refined interior decoration and user-friendly installations, as well as enhanced environmental quality including safe and secure interior materials that exceed local standards, PM2.5 countermeasures and landscaping based on Gohon no ki planning, which has led to robust sales.

Singapore: The Hillsta Project, Proposing New Value Locally Using the Satoyama Concept

Hillsta, a residential development completed in 2016 through joint development with local developer, is the embodiment of Satoyama, Sekisui House fundamental concept for community development based on green and water symbiosis which was realized by a collaborative effort with the head office design team.

Abundant greenery has been incorporated into the site, even greenery on the building walls, the pool was made to look like terraced rice fields to maintain harmony with the sloped topography and the spa was created to evoke a Kyoto kawayuka (riverside deck for cool summer dining), among other distinctive landscape elements comprising a new value proposal.

Key Performance Indicators (KPIs)

International Business Net Sales (hundreds of millions of yen)

<table>
<thead>
<tr>
<th>Year</th>
<th>Australia</th>
<th>United States</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>548</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>853</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>798</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>895</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>1,821</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

International Business Ordinary Income (hundreds of millions of yen)

<table>
<thead>
<tr>
<th>Year</th>
<th>Australia</th>
<th>United States</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>51</td>
<td></td>
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<tr>
<td>2013</td>
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<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>274</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Evaluation

As a result of promoting the sustainable development of community assets in various countries and regions in line with local needs, U.S. residential land sales and Australia and China condominium sales are strong. In Singapore, contract rates are high across all properties, and in FY2016, business developed in all four of these countries was profitable.

Future Initiatives

Sekisui House will collaborate with local developers and other partners while assessing business compatibility and housing market conditions in each area. We will promote urban development and housing construction and sales while ensuring business profitability. We will make efforts to provide local residents with safe, secure and comfortable lifestyles and protect the environment as a company that creates living environments.
Basic Concept

In order to realize a sustainable and responsible business, Sekisui House endeavors to integrate social responsibility into all aspects of its business activities. This approach involves promoting initiatives that contribute to the environment, society, and economic development, while ensuring the long-term sustainability and prosperity of the company.

Supply Chain Management

Sekisui House aims to build a transparent and sustainable supply chain by sourcing materials and services from responsible partners. The company focuses on improving the efficiency of its supply chain, reducing waste, and promoting the use of eco-friendly materials.

Product Responsibilities

The company is committed to designing and producing products that are environmentally friendly and meet the highest standards of quality. Sekisui House strives to minimize its environmental impact by implementing energy-efficient production processes and using sustainable materials.

Eco-First Initiatives

Sekisui House is actively involved in various eco-First initiatives, such as recycling programs, renewable energy projects, and environmentally friendly construction practices. These initiatives help the company reduce its carbon footprint and contribute to a greener future.

Stakeholder Engagement

The company values its relationships with stakeholders, including shareholders, customers, suppliers, and the general public. Sekisui House engages in constructive dialogue with these stakeholders to understand their needs and expectations, and to ensure that its business practices are aligned with their interests.

CSR Management Promotion

Sekisui House has established a comprehensive CSR management system to guide its corporate responsibilities. The company has a dedicated CSR division that oversees initiatives aimed at improving corporate social performance and promoting sustainable development.

Compliance and Risk Management

The company is committed to adhering to all applicable laws, regulations, and ethical standards. Sekisui House has a robust compliance framework to mitigate risks and ensure the integrity of its operations.

Corporate Governance

The company follows stringent governance practices to ensure transparency, accountability, and effective decision-making. Sekisui House has a strong board of directors and independent external directors to oversee its business activities.

Governance Structure

Sekisui House has a well-structured governance system that includes a board of directors, an Audit & Supervisory Board, and various committees. The company has a diverse board composition, with a mix of internal and external directors, to ensure effective governance.

Value Creation Vision and Strategy

Sekisui House’s vision is to become a global leader in sustainable and responsible housing solutions. The company aims to create value for all stakeholders by promoting environmentally friendly and socially responsible business practices.

Human Resources Management

Sekisui House places a strong emphasis on human resources management, focusing on the development of talented employees and creating a positive workplace culture. The company invests in the training and career development of its employees to ensure their growth and success.

Investor Relations

Sekisui House maintains open and effective communication with its shareholders and investors. The company provides regular updates on its financial performance and strategic initiatives through investor briefings and other channels.

Remuneration and Incentives

The company has a transparent and competitive remuneration policy for its directors and executive officers. Sekisui House aims to align the interests of its directors and shareholders, and to motivate them to contribute to the long-term success of the company.

Supervisory Board Members

The company’s Audit & Supervisory Board consists of independent external directors who are responsible for overseeing the company’s operations and ensuring compliance with relevant laws and regulations.

Risks and Risk Management

Sekisui House identifies and manages risks associated with its business activities. The company has a risk management framework that includes regular risk assessments and mitigation strategies to ensure the sustainability of its operations.

CSR Activities

Sekisui House engages in various CSR activities aimed at promoting sustainability and social responsibility. The company supports community development projects, biodiversity conservation, and other initiatives that contribute to the well-being of society.

Financial Performance

Sekisui House’s financial performance is consistently strong, with a focus on sustainable growth. The company aims to maximize shareholder value through prudent financial management and strategic investments.
Corporate Governance

Sekisui House positions corporate governance as a critical issue for enhancing stakeholder trust. In line with our corporate philosophy based on a governance framework that is necessary to increase corporate value over the medium- and long-term, the Sekisui House Group CSR activities are consistent with social norms and academics.

Governing Bodies
The Board of Directors shall comprise well-balanced members, including those who possess knowledge and specialization in financial management policies, strategies and plans and making decisions affecting the guidance or commands from the department to the management. The Board of Directors shall comprise two or more external directors. The Board of Directors oversees the principles and practices of corporate governance established by the Board of Directors or the CSR Committee and other important matters relating to the maintenance of risk management systems, and makes decisions based on relevant assessments.

Sekisui House regards the maximization of shareholder value as its ultimate goal. In order to realize this goal, the Sekisui House Group operates in accordance with the principle of treating them in good faith and growing together with them. The Group aims to improve corporate value over the medium- and long-term, and plans to continue to grow steadily in line with the USA and Japan’s business strategies.

In principle, the Board of Directors meet once per month. To ensure full compliance with the Japanese Financial Instruments and Exchange Act, 2006, and the Ordinance for Conduct of Corporate Governance for Companies Listed on the First Section of the Tokyo Stock Exchange (as amended), Sekisui House created and implemented a CSR Committee. The CSR Committee is in charge of the CSR activities of the Sekisui House Group. The CSR Committee is comprised of the Board of Directors and some executive officers, including members of the Personnel Affairs and Remuneration Committee, the Risk Management Committee, the Governance Committee, and the CSR Committee. The CSR Committee consists of internal and external members, including one or more external directors.

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Corporate Governance

Sekisui House endeavours to strengthen corporate governance as a basis for maintaining corporate competitiveness and timeliness.

Governing Bodies

- Board of Directors
- Audit & Supervisory Board
- Personnel Committee
- CSR Committee
- Risk Management Committee
- Remuneration Committee
- Selection of External Officers Committee

Basic Concepts

- Corporate Governance
- Value Creation Vision and Strategy

Governing Bodies

Board of Directors

A company’s highest organ, with the authority to make major decisions. It is responsible for providing basic management direction and overseeing the effectiveness of the Audit & Supervisory Board. The Board of Directors consists of the chairman and members, including the CEO and other executive officers.

Audit & Supervisory Board

A consultative body to the Board of Directors, responsible for overseeing management and evaluating the Board of Directors' performance. It also provides an opportunity to exchange opinions in organizational and ethical matters.

Personnel Committee

Responsible for the management of human resources. It determines personnel policies and is particularly involved in the selection of executive officers and internal management.

CSR Committee

Composed of members from various departments, the CSR Committee checks to ensure conform to social norms and regulations. It also deliberates and approves CSR-related activities.

Risk Management Committee

Refers to material risks and coordinates improvements, including risks of an internal control system.

Remuneration Committee

Responsible for determining directors’ and Audit & Supervisory Board members’ remuneration.

Selection of External Officers Committee

Responsible for the selection of external directors. It nominates candidates after considering their qualifications and attributes.

Environmental and Social Activities

Sekisui House Group CSR activities are consistent with social norms and expectations, then determines activity policies. CSR activities are integrated with the operation of the Sekisui Group.

Human Resources

The Personnel Committee, which oversees human resources, organizes management briefings and factory and other inspections, organizes management briefings and factory and other inspections.

Remuneration

The Remuneration Committee approves the remuneration of each director and Audit & Supervisory Board members. The Committee also considers the retirement of directors and other executive officers.

Internal Controls

Instruments and Exchange Law, strict internal controls (J-SOX)

Third-Party Opinions and Evaluations

The internal audit system, while maintaining internal controls, also aims at maintaining an appropriate response, or in the event accounting auditors report any violations of laws and regulations.

Corporate Governance System

We also aim for balanced capital policies focused on growth and by improving asset efficiency. So doing, we take care of shareholders, investors, customers, consumers, building material suppliers, and other stakeholders.

Information

-Sekisui House Sustainability Report 2017
-PS3-54
-PS5-56
Corporate Governance

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Board of Directors

A majority of the Board of Directors (including members as well as related departments. Moreover, the Auditing Department, which conducts onsite audits to confirm whether the internal control systems are functioning properly, points out deficiencies or problems, an investigation will be carried out, and corrective actions will be taken if necessary. This has led to a steady improvement in the efficiency and effectiveness of the internal control system.

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Compliance and Risk Management

The Sekisui House Group positions compliance and risk management as important issues to be addressed at all times. Tothis end, the Risk Management Committee was established in 2016 to develop and implement a comprehensive risk management system, and is comprised of the Group CEO and president, the Group COO, the executive officer in charge of Corporate Affairs, and representatives from the Operations Management Group, Risk Management Group, Legal Department, and Audit Division.

In 2016, the Risk Management Committee was established as a consultative body to the Board of Directors in response to a request from the Board of Directors, and the Risk Management Division and the Risk Management Group were reorganized into the Risk Management Meeting. This structure enables the entire Group, from the employee side by the governance committee under the CSR Committee, to have an internal reporting system in place that employees can use to report potential risk incidents. In October 2016, we also established the Risk Management Committee as a consultative body to the Board of Directors, and the Group has implemented a system for receiving reports at all Group companies.

The Sekisui House Group has an internal reporting system, a helpline for employees, the Corporate Ethics Helpline, and an Ariake Business Ethics Helpline for employees. The Corporate Ethics Helpline provides support for ethical issues and is available 24 hours a day, while the Ariake Business Ethics Helpline provides support for ethical issues related to the Ariake Group and is available from 8:30 a.m. to 8:30 p.m. Employees can also contact the Sekisui House Group's Social Ethics Hotline, the Social Ethics Hotline, the Social Ethics Hotline, and the Social Ethics Hotline, which is available 24 hours a day, to discuss ethical issues.

Sekisui House Group promotes the prevention of the protection of human rights. Since the adoption of various international human rights conventions, the Group has taken steps to ensure that it adheres to all human rights laws and regulations, and it adheres to the principles of action we introduced to achieve our Sustainability Vision. In addition, the Group has established a CSR promotion system that promotes CSR activities, and it addresses the opinions of external stakeholders through CSR promotion activities.

The Sekisui House Group also holds regular meetings to discuss and verify recurrence countermeasures in an effort to strengthen internal control initiatives. In addition, the Sekisui House Group Senior Management Committee is a consultative body to the Board of Directors that reviews and approves all policies and programs related to CSR activities.

The Sekisui House Group considers CSR to be an essential principle of management. The Group's CSR promotion structure includes a CSR Supplier Subcommittee, the CSR Promotion System, and the CSR Management Promotion System. The CSR Supplier Subcommittee addresses the opinions of external stakeholders and verifies whether current CSR activities are consistent with the principles of action we introduced to achieve our Sustainability Vision.

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Compliance and Risk Management

The Sekisui House Group places compliance and risk management as important issues to be addressed at all times. In 2016, the Risk Management Committee was established as a consultative body to the Board of Directors in response to the occurrence of incidents involving violation of laws and regulations. To promote corporate activities of each Group company, the Group’s corporate philosophy and CSR activities are observed by the Company, its directors and employees to be trusted by society.

In FY2016, we conducted initiatives to deepen and promote thorough compliance, including the promotion of compliance incorporated into the PDCA cycle. The Risk Management Committee, established in 2016 as a consultative body to the Board of Directors, and the Risk Management Meeting shares information regarding risks and promotes risk management. The Risk Management Committee addresses, we promote Company-wide inculcation using workshops and seminars, as well as regular education and training. The Risk Management Committee is composed of managers from relevant divisions, such as the Personnel Management Group, established under the CSR Committee. The Committee also promotes the prevention of sex discrimination.

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Promoting the Protection of Human Rights

Sekisui House attempts to promote thorough compliance, including adherence to laws and regulations, in the promotion of CSR initiatives as important issues to be promoted under the CSR Committee and Organizational Management Committee. Risk management systems in each Sekisui House Group company are established under the auspices of the CSR Committee, both of which are engaged in compliance and risk management. The Risk Management Committee was established in 2016 as a consultative body to the Board of Directors in response to the occurrence of incidents involving violation of laws and regulations. To promote corporate activities of each Group company, the Group’s corporate philosophy and CSR activities are observed by the Company, its directors and employees to be trusted by society.

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Compliance and Risk Management

The Sekisui House Group positions compliance and risk management as important issues to be addressed at all times. In FY2016, the Risk Management Committee was established to coordinate efforts in the Board of Directors in response to business expansion. The Committee is comprised of representatives from each business division under the authority of the CSR Committee, both of which are engaged in compliance and risk management initiatives and are working together to promote these issues.

We also actively engage in the promotion of human rights, ESG, building our foundation as a company committed to human rights.

We have also promoted the Corporate Governance Code, which is the basis for monitoring the corporate Governance Committee, established in FY2017 under the authority of the CSR Committee, both of which are engaged in compliance and risk management initiatives.

By actively engaging in corporate activities, we have built up an environment where matters such as "human relations" are treated with due consideration and are promoted. We aim to foster a business environment where human resources are fully utilized, and we will continue to devote efforts to optimal human resources management.

In FY2016, the Risk Management Committee took the lead in various initiatives to enhance risk management. The committee is comprised of representatives from each business division under the authority of the CSR Committee, both of which are engaged in compliance and risk management initiatives.

Construction Industry Law and other laws as subcontractor under understanding with respect to regulations regarding business practices, adherence to the Act against Delay in payment of Subcontract Proceeds, Etc. to Subcontractors and (3) creating overseas risk management structures.

The Sekisui House Group formulated and enacted the Sekisui House Group Compliance Risk Management System (Sekisui House Group Risk Management System), which includes a framework for promoting compliance incorporated into the PDCA cycle. The system covers not only compliance with laws and regulations, but also compliance with corporate ethics and social norms and expectations, so that Group-wide CSR activities can be implemented in a united manner.

The Sekisui House Group has an internal reporting system, including an immediate report to the Compliance Risk Management System, when the employee side by the governance committee under the authority of the CSR Committee, both of which are engaged in compliance and risk management initiatives. Employees are encouraged to report any cases of compliance issues or problems in the workplace so that they can be promptly handled.

In October 2016, the Risk Management Committee established the Risk Management System Enhancement Initiative, which is a comprehensive initiative to enhance risk management. The committee is comprised of representatives from each business division under the authority of the CSR Committee, both of which are engaged in compliance and risk management initiatives.

In the fiscal year under review, there were no major infractions related to personal information handled by the Sekisui House Group, and there were no infractions of corporate law related to personal information handled by the Sekisui House Group. There were also no infractions of corporate law related to personal information handled by the Sekisui House Group. There were also no infractions of corporate law related to personal information handled by the Sekisui House Group.

In order to strengthen human rights awareness, the Sekisui House Group has established the Human Relations Office, a dedicated department unifying communication and human relations training. The office, established in 2003 within the Personnel Department, is staffed by employees of the Personnel Department and Legal Department, and meets to engage in regular discussions with division managers from relevant divisions, such as the Personnel Department, Human Relations Office, and Legal Office.

Moreover, in order to ensure that all employees are aware of the office's functions and responsibilities, the office conducts regular seminars and training courses for employees. The office also provides support and guidance to employees through a variety of communication methods, including regular meetings, seminars, and training courses. These efforts are designed to promote a culture of respect for human rights and social responsibility throughout the Sekisui House Group.

We will also strengthen personal information protection awareness regarding personal information protection. In the future, we will continue to conduct educational guidance on the handling of personal information. The Sekisui House Group is committed to ensuring that all employees understand the importance of personal information protection and are able to handle personal information in accordance with laws and regulations.

By actively engaging in human rights promotion activities, we will continue to promote a culture of respect for human rights and social responsibility throughout the Sekisui House Group.

Customer Support in the Event of Widespread Natural Disasters

Based on experiences and lessons learned from the Great East Japan Earthquake, when the Kumamoto and Tottori earthquakes occurred, we conducted initiatives to deepen understanding of regulations regarding the expansion of international business.

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Compliance and Risk Management

The Sekisui House Group positions compliance and risk management as important issues to be addressed at all times. In 2013, the Risk Management Committee was established and continues to help the Board of Directors in regular meetings. The committee's discussions include a range of important risk management topics, from internal reports to the formation of risk management systems.

We also established a checklist item related to the Act on Payment of Subcontract Proceeds, Etc. to Subcontractors and established the Sekisui House Group's House Corporate Ethics Guidelines in October 2003 as a part of the company's efforts to promote corporate ethics. In 2016, the Risk Management Committee was established to help the Board of Directors in dealing with risks and issues. The committee aims to address compliance and risk management as important issues to be addressed at all times.

In FY2016, these discussions focused on (1) enhancing risk management systems, (2) improving the effectiveness of corporate ethics considerations, and (3) creating overseas risk management structures.

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Full Business Policies

The Sekisui House Group aims to develop an organizational culture in which employees can fully contribute to the achievement of the group's vision and mission. A culture in which employees can develop their full potential as individuals is absolutely essential. To promote this, employees are educated on various corporate policies, including corporate ethics, personal information protection, and risk management.

Employee safety confirmation

The Sekisui House Group aims to develop a culture in which employees can fully contribute to the achievement of the group's vision and mission. A culture in which employees can develop their full potential as individuals is absolutely essential. To promote this, employees are educated on various corporate policies, including corporate ethics, personal information protection, and risk management.

In FY2016, the Risk Management Committee was established to help the Board of Directors in dealing with risks and issues. The committee aims to address compliance and risk management as important issues to be addressed at all times.

In FY2017, these discussions focused on (1) enhancing risk management systems, (2) improving the effectiveness of corporate ethics considerations, and (3) creating overseas risk management structures.

In FY2018, these discussions focused on (1) enhancing risk management systems, (2) improving the effectiveness of corporate ethics considerations, and (3) creating overseas risk management structures.

Sekisui House attempts to promote thorough compliance, and remains committed to ensuring that all employees understand the company's policies and procedures. The company believes in the importance of compliance and risk management and continues to work on improving these areas.

In FY2019, these discussions focused on (1) enhancing risk management systems, (2) improving the effectiveness of corporate ethics considerations, and (3) creating overseas risk management structures.

In FY2020, these discussions focused on (1) enhancing risk management systems, (2) improving the effectiveness of corporate ethics considerations, and (3) creating overseas risk management structures.

In FY2021, these discussions focused on (1) enhancing risk management systems, (2) improving the effectiveness of corporate ethics considerations, and (3) creating overseas risk management structures.

In FY2022, these discussions focused on (1) enhancing risk management systems, (2) improving the effectiveness of corporate ethics considerations, and (3) creating overseas risk management structures.

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In FY2050, these discussions focused on (1) enhancing risk management systems, (2) improving the effectiveness of corporate ethics considerations, and (3) creating overseas risk management structures.
Specifying Material Aspects with Consideration for Stakeholders and Impacts on Society

In 2015, we narrowed down the 46 Specific Standard Disclosures of the GRI Standards (G4) to 30 material aspects. In 2016, to reflect societal changes and needs, we prioritized these aspects based on a reanalysis of their “impacts on stakeholder evaluations and decision-making” and “the extent of the company’s economic, environmental and social impact.” Consequently, we specified 19 material aspects (see below). In 2017, we will continue initiatives as critical aspects related to CSV strategy. Please see page 19 for information on the relationship between the CSV strategy and material aspects.

Material Aspects (Key Issues) from the Perspective of Stakeholders and Societal Impacts

<table>
<thead>
<tr>
<th>Supplier environmental assessment</th>
<th>Customer health and safety</th>
<th>Training and education</th>
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<tbody>
<tr>
<td>Employment</td>
<td>Compliance (product responsibility)</td>
<td>Sustainability (business model)</td>
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<tr>
<td>Supplier environmental assessment</td>
<td>Supplier human rights assessment</td>
<td>Supplier assessment for labor practices</td>
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<td>Supplier assessment for impacts on society</td>
<td>Local communities</td>
<td>Anti-corrupt behavior</td>
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Degree of Impact on Sekisui House Group and Society

Main Stakeholders and Overview of Actions

<table>
<thead>
<tr>
<th>Main Stakeholders and Overview of Actions</th>
<th>Examples of proposed themes</th>
<th>Response for such themes</th>
<th>Refer to</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td>Customer survey</td>
<td>Long-term planning of housing and increase transaction value</td>
<td>Page 37–42 WB</td>
</tr>
<tr>
<td>Suppliers</td>
<td>Supplier environmental management</td>
<td>Supplier evaluations</td>
<td>Page 64–65 WB</td>
</tr>
<tr>
<td>Business</td>
<td>Organization of Sekisui House Association</td>
<td>Developing construction site environment</td>
<td>Page 33–34 WB</td>
</tr>
<tr>
<td>Partners</td>
<td>Environmental awareness survey</td>
<td>Improving construction site environment</td>
<td>Page 60–61 WB</td>
</tr>
<tr>
<td>Employees</td>
<td>Contributing to women’s career development</td>
<td>Contributing to women’s career development</td>
<td>Page 45–46 WB</td>
</tr>
<tr>
<td>Shareholders and investors</td>
<td>Supporting business performance</td>
<td>Supporting business performance</td>
<td>Page 56 WB</td>
</tr>
<tr>
<td>Communities</td>
<td>Supporting disaster recovery and prevention</td>
<td>Improving disaster prevention and recovery</td>
<td>Page 70–71 WB</td>
</tr>
<tr>
<td>All stakeholders</td>
<td>Public commitment to society</td>
<td>Public commitment to society</td>
<td>Page 67–69 WB</td>
</tr>
</tbody>
</table>

Sekisui House Group main stakeholders include customers, consumers, business partners, employees, shareholders, and communities. We address issues and expectations through dialogues with all these stakeholders. To this end, we actively engage in daily communications using a variety of methods.
Specifying Material Aspects with Consideration for Stakeholders and Impacts on Society

In 2015, we narrowed down the 46 Specific Standard Disclosures of the GRI Guidelines (G4) to 30 material aspects. In 2016, to reflect societal changes and needs, we prioritized these aspects based on a reanalysis of their “impacts on stakeholder evaluations and decision-making” and “the extent of the company’s economic, environmental and social impact.” Consequently, we specified 19 material aspects (see below). In 2017, we will continue initiatives as critical aspects related to CSR strategy. Please see page 19 for information on the relationship between the CSV strategy and material aspects.

Specifying Material Aspects with Consideration for Stakeholders and Impacts on Society

Material Aspects (Key Issues) from the Perspective of Stakeholders and Societal Impacts

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<th>Key Issues</th>
<th>Societal Impacts</th>
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</thead>
<tbody>
<tr>
<td>Supplier</td>
<td>Environmental assessment</td>
<td>Ensuring safe and sustainable production</td>
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<tr>
<td>Customer</td>
<td>Health and safety</td>
<td>Ensuring product safety and quality</td>
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<tr>
<td>Training and education</td>
<td></td>
<td>Ensuring customer satisfaction and loyalty</td>
</tr>
<tr>
<td>Employment</td>
<td></td>
<td>Ensuring fair labor practices</td>
</tr>
<tr>
<td>Compliance (product responsibility)</td>
<td></td>
<td>Ensuring product safety and quality</td>
</tr>
<tr>
<td>Human rights</td>
<td></td>
<td>Ensuring respect for human rights</td>
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<tr>
<td>Assessment</td>
<td></td>
<td>Ensuring transparent and ethical business practices</td>
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<td></td>
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<td>Ensuring accountability and transparency</td>
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<td>Ensuring stakeholder engagement and feedback</td>
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<td>Consumers</td>
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<td>Customer support</td>
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<td>Business partners</td>
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Stakeholder Engagement

Sekisui House Group main stakeholders include customers, consumers, business partners, employees, shareholders, investors and communities. We address issues and expectations through dialogues with all these stakeholders. To this end, we actively engage in daily communications using a variety of methods.
Governance / Environmental activities

Comments from External Members of the CSR Committee

The CSR Committee meets regularly to develop and promote important CSR policies and verify the relevancy and effectiveness of current CSR activities. During these meetings, two external members are asked to share their opinions, which provide the basis for discussion among Committee members. The following are comments given by the external members in light of discussions held during FY2016.

A Model for the World Faced with Aging Societies Everywhere

Sekisui House sees its mission as “changing society through housing” and promotes a variety of initiatives while anticipating future developments. In addition to sharing a vision of what society should be throughout the Company, Sekisui House’s strength is in establishing specific numerical targets precisely correlated to major trends and recent activities. From smart homes to smart cities and the proposal of new lifestyles, Sekisui House considers a wide range of social issues able to be resolved through housing. From this lofty perspective, the Company aims not only to develop itself, but also to continuously develop the housing industry, creating growth in Japan and a vibrant society. Among these activities, efforts aiming to foster societies where people find meaning in life and work, where senior citizens with a wealth of experiences enjoy lifelong activity and extended healthy life expectancies through advances in housing environments will surely lead to the resolution of issues facing Japan in terms of falling birthrates and an aging population. In this way, Sekisui House will become a model for a world faced with aging societies everywhere.

As the world’s top housing manufacturer, I want Sekisui House to focus more intently than ever on grasping customer needs and engaging in global developments.

CSR Committee Recommendations

- I want Sekisui House to realize more advanced and sophisticated housing functionality using IoT, AI, and other technologies. As other companies are apprehensive about scenarios in which these technologies can be utilized, I see this as an irreplaceable opportunity for Sekisui House given its track record in environmental management. I want Sekisui House to seriously discuss how to change society through housing and determine which initiatives to focus on.

- I think that the program for the promotion of “CSR House Group” appeal and strengths for the purpose of differentiation. Asking young people to provide ideas is linked to improved motivation. I recommend the widespread use of a phrase such as “when you think of the environment, think of Sekisui House” to inspire ideas.

The Big Impact of Small Services

The home Sekisui House built for me is now almost 30 years old. After 30 years, cracks are beginning to show and my needs are changing. Recently, the toilet was replaced and the washroom sink was repaired. The toilet was replaced for health reasons, not aesthetics. Initially, I visited home fixture manufacturer showrooms and narrowed down my options, eventually deciding on a proposal from Sekisui House. I thought going through Sekisui House would be expensive, but I was surprised at how unexpectedly affordable it was. When you think about it, the affordability is obvious. The average consumer has no bargaining power when it comes to home fixture manufacturers, but Sekisui House is able to negotiate lower prices with home fixture manufacturers. They have expertise in inexpensive fixtures and can also arrange efficient installation work. While we were waiting, the interior designer noticed some loose wallpaper and unexpectedly provided repair service free of charge. Sekisui House needs to let customers know that they also are able offer these kinds of services. Services that support the ability to continue living in a cherished home will be held in high regard by customers and are also environmentally friendly. I expect Sekisui House to make every effort in this regard.

CSR Committee Recommendations

- If customer expectations are not exceeded, consumers will not acknowledge value. When expectations for value are high, the first place, as they are for Sekisui House, the hurdles for obtaining a solid reputation are high, thus it is necessary to demonstrate every year to increase awareness by “familiy” customer expectations on a positive way.

Sekisui House must be proficient in terms of compliance. It is important to eliminate negatives, but no matter how many negatives are eliminated, this alone will not make a positive. If mechanisms are not in place that focus on positive developments, this will result in a passive organization afloat to take on new challenges.

Eco-First Initiatives

The Eco-First system for companies was devised by the Japanese Ministry of the Environment requiring a commitment to initiatives related to global warming countermeasures, waste, recycling and other voluntary environmental protections. In 2008, Sekisui House announced the Eco-First Promise and was certified by the Ministry of the Environment as an industry-leading environmental company.

Updating the Eco-First Promise, Expanding Initiatives

Sekisui House was certified as an Eco-First Company by the Japanese Ministry of the Environment (MOE) in June 2008, since which time we have steadily promoted environmental initiatives. In March 2012 and December 2016, we updated and expanded our Eco-First Promise initiatives to reflect changes in the social environment and the progress of our ongoing efforts to maintain our wide-ranging focus on global warming prevention, ecosystem preservation and resource recycling.

Eco-First Promotion Council Initiatives

The Eco-First Promotion Council is a voluntary group of companies that promote the practical implementation of Eco-First Promises individually declared to the Minister of the Environment. Member companies collaborate to further expand and strengthen advanced and unique environmental protection activities. As of February 1, 2017, the council comprised of 39 member companies.

Since April 2014, Sekisui House Chairman Isami Wada has led environmentally advanced companies as the third chair of the Eco-First Promotion Council.

Main Activities in FY2016

Eco Slogan Contest

We held the Eco Slogan Contest for the seventh time in 2016 with the support of the Ministry of the Environment to provide elementary school students across Japan with an opportunity to think about what they can do to maintain Earth’s beauty in the future as well as to contribute to raising people’s environmental awareness throughout the country. A total of 933 works were submitted. After a review by an impartial panel of judges, awards were given to outstanding works, including a Minister of the Environment Prize for the best one and a Sekisui House Prize. We received letters of appreciation from elementary school students across Japan.

Information Exchange Event Held at Eco-First Park

Sekisui House Eco-First Park facility, located at the Kanto Factory (Koganei, Barnet Prefecture), is open to the public and contains proving test houses that symbolize our environmental activities, enabling visitors to experience environmental initiatives embodying the Eco-First Promises. An information exchange meeting was held at this facility in March 2016, where representatives of Eco-First Companies participated in a tour. In July, an Eco-First Information Exchange event was also opened inside this facility.
Comments from External Members of the CSR Committee

The CSR Committee meets regularly to develop and promote important CSR policies and verify the relevancy and effectiveness of current CSR activities. During these meetings, two external members are asked to share their opinions, which provide the basis for discussion among Committee members. The following are comments given by the external members in light of discussions held during FY2016.

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In this way, Sekisui House will become a model for a world faced with aging societies everywhere. As the world’s top housing manufacturer, I want Sekisui House to focus more intently than ever on grasping customer needs and engaging in global developments.

CSR Committee Recommendations

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Sekisui House needs to let customers know that they also are able offer these kinds of detailed services. Services that support the ability to continue living in a cherished home will be ever more important to consumers.

CSR Committee Recommendations

- Even if customer expectations are not exceeded, consumers will not acknowledge value. When expectations for value are high in the first place, as they are for Sekisui House, the hurdles for obtaining a skill repair are thus even greater. It is necessary to devote them every year to increase awareness by “teaming” customer expectations in a positive way.
- Sekisui House must be proficient in terms of compliance. It is important to eliminate negatives, but no matter how many negative points we eliminate, this alone will not make a positive. If mechanisms are not in place that focus on positive developments, this will result in a passive organization afraid to take on new challenges.

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Updating the Eco-First Promise, Expanding Initiatives

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- Increase ratio of Net Zero Energy homes to 80% or higher by 2020
- Promote Gohon no ki planning, planting a total of 15 million trees by 2020
- Increase production plant material recycling rate to 90% or higher

Eco-First Promotions and Initiatives

- Eco-First Promotions Council Initiatives
- Eco-First Promise and Progress

Eco Slogan Contest

We held the Eco Slogan Contest for the seventh time in 2016 with the support of the Ministry of the Environment to promote environmental awareness. The contest was open to elementary school students across Japan with an opportunity to think about what they can do to maintain the Earth’s beauty in the future and to contribute to raising people’s environmental awareness. A total of 936 works were submitted.

- Regular meeting of the council in FY2016 attended by MOE Minister Monika Worden
- Information Exchange Event Held at Eco-First Park

The Sekisui House Eco-First Park facility, located at the Kanto Factory (Koganei, Tokyo Prefecture), is open to the public and contains proving test houses that symbolize our environmental activities, enabling visitors to experience environmental initiatives embodying the Eco-First Promise.

Dr. Tadao Kagono
Special Visiting Professor, Tokyo University

Haruo Tsujii
Former President, Sharp Corporation

Kawasaki
V Unternehmen der Zukunft, nachhaltiger Lebensstil

Sekisui House Sustainability Report 2017

63 Sekisui House Sustainability Report 2017
64 Sekisui House Sustainability Report 2017
Environmental activities

Material Balance

The Sekisui House Group monitors and reports environmental impacts at each stage of the lifecycle of our housing products—including development and design, raw material procurement, factory production, transportation, construction, and occupancy in Japan and overseas.

FY2016 Environmental Impact Caused by Corporate Activities in

<table>
<thead>
<tr>
<th>Activities</th>
<th>CO2 Emissions (t-CO2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>880,264</td>
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<tr>
<td>Waste</td>
<td>51,189</td>
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<tr>
<td>Water</td>
<td>154,000</td>
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<tr>
<td>Other</td>
<td>6,497</td>
</tr>
<tr>
<td>Total</td>
<td>1,077,956</td>
</tr>
</tbody>
</table>

FY2016 Amount of CO2 Emissions by Scopes 1–3

| Scope 1: Development and design | 0.7% (264,000 t-CO2) |
| Scope 2: Raw materials         | 97.5% (4,881,000 t-CO2) |
| Scope 3: Factory production    | 1.8% (39,373 t-CO2)    |

Notes on the data

- Development and design: The estimated amount of CO2 emissions during the demolition of old buildings prior to new construction.
- Raw materials: The estimated amount of energy consumption and CO2 emissions resulting from production of raw materials purchased by Sekisui House, Ltd., factories.
- Factory production: The estimated amount of energy consumption and CO2 emissions resulting from the use of raw materials purchased by Sekisui House, Ltd., factories.
- Transportation: The estimated amount of energy consumption and CO2 emissions resulting from transportation of raw materials purchased by Sekisui House, Ltd., factories.
- Construction: The estimated amount of energy consumption and CO2 emissions resulting from the use of raw materials purchased by Sekisui House, Ltd., factories.
- Demolition: The estimated amount of energy consumption and CO2 emissions resulting from demolition of buildings during occupancy.
Material Balance

The Sekisui House Group monitors and reports environmental impacts at each stage of the lifecycle of our housing products— including development and design, raw material procurement, factory production, transportation, construction, and occupancy in Japan and overseas.

FY2016 Amount of CO2 Emissions by Scopes 1–3

We calculate and disclose our Scope 1 (3) CO2 emissions in line with the methodology of the Greenhouse Gas Protocol4. Scope 1 and 2 CO2 emissions from construction and demolition include emissions from construction and demolition undertaken by partner building contractors that are not members of the Sekisui House Group. These emissions should have been counted as Scope 3 emissions, but owing to the difficulty of distinguishing between the work undertaken by Group companies and non-Group companies, we include them in Scope 1 and 2 emissions for the sake of simplicity.

CO2 emissions by Scope 1–3

Scope 1: 2.3% (126,000 t-CO2)

Development and design, raw materials, factory production, transportation

Scope 2: 97.3% (4,811,000 t-CO2)

Development and design, transportation, construction, demolition

Scope 3: 0.3% (126,000 t-CO2)

Development and design, raw materials, factory production, transportation

We have a structure in place that informs the head office in the event environmental laws or regulations are violated at a factory. In FY2015, there were no criminal charges brought against the Sekisui House Group for which criminal punishment, administrative penalty, or administrative guidance was imposed nor serious leaks of environmentally hazardous substances.

In the construction industry, the Eco Action 21 voluntary action plan produced by the Japan Prefabricated Construction Suppliers and Manufacturers Association is promoting the completion of new buildings with high energy and water efficiency and the renovation of old buildings prior to new construction.

Notes on the data

Development and design (including the data of 106) and administration, development, and related business.

• Energy and CO2: the amount of energy consumption and CO2 emissions resulting from the use of electricity and heat purchased by the Sekisui House Group (48,000 t-CO2).

• Waste: the volume of waste generated by the Sekisui House Group (313,000 t-CO2).

• Raw materials: CO2: the estimated amount of CO2 emissions resulting from production of non-materials purchased by the Sekisui House Group (16,000 t-CO2).

• Factory production: Energy and CO2: the amount of energy consumption and CO2 emissions resulting from production of non-materials purchased by the Sekisui House Group (16,000 t-CO2).

• Energy and CO2: the amount of energy consumed and CO2 emitted by the Sekisui House Group from its factories in Japan and Sekisui House Advanced Manufacturing (Shenyang). This calculation was made according to the guidelines published in the Act on the Rational Use of Energy and according to version 4.2 of the Greenhouse Gas Protocol (GHG Protocol) Scope 1–3.

• Transportation: Energy and CO2: the amount of energy consumption and CO2 emissions resulting from the use of fuel by the Sekisui House Group (7,260,000 t-CO2).

• Construction: Energy and CO2: the estimated amount of energy consumption and CO2 emissions resulting from the use of fuel from Sekisui House Group companies and building contractor partners.

• Occupancy: Energy and CO2: the estimated amount of energy consumption and CO2 emissions resulting from the use of fuel from Sekisui House Group companies and building contractor partners.

• Demolition: Energy and CO2: the estimated amount of energy consumption and CO2 emissions resulting from the use of fuel from Sekisui House Group companies and building contractor partners.
Product Responsibilities

The Sekisui House Group is engaged in creating comfortable housing and ecologically sound communities with the objective of superior quality and leading technologies based on our corporate philosophy espousing a love of humanity.

Every day we aim to realize true customer satisfaction (CS) to satisfy all customers throughout their lives with a devotion to management that has had a solid customer first focus since our founding.

Promoting CS Management Targeting Superior Quality and Leading Technologies

We make daily efforts to earn customer confidence and achieve customer satisfaction by aiming to provide the highest level of products and services throughout the housing creation process, from sales, design, and production, to construction and after-sales services.

We believe the provision of comfortable and livable housing that provides safety and security preventing household accidents in line with changes in the physical abilities of each family member to be the obvious product responsibility every housing manufacturer.

In addition to the basic approach of the Sekisui House Group Smart Universal Design, we propose ingenious designs that place importance on the comfort derived from candid mind and body sensations, such as the feeling of a casual touch, everyday user-friendliness and an unexpected awareness of the beauty of the design.

We pursue housing creation that facilitates an endless love for one’s lifestyle that is comfortable for everyone, engaging in the development of housing materials and design methods from three perspectives: safety and security, user-friendliness and comfort.

We also established the CS Promotion Department to thoroughly inculcate these activities throughout the Company. We provide customers with consultation and advice to raise the level of customer satisfaction, operate the Net Owners Club Kizuna to support customer lifestyles and also provide support through nationwide customer service centers responsible for after-sales services.

In addition, we established a call center within the CS Promotion Department to receive calls from customers during non-business hours when the customer service centers are closed, creating a system able to provide same-day response and arrangements in the event of an emergency request.

Further Improving Quality and Expanding Services

We conduct a customer survey on the housing products and services we provide.

This survey confirms whether customers are satisfied with the quality of their home and the service provided by our representative. In the event of dissatisfaction or problems we quickly respond to eliminate or improve issues and strive to improve quality and expand services going forward. The survey also allows customers to freely add comments regarding their preferences, demands and feedback after actually living in their home. We attempt to incorporate various customer opinions and perspectives into our homebuilding efforts.

After collecting and analyzing survey results, the analysis results are provided to each relevant department as feedback used to improve daily business activities and product and service safety and health, as well as develop new materials and products and improve design and construction.

The FY2016 survey received an all-time high ratio of “highly satisfied” comments, which we attribute to the fruition of efforts toward improvements in light of customer survey results up to now. At the same time, with regard to customers who indicated they were dissatisfied, we are working to eliminate factors preventing employees from fulfilling their responsibilities.

Results of Past Customer Surveys on Satisfaction (7-Point Scale Evaluation)

<table>
<thead>
<tr>
<th>Year</th>
<th>Highly satisfied (%)</th>
<th>Satisfied (%)</th>
<th>Somewhat satisfied (%)</th>
<th>Others (neither satisfied or dissatisfied; somewhat dissatisfied; dissatisfaction; highly dissatisfied)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>15.2%</td>
<td>39.6%</td>
<td>41.9%</td>
<td>38.7%</td>
</tr>
<tr>
<td>2013</td>
<td>14.5%</td>
<td>39.3%</td>
<td>42.0%</td>
<td>38.6%</td>
</tr>
<tr>
<td>2014</td>
<td>14.2%</td>
<td>39.6%</td>
<td>41.9%</td>
<td>43.3%</td>
</tr>
<tr>
<td>2015</td>
<td>14.5%</td>
<td>41.0%</td>
<td>41.9%</td>
<td>43.3%</td>
</tr>
<tr>
<td>2016</td>
<td>13.6%</td>
<td>38.6%</td>
<td>42.0%</td>
<td>43.3%</td>
</tr>
</tbody>
</table>

Safety handle (10th Kids Design Award recipient) Full-flat sash, full-flat balcony (5th Kids Design Award recipient)
Occupational Health and Safety Management

The Sekisui House Group places the utmost priority on employee and subcontractor health and safety in everyday business activities. In the event a worker-related accident occurs in the administrative, production or construction departments, details are provided to the Health and Safety Committee and incorporated into the PDCA cycle related to workplace health and safety.

Accidents resulting in lost worktime and occupational illness frequency rates

In FY2016, although the frequency rate of accidents resulting in lost worktime and occupational illness in each department increased compared to FY2015, there were some decreases. We thoroughly analyze causal factors to improve safety and health awareness, prevent unsafe behaviors and control long working hours linked to accidents and illness.

<table>
<thead>
<tr>
<th>Department</th>
<th>Frequency of accidents resulting in lost worktime</th>
<th>Occupational illness frequency rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative department</td>
<td>0.33, 0.16, 0.03</td>
<td>0.00</td>
</tr>
<tr>
<td>Production department</td>
<td>0.00, 0.40, 0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Construction department</td>
<td>0.32, 1.22, 0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Subcontractor</td>
<td>3.00, 2.57, 0.17</td>
<td>0.34</td>
</tr>
</tbody>
</table>

1. Sekisui House on a non-consolidated basis
2. In FY2016, the artificial figure for construction floor area used to estimate the total working hours for construction sites (contractors only) was changed to the latest figures.
Using the latest figures, the frequency rate of accidents resulting in lost worktime on construction sites (contractors only) was 2.42 and occupational illness frequency rates were 0.14.

Proprietary Sekisui House Risk Zero System Operation

We established a specialized unit, the Construction Department Safety Guidance Office, in an effort to prevent the occurrence of occupational accidents, particularly with respect to risky work at construction sites.

The proprietary Sekisui House risk zero system was created with consideration for the special characteristics of construction sites outlined in the “Occupational Health and Safety Management System” promoted by the Ministry of Health, Labour and Welfare. Health and safety management activities are developed based on the annual construction health and safety plans created annually for the entire Company and at each office to enable Sekisui House Group and partner company employees to work in health and safety.

Occupational Health and Safety Activities at Construction Sites

Ensuring the occupational health and safety of everyone engaged in construction work is the Sekisui House Group’s social responsibility and one of the items toward which we must make a concerted effort. To enable construction personnel to work with safety and peace of mind, in FY2016 we announced the Annual Company-wide Construction Health and Safety Plan calling for the eradication of falling-related and heavy equipment accidents. In terms of falling-related accidents, as a result of a Company-wide focus on the proper assembly of scaffolding, the number of external scaffolding accidents declined. However, accidents involving stepladders increased slightly. We conducted special training for scaffold assembly and other topics both in-house and through lectures at outside organizations.

In FY2016, worker-related accidents were at a 10-year high due to a substantial increase in construction activities. Minor injuries accounted for 60% of overall accidents, with human errors such as a failure to follow procedures or use “bothersome” safety equipment as the primary factor. We recognize the necessity of immediately correcting unsafe behaviors with unilateral instructions as well as appropriately responding to encourage voluntary actions by workers.

To prevent ongoing work-related accidents occurring over the past several years, in FY2017 we will focus efforts on avoiding serious accidents and slowing down the rise of accidents through the Annual Company-wide Construction Health and Safety Plan under the slogan “Constant vigilance! Everyone work safely by following main protocols!”

In addition, accident prevention measures and health and safety education training was conducted for everyone involved in construction. In FY2016, we conducted foreman and safety and health manager training as well as education and special training for scaffold assembly that included legal content based on Sekisui House Group trends and implementation measures.

Worker safety slogan poster

Sekisui House Sustainability Report 2017 68
Supply Chain Management

The extensive housing industry, which uses a large amount and wide variety of materials, has a significant impact on the supply chain.

In particular, as seen in the UN Sustainable Development Goals (SDGs), the extent to which companies are able to maximize the impact of environmental and social issue resolutions, including the supply chain, ranks as a more positive strategy for the long-term enhancement of corporate value going beyond “responsibility.” At the same time, it is an important pillar in terms of efforts to coexist with and nurture the supply chain.

Two aspects of supply chain management

Materials procurement

Tens of thousands of components and products from numerous manufacturers are used to build each house. In principle, the Sekisui House Group head office engages in bulk purchasing and management to ensure management consistency and economies of scale.

Construction

Rather than adopting an agency system, Sekisui House creates Direct sales and project accountability systems. As multiple professionals are involved in each of the construction processes, we collaborate in each region to improve construction quality through integrated management.

Procurement Policies

To pursue procurement activities based on the Sekisui House corporate philosophy and corporate behavioral guidelines, since 2007 we have observed and promoted eight procurement policies focused on the highest quality, optimal pricing and supply optimization.

Promoting CSR Procurement

Based on the CSV concept of resolving social issues through business activities and enhancing corporate value, Sekisui House promotes CSR procurement throughout the entire supply chain to achieve sustainable growth as a company that is truly needed by society.

This is because housing is a product created using numerous materials provided by multiple suppliers, thus CSR considerations are not a concern of Sekisui House alone. The problems of new company can affect all business partners and perhaps even lead to a decline in corporate value, so this is a mechanism for sharing more directly with suppliers.

CSR Procurement Standards

(Formulated in October 2015 in addition to Procurement Policies)

- Human rights and labor
- Respect for human rights, abolition of discrimination, prevention of child labor, prohibition of forced labor, usage of working hours, dialogue and consultation with employees, safe and healthy work environment, human resources development

- Compliance
- Compliance with laws and regulations, compliance with the competition law, governance of suppliers, management and protection of confidential information

- Social contributions
- Local and community contributions

Supplier Evaluation Implementation and Improvement

Every year, we hold policy briefings attended by approximately 200 business partner companies to ensure consistency between suppliers’ company policies and Sekisui House procurement policies to deepen mutual understanding. The latest management plans, procurement policies and product strategies are explained. Information is shared to guide the activities of supplier companies, companies are honored for their superior efforts and case studies are announced among other activities aimed at mutual encouragement.

Sekisui House conducts supplier evaluations based on procurement policies to maintain fair and impartial business practices. We disclosed the results of these evaluations so suppliers can incorporate them into their improvement activities. At the same time, we conduct ongoing factory visits and QC diagnostics at major suppliers, as we believe high-level practical implementation of procurement policy is possible only after a stable management structure has been established.

Promoting Build and Lease Method for the Disabled

Taking advantage of the United Nations International Year of Disabled Persons in 1981, Japan’s policies with regard to the disabled was transformed to enable disabled persons to live with community residents. As a result, there is a demand for group homes as a place for people who require care to live. However, there are hardly any cases where corporations that become management entities build group homes independently because there are few subsidies from public funds or foundations and borrowing is difficult.

Furthermore, many disabled and their parents are growing older, thus the development of group homes as a place where the disabled can live their daily lives independently is an urgent matter.

Given these conditions, Sekisui House proposes a build and lease method (owner and company) to landowners who want to effectively utilize their properties. The owner build group homes to be managed by corporations that will conduct block leasing. In 1981, Sekisui House built Japan’s first model home for the disabled. In 1989, we defined the “life-long-housing” concept that takes into consideration individual differences in age and physical abilities. Since then, we have pursued housing environments that provide everyone with “comfortable living—now and always.”

From 2010 to 2016, the number of “Challenged Welfare House” group homes built by Sekisui House rose to 122 properties. Going forward, we will continue to provide comfortable housing to realize the ideal of normalization enabling people with disabilities to live in all communities.

Resolving Social Issues through Business

Major Initiatives

Promoting a Build and Lease Method for the Disabled

Group Home Business

Taking advantage of the United Nations International Year of Disabled Persons in 1981, Japan’s policies with regard to the disabled was transformed to enable disabled persons to live with community residents. As a result, there is a demand for group homes as a place for people who require care to live. However, there are hardly any cases where corporations that become management entities build group homes independently because there are few subsidies from public funds or foundations and borrowing is difficult.

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Two aspects of supply chain management

Materials procurement
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Construction
Rather than adopting an agency system, Sekisui House creates direct sales and project accountability systems. As multiple professionals are involved in each of the construction processes, we collaborate in each region to improve construction quality through internal training.

Procurement Policies

To pursue procurement activities based on the Sekisui House corporate philosophy and corporate behavioral guidelines, since 2007 we have observed and promoted eight procurement policies focused on the highest quality, optimal pricing and supply optimization.

- Materials procurement
- Construction
- Optimal pricing
- Supply optimization
- Technical support
- Social activities
- CSR Procurement
- Optimal construction

Also, in terms of details pertaining to determining the sustainability of timber procurement and chemical substance management, we have established independent guidelines for suppliers whose progress we manage.

Supplier Evaluation Implementation and Improvement

Every year, we hold policy briefings attended by approximately 500 business partner companies to ensure consistency between suppliers’ company policies and Sekisui House procurement policies to deepen mutual understanding. The latest management plans, procurement policies and product strategies are explained. Information is shared to guide the activities of supplier companies, companies are honored for the superior efforts and case studies are announced among other activities aimed at mutual encouragement. Sekisui House conducts supplier evaluations based on procurement policies to maintain fair and impartial business practices. We disclosed the results of these evaluations so suppliers can incorporate them into their improvement activities. At the same time, we conduct ongoing factory visits and QC diagnostics at major suppliers, as we believe high-level practical implementation of procurement policy is possible only after a stable management structure has been established.

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CSR Procurement Standards
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<table>
<thead>
<tr>
<th>Social Responsibilities</th>
<th>Human rights and labor</th>
<th>Compliance</th>
<th>Social contribution</th>
<th>Eco-Friendliness</th>
<th>Environment</th>
<th>Supply Optimization</th>
<th>Risk Management</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Right for human rights, abolition of discrimination, prevention of child labor, prohibition of forced labor, wages or working hours, dialogue and consultation with employees, safe and healthy work environments, human rights management</td>
<td>Compliance with laws and regulations, compliance with the Code of Conduct, promotion of corporate management and protection of confidential information, import and export transaction management, protection of intellectual property</td>
<td>Regional and community contributions</td>
<td>Environmental management, greening gas emission reduction, chemical substance management, prevention of environmental pollution, resource conservation, waste reduction and promotion of Fair Wood utilization</td>
<td>Risk management, risk assessment, establishment of business continuity planning</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Resolving Social Issues through Business

Major Initiatives
Promoting a Build and Lease Method for the Disabled Group Home Business
Taking advantage of the United Nations International Year of Disabled Persons in 1981, Japan’s policies with regard to the disabled was transformed to enable disabled persons to live with community residents. As a result, there is a demand for group homes as a place for people who require care. However, there are hardly any cases where corporations that become management entities build group homes independently because there are few subsidies from public funds or foundations and borrowing is difficult.

Furthermore, many disabled and their parents are growing older, thus the development of group homes as a place where the disabled can live their daily lives independently is an urgent matter.

Given these conditions, Sekisui House proposes a build and lease method (owner and company) to land owners who want to effectively utilize their properties. The owner build group homes to be managed by corporations that will conduct block leasing. In 1981, Sekisui House built Japan’s first model home for the disabled. In 1989, we defined the “lifelong-housing” concept that takes into consideration individual differences in age and physical abilities. Since then, we have pursued housing environments that provide everyone with “comfortable living—now and always.”

From 2010 to 2016, the number of “Challenged Welfare Group House” group homes built by Sekisui House rose to 122 properties. Going forward, we will continue to provide comfortable housing to realize the ideal of normalization enabling people with disabilities to live in all communities.

Building Satellite Nursery Schools to Eliminate the Problem of Children Waiting for Nursery Schools
In recent years, the problem of children waiting for nursery schools has been on the rise. To address this problem, Sekisui House built the Koto Bay Satellite Smart Nursery School main campus in 2015.

The main nursery school in the Akare district where children are nurtured in a carefree environment has a playground facing a waterway that connects to Tokyo Bay, an area located in the middle of the Tokyo Bay zone where the 2020 Olympics and Paralympics will take place. To make this a world-class nursery school, Sekisui House leveraged its unique environmental and energy technologies as well as design capabilities enabling safe, secure and comfortable lifestyles to enable the children to live an eco-friendly daily life. In the event of a disaster, we made this a “smart” nursery school equipped with mechanisms to support the lifestyle of those affected as a disaster prevention base able to be supplied with power from ships.

We also leveraged our design build merits and factory production to build a high-quality facility in a short amount of time—just three months for the design process and five months for construction.

Going forward, when local municipalities are faced with the problem of children waiting for nursery schools, we can provide expertise cultivated through the operation of smart nursery schools to contribute to the resolution of issues such as these throughout Japan.

Building Various Facilities in Response to Rising Inbound Tourism Demand
Germany’s Minister for Economics and Energy, Dr. Brigitte Zypries, has announced a goal of attracting 40 million foreign tourists in the year 2020. To meet this goal, it is estimated that there is a shortage of guest rooms that accept tourists, amounting to approximately 44,000 rooms in 2020. In light of these conditions, we agreed to develop and launch a luxury serviced apartment business in the Akasaka district of Tokyo through an alliance with Frasers Centrepoint Ltd., of Singapore. We propose luxury serviced apartments assuming long-term visits for the purposes of business and sightseeing in response the growing need for high quality hotels based on rising inbound tourism demand and in preparation for the Tokyo Olympics.

We also launched Shukubo (Temple lodging), which aims to contribute to alleviating the growing dearth of guest rooms and respond to both material and abstract consumer needs. We are engaged in Shukubo creation through a collaboration with Waga Project, Co., Ltd., which provides consulting on Shukubo, from management operations to tourism utilization. Though the Shukubo experience of temple lodging, we will convey the beauty of Japanese culture to foreign tourists and the rest of Japan while contributing to regional revitalization.
Social activities

Post-Disaster Restoration and Reconstruction

Restoration and reconstruction after natural disasters is the social responsibility of the Sekisui House Group, which develops businesses related to homes that protect the lives, property and lifestyles of the people who live in them.

We are engaged in ongoing activities aimed at quick restoration when a disaster occurs as well as post-disaster reconstruction.

Post-Earthquake Reconstruction

Immediately after the Great East Japan Earthquake, the Sekisui House Group embarked on customer support activities in stricken areas while also assisting in restoration and reconstruction work and the construction of temporary houses and public housing for those displaced by the disaster. March 2017 marks the passage of six years since the Great East Japan Earthquake and the conclusion of the five-year intensive recovery period stipulated by the Japanese government. The period from now until March 2021 has been designated as a reconstruction and creation phase. However, there are still a great number of victims forced to live in evacuation shelters.

In terms of reconstruction, we are working urgently to develop disaster-ready public rental housing units for people who have difficulty securing residences after leaving temporary housing units where traditionally existing wooden and concrete structures were damaged. We were recognized for our high-quality and quickly built temporary housing and community halls in which we were able to complete our confirmation of owner well-being and damage status in just three days.

We are engaged in ongoing activities aimed at quick restoration when a disaster occurs as well as post-disaster reconstruction.

A New Phase of Company-Wide Promotion for Rapid Reconstruction Providing a New Life to Disaster Victims

Reconstruction planning and progress differ according to administrations, requiring lifestyle and housing proposals that reflect conditions in each region. Through local construction efforts and support from all over Japan, up to now we have completed construction on and handed over 533 disaster-ready public housing units in 191 buildings across three prefectures within the contracted construction period, earning high regard from the government for our construction capabilities.

We were recognized for our high-quality and quickly built lightweight steel frame construction incorporating original Sekisui House construction methods for disaster-ready public housing units where traditionally existing wooden and reinforced concrete construction had been commonplace.

Recently, large-scale projects have been on the rise due to our new projects in areas affected by the Great East Japan Earthquake and reconstruction so that customers can return to their peaceful lives as soon as possible.

Having learned from initial responses after the Great East Japan Earthquake, immediately after the disaster, we set up a coordinated response headquarters at the Kyushu sales office followed by the establishment of a local response headquarters in Kumamoto. First, we confirmed the well-being of victims and their families in the affected area. We were able to confirm the status of damage for approximately 10,000 customers, which was completed in early June. The quick distribution of goods stockpiled at factories and the head office and rapid establishment of a construction and technical support system was successfully achieved through the sharing of disaster details and other information via iPads running an original app.

Having moved from the recovery phase to the reconstruction phase, at present the entire Group is engaged in large-scale construction to rebuild foundations and structures as well as reconstruct homes.

All New Career-Track Employees Take Part in Disaster-Stricken Area Reconstruction Support Activities

Starting in 2012, all new career-track employees at Sekisui House took turns going to disaster-stricken areas to assist in reconstruction work. In addition to providing stricken areas with needed assistance, the goal of this reconstruction effort is to deepen employees’ understanding of the significance of the housing business and have employees think and act from other people’s perspectives.

In the stricken areas, employees worked with NGO volunteers to house what assistance locals needed, then got worked in groups after deciding how they could help. In 2016, as in 2015, we focused efforts on cleaning up temporary housing and community halls, while attempting to communicate with occupants.

New FY2017 employees who began work in April are also taking turns participating in these activities (in 2017, we are also engaged in reconstruction support activities in areas affected by the Kumamoto earthquake).

<table>
<thead>
<tr>
<th>Status of Disaster-Ready Public Housing Provision</th>
<th>Projects started</th>
<th>Projects completed</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2012</td>
<td>64 buildings, 265 units</td>
<td>4 buildings, 20 units</td>
</tr>
<tr>
<td>FY2013</td>
<td>72 buildings, 231 units</td>
<td>16 buildings, 53 units</td>
</tr>
<tr>
<td>FY2014</td>
<td>72 buildings, 184 units</td>
<td>16 buildings, 57 units</td>
</tr>
<tr>
<td>FY2015</td>
<td>46 buildings, 303 units</td>
<td>55 buildings, 122 units</td>
</tr>
<tr>
<td>FY2016</td>
<td>46 buildings, 303 units</td>
<td>55 buildings, 122 units</td>
</tr>
<tr>
<td>Total</td>
<td>264 buildings, 1,087 units</td>
<td>97 buildings, 332 units</td>
</tr>
</tbody>
</table>

Restoration and Reconstruction after the Kumamoto Earthquake

In April 2016, after a large earthquake (foreshock) registering magnitude 6.5, an even larger earthquake registering magnitude 7.3 struck the Kumamoto region. For the first time in the history of seismic observation in Japan, a series of seismic activities with an intensity of seven were repeatedly observed in a major earthquake unlike any seismic event that has occurred up to now. In addition to numerous deaths and injuries, a considerable number of houses were partially or totally destroyed, or partially damaged, resulting in serious damage spread across a wide area.

Of the 10,246 Sekisui Homes in Kumamoto Prefecture, there were no personal injuries, nor were any of the houses partially or totally destroyed. We are engaged in restoration and reconstruction so that customers can return to their peaceful lives as soon as possible.

Having learned from initial responses after the Great East Japan Earthquake, immediately after the fore shock, we set up a coordinated response headquarters at the Kyushu sales office followed by the establishment of a local response headquarters in Kumamoto. First, we confirmed the well-being of victims and their families in the affected area. We were able to confirm the status of damage for approximately 10,000 customers, which was completed in early June. The quick distribution of goods stockpiled at factories and the head office and rapid establishment of a construction and technical support system was successfully achieved through the sharing of disaster details and other information via iPads running an original app.

Having moved from the recovery phase to the reconstruction phase, at present the entire Group is engaged in large-scale construction to rebuild foundations and structures as well as reconstruct homes.

Rapid Initial Response after the Central Tottori Prefecture Earthquake

In October 2016, a magnitude 6.6 earthquake struck central Tottori Prefecture having a maximum seismic intensity of six or less. Roof tiles were damaged and walls collapsed in one house after another mainly in central Tottori Prefecture. Two houses were totally destroyed, three houses were partially destroyed and partial damage was confirmed at 10,033 houses. None of the 796 Sekisui Houses built in the area with seismic intensity of six or less were totally or partially destroyed. As a result of the Group response immediately after the earthquake, we were able to complete our confirmation of owner well-being and damage status in just three days.

Even in other natural disasters, we quickly organize support systems and promptly provide customer support as necessary.
Post-Disaster Restoration and Reconstruction

Restoration and reconstruction after natural disasters is the social responsibility of the Sekisui House Group, which develops businesses related to homes that protect the lives, property and lifestyles of the people who live in them.

We are engaged in ongoing activities aimed at quick restoration when a disaster occurs as well as post-disaster reconstruction.

Post-Earthquake Reconstruction

Immediately after the Great East Japan Earthquake, the Sekisui House Group embarked on customer support activities in stricken areas while also assisting in restoration and reconstruction work and the construction of temporary houses and public housing for those displaced by the disaster. March 2017 marks the passage of six years since the Great East Japan Earthquake and the conclusion of the five-year intensive recovery period stipulated by the Japanese government. The period from now until March 2021 has been designated as a recovery period.

In terms of reconstruction, we are working urgently to provide temporary housing. The Sekisui House Group is making every effort to house as many victims as possible without delay. The Group is working to provide disaster-ready public housing in areas that suffered serious damage. We are working together to make mischief and devastation a thing of the past.

A New Phase of Company-Wide Promotion for Rapid Reconstruction Providing a New Life to Disaster Victims

Reconstruction planning and progress differ according to changing in each area. In Miyagi and Iwate prefectures, the disaster are able to move in as soon as possible. In Fukushima Prefecture, the creation of a reconstruction site (compact town) is accelerating ahead of the return to the nuclear power plant evacuation area. In several areas, Sekisui House is leveraging its accumulated expertise in community creation to engage in the planning to create this reconstruction site. At the same time, we are launching smart town initiatives, proactively making proposals leveraging the results of Japan’s first smart grid in Higashi-Matsushima, Miyagi Prefecture. We are working with the aim of creating an even better reconstruction site for people continuing to return home to Fukushima Prefecture.

Status of Disaster-Ready Public Housing Provision

<table>
<thead>
<tr>
<th></th>
<th>Projects</th>
<th>Projects completed</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FY2012</strong></td>
<td>4 buildings 28 units</td>
<td>4 buildings 28 units</td>
</tr>
<tr>
<td><strong>FY2013</strong></td>
<td>6 buildings 28 units</td>
<td>4 buildings 28 units</td>
</tr>
<tr>
<td><strong>FY2014</strong></td>
<td>74 buildings 217 units</td>
<td>16 buildings 53 units</td>
</tr>
<tr>
<td><strong>FY2015</strong></td>
<td>73 buildings 144 units</td>
<td>16 buildings 53 units</td>
</tr>
<tr>
<td><strong>FY2016</strong></td>
<td>46 buildings 303 units</td>
<td>55 buildings 72 units</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>194 buildings 1,307 units</td>
<td>93 buildings 533 units</td>
</tr>
</tbody>
</table>

Disaster-ready public housing

Disaster-stricken Area Reconstruction Support Activity Participants

All New Career-Track Employees Take Part in Disaster-Stricken Area Reconstruction Support Activities

Starting in 2012, all new career-track employees at Sekisui House took turns going to disaster-stricken areas to assist in reconstruction work. In addition to providing stricken areas with needed assistance, the goal of this reconstruction effort is to deepen employees’ understanding of the significance of the housing business and have employees think and act from other people’s perspectives.

In the stricken areas, employees working with MPH to hear what assistance locals needed, then got worked in groups after deciding how they could help. In 2016, as in 2015, we focused efforts on cleaning up temporary housing and community halls, while attempting to communicate with occupants.

New FY2017 employees who began work in April are also taking turns participating in these activities (in 2017, we are also engaged in reconstruction support activities in areas affected by the Kumamoto earthquake).

Disaster-Stricken Area Reconstruction Support Activity Participants

<table>
<thead>
<tr>
<th></th>
<th>FY2012</th>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of participants in past five years</strong></td>
<td>2,086</td>
<td>947</td>
<td>566</td>
<td>460</td>
<td>370</td>
<td>3,233</td>
</tr>
</tbody>
</table>

Restoration and Reconstruction after the Kumamoto Earthquake

In April 2016, after a large earthquake (foreshock) registering magnitude 6.5, an even larger earthquake registering magnitude 7.3 struck the Kumamoto region. For the first time in the history of seismic observation in Japan, a series of seismic activities with an intensity of seven were repeatedly observed in a major earthquake unlike any seismic event that has occurred up to now. In addition to numerous deaths and injuries, a considerable number of houses were partially or totally destroyed, resulting in serious damage spread across a wide area.

Of the 10,246 Sekisui Homes in Kumamoto Prefecture, there were no personal injuries, nor were any of the houses partially or totally destroyed. We are engaged in restoration and reconstruction so that customers can return to their peaceful lives as soon as possible.

Having learned from initial responses after the Great East Japan Earthquake, immediately after the foreshock, we set up a coordinated response headquarters at the Kyushu sales office followed by the establishment of a local response headquarters in Kumamoto. First, we confirmed the well-being of employees and their families in the affected area. We were able to confirm the status of damage for approximately 10,000 customers, which was completed in early June. The quick distribution of goods stockpiled at factories and the head office and rapid establishment of a construction and technical support system was successfully achieved through the sharing of disaster details and other information via iPads running an original app. Having moved from the recovery phase to the reconstruction phase, at present the entire Group is engaged in large-scale construction to rebuild foundations and structures as well as reconstruct homes.

Rapid Initial Response after the Central Tottori Prefecture Earthquake

In October 2016, a magnitude 6.6 earthquake struck central Tottori Prefecture having a maximum seismic intensity of six or less. Roof tiles were damaged and walls collapsed in one house after another mainly in central Tottori Prefecture. Two houses were totally destroyed, three houses were partially destroyed and partial damage was confirmed at 10,033 houses. None of the 796 Sekisui Houses built in the area with seismic intensity of six or less were totally or partially destroyed. As a result of the Group response immediately after the earthquake, we were able to complete our confirmation of owner well-being and damage status in just three days.

Even in other natural disasters, we quickly organize support systems and promptly provide customer support as necessary.
Social activities

Social Action Programs

With a “love of humanity” at the core of our corporate philosophy and an emphasis on housing culture improvement, the sound growth of the next generation, and environmental concern as part of our core corporate activities, we continue to work closely with communities by encouraging our employees to take part in voluntary and charitable pursuits, partnering with NPOs and NGOs in support of their activities and assisting educational institutions on selected educational initiatives.

Employee and Company Joint Donation System “Sekisui House Matching Program”

Since FY2005, we have been implementing the Sekisui House Matching Program, under which we match employee donations (approximately 3,600 participants) to NPOs and other organizations engaged in activities that contribute to the creation of a sustainable society. This system enables employees to have an amount of their (1% to 100%) withheld from their salaries for donations, and Sekisui House matches the donations and contributes an equal amount in the form of grants. Grant money is disbursed from two funds: the Sekisui House Children’s Fund and the Sekisui House Eco-Fund. We also established the Mono-Kaki Orphans Fund Program to support the Mono-Kaki Orphans Fund, which is chaired by architect Tadao Ando. This fund provides financial assistance to children orphaned by the 2011 Great East Japan Earthquake. In 2015, to commemorate the tenth year of this system, we established the Housing Community Fund.

In FY2016, ¥13.50 million from our Children’s Fund was donated to 13 organizations (project grants to 11 organizations and infrastructure grants to two organizations), ¥6.64 million from our Eco-Fund was donated to 11 organizations (project grants to eight organizations and infrastructure grants to three organizations) and ¥7.17 million from our Housing Community Fund was donated to two organizations (project grants to two organizations) bringing the cumulative total of our donations to ¥23.84 million provided to 26 organizations (project grants to two organizations) and ¥8.64 million from our Housing Community Fund Grant Organization.

Sekisui House Matching Program

Program for joint donations with employees

Sekisui House Matching Program Association

Sekisui House

Environmental and Social Activities

Sekisui House Sustainability Report 2017

TOPICS

Opening the Koji Kinutani Tenku Art Museum in the Umeda Sky Building to Promote Art and Culture

To contribute to society by promoting art and culture, the Company opened the Koji Kinutani Tenku Art Museum in December, featuring the work of Koji Kinutani, Japan’s leading architect, in the Umeda Sky Building, where the Company’s head office is located.

Mr. Kinutani not only creates paintings, he also participates in the Ministry of Foreign Affairs’ “Japan Brand Program,” was involved in the creation of the Koji Kinutani Prize for young artists as an educational activity and participates in the Agency for Cultural Affairs’ “Children’s Dream Art Academy.” These activities and ideas resonate with Sekisui House, as we support art and culture at our museum.

The Koji Kinutani Tenku Art Museum comprises the Symbol Zone, a space to experience the world of paintings through symbolic prologue exhibition and 3D images, the Exhibit Zone in blue and red evoking the image of a painting, the Akari where visitors are able to view the painting creation process and the Workshop Space where events are held, including classes to teach children how to paint.

The Umeda Sky Building where the art museum is located is a complex comprised of offices and commercial facilities that was completed in March 1993 with an innovative design consisting of two 40-story connected skyscrapers. In 2008, the Times Newspaper(UK) included it in its selection of the top 20 buildings around the world and it is attracting the attention of global tourists. The Floating Garden Observatory on the top floor was visited by a record 1.39 million visitors in FY2016 of which 1.01 million were from overseas, and growing more attractive as it approaches half a century, by creating a unique art museum full of ingenuity with an enhanced appeal as a sightseeing destination for both domestic and inbound tourists.

Supporting the “Bento Day” Project

On Bento Day, children make their own bento (box lunch) and are encouraged to do everything involved in bento preparation—from menu planning and shopping for ingredients, to cooking and cleaning up the kitchen—without any parental involvement. Advised by former school principal Kazu Takekita, the Bento Day project currently welcomes the participation of more than 1,700 elementary and junior high schools across Japan. Sekisui House participates as a supporting company to help spread awareness about this project.

Environmental Education Programs at Nationwide Schools and Event Venues

The Sekisui House Group conducts three experimental environmental education programs teaching the importance of saving energy in everyday life, preserving ecosystems and effective resource utilization at events and through visits to schools throughout Japan under the themes of reducing CO₂ emissions, restoring ecosystems networks and resource recycling initiatives as stated in the Eco-First Promise.
Social activities

With a "love of humanity" at the core of our corporate philosophy and an emphasis on housing culture improvement, the sound growth of the next generation, and environmental concern as part of our core corporate activities, we continue to work closely with communities by encouraging our employees to take part in volunteer and charitable pursuits, partnering with NPOs and NGOs in support of their activities and assisting educational institutions on selected educational initiatives.

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In FY2016, ¥13.50 million from our Children’s Fund was donated to 13 organizations (project grants to 11 organizations and infrastructure grants to two organizations), ¥6.64 million from our Eco-Fund was donated to 11 organizations (project grants to eight organizations and infrastructure grants to three organizations) and ¥1.7 million from our Housing Community Fund was donated to two organizations (project grants to two organizations) bringing the cumulative total of our donations to ¥23.84 million provided to 26 organizations. In addition, in FY2016, the Momo-Kaki Orphans Fund Program donated ¥13.6 million (a cumulative total of ¥69.0 million). In total, we have donated a total of over ¥200 million to 200 organizations.

Sekisui House Matching Program

Rolling out a “love for learning” in the classroom.

With the aim of creating a society in which individuals feel a “love for learning” in the classroom, the Sekisui House Matching Program will support the “Bento Day” Project, which promotes healthy eating habits among school children. We are engaged in this model project in collaboration with students from the Architecture Department at the local Technical High School and students from Kogakkan University to renovate machiya houses in the Ise Kawasaki area.

In addition to renovation tours, machiya surveys, renovation lectures, vacant house cleaning and lunch meetings, students conducted detailed renovation proposal workshops. Through this project young people learned about the town, engaged in town-related issues and propose usage ideas that are linked to promoting revitalization and cultivating success for future community creation activities.

Children’s Fund Aid Organization Comment

Mikikusa Room Activities to Create a Place for Children in Rikuzentakata City

Specified Non-Profit Corporation Fact (Fumi Hasegawa, Director of the Child Support Project)

In Rikuzentakata, four half years since the Great East Japan Earthquake, even now there are a limited number of places where children can relax and play. To address this situation, we conducted “Mikikusa Room” activities in four locations across the city (Hirata-cho, Kessen-cho, Yakei-cho and Omoto-cho) to create a place for the children of Rikuzentakata.

We are working every day with the hope that by creating many happy memories as possible in the place where they were born, the children of Rikuzentakata will deepen their attachment to the local community and become actively involved in the town’s reconstruction in the future.

Sekisui House Housing Community Fund Grant Organization Comment

Ito Kawasaki Historic Machiya Renovation Model Project 2016 Incorporation NPO, Ito Kawasaki Machiakutokurashi (Tsun Takahashi, Executive Director)

As an example of Sekisui House’s effort to create a place for children in the area and revitalize the local community, we contributed ¥1 million from the Sekisui House Housing Community Fund to promote the “Bento Day” Project.

In Rikuzentakata, Iwate Prefecture, five and a half years since the Great East Japan Earthquake, the children of Rikuzentakata will deepen their attachment to the local community and become actively involved in the town’s reconstruction in the future.

Sekisui House Matching Program

Program for joint donations with employees

-Grants for program implementation
-Grants for educational institutions
-Grants for infrastructure projects
-Grants for organizational development

Sekisui House

Employees (approximately 3,600 participants) withhold 1 unit = 100 yen from their salaries.

Sekisui House Matching Program Association

Application

-Eligible organizations
-Application
-Selection

Sekisui House Matching Program Application

-Eligible organizations
-Application
-Selection

Sekisui House

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-Grants for program implementation
-Grants for educational institutions
-Grants for infrastructure projects
-Grants for organizational development

Sekisui House Housing Community Fund

-Eligible organizations
-Grants for program implementation
-Grants for educational institutions
-Grants for infrastructure projects
-Grants for organizational development

Sekisui House Orphans Fund

-Eligible organizations
-Grants for program implementation
-Grants for educational institutions
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The Umeda Sky Building where the art museum is located is a complex comprised of offices and commercial facilities that was completed in March 1993 with an innovative design consisting of two 40 story connected skyscrapers. In 2008, the Times Newspaper (UK) included it in its selection of the top 20 buildings around the world and it is attracting the attention of global tourists. The Floating Garden Observatory on the top floor was visited by a record 1.39 million visitors in FY2016 of which 1.01 million were from overseas.

We will attempt to enhance the value of the Umeda Sky Building and contribute to regional revitalization as a building that is over a quarter of a century old, but growing more attractive as it approaches half a century, by creating a unique art museum full of ingenuity with an enhanced appeal as a sightseeing destination for both domestic and inbound tourists.
Independent Third-Party Assurance Report

KPMG AZSA Sustainability Co., Ltd. was engaged to provide assurance on Sekisui House, Ltd.’s Sustainability Report 2017 and verify that the report provides reliable information on the company’s energy consumption, waste and greenhouse gas emissions volumes, water used in factor production and social reporting (frequency of accidents resulting in lost worktime and occupational illnesses).

Summary of Initiatives

Environmental Activities

In 2016, the United Nations Sustainable Development Goals (SDG) went into effect amid a focus on the resolution of issues including climate change, environmental degradation, poverty and health on a global scale. Corporations are also expected to make an effort toward resolving issues utilizing creativity and innovation to achieve sustainable development.

In 2005, Sekisui House announced its Declaration of Sustainability establishing sustainability as the basis of Company management. For Sekisui House, who sees its corporate mission as engaging in ongoing activities aimed at resolving social issues through its business activities, this was a significant opportunity to encourage the acceleration of these efforts.

In FY2016, the promotion of Green First ZERO ahead of the Japanese government’s goal of standardizing net-zero-energy housing (ZEH) by 2020, now accounting for more than 70% of newly built detached housing. This initiative received the FY2016 Environment Minister’s Award for Global Warming Prevention Activities and the 26th Global Environment Award (Minister of Economy, Trade and Industry Award): Housing attempting to achieve a zero energy balance using advanced energy creation technologies such as photovoltaic power generation and fuel cells, in addition to high insulation and energy saving performance, will become a model for the industry and contribute to the reduction of greenhouse gas emissions from the residential housing sector.

Social Activities

Thank you for reading the Sustainability Report 2017.

This publication faithfully reports CSR initiatives conducted in FY2016 and explains the value creation story for the future of the Sekisui House Group.

Sekisui House Group CSR management attempted to improve upon the 1999 Environmental Future Plan as a point of origin, while the Fourth Medium-Term Management Plan attempts to further deepen activities by incorporating ESG directly linked to corporate value assessments from outside evaluation institutions as the achievement of long-term corporate value. In FY2016, we were also incorporated into the DJSI World® global sustainability rating evaluation, indicating that the Sekisui House Group conforms with global trends as we strive to achieve further improvements.

It is also necessary to consider influences that take into account the value chain for companies to lead sustainable societies. For example, the housing business uses a large amount of lumber, thus the selection of locations for lumber production will have a significant impact not only on the ecosystem of the logging area through the procurement process, but also on social aspects such as the lifestyle of local residents. An investigation of approximately 50 wooden building material supplier companies based on the Wood Procurement Guidelines revealed 80% approached the highest S Rank, advancing contributions to the widespread use of sustainable lumber.

With an awareness of sustainability, these activities are directly linked to corporate value assessments from outside investment institutions as the achievement of long-term corporate value. In FY2016, we were also incorporated into the DJSI World® global sustainability rating evaluation, indicating that the Sekisui House Group conforms with global trends as we strive to achieve further improvements.

* DJSI World: Dow Jones Sustainability World Index

Hitoshi Kuroyanagi
Chief Manager of Corporate Communications Department and IR Office

Sekisui House Group, workstyle innovation is an urgent task.

Employees are at the center of creating shared value, thus I want to promote multifaceted initiatives enabling the establishment of a lively workplace that gives employees meaning in their work and lives. For diverse employees to promote operations is a critical element for corporate evaluation by providers of financial capital and a variety of other stakeholders. From FY2017, under a new CSR promotion structure establishing priority themes in environmental, social and governance activities, I hope to see a thorough effort from Group employees through a shared sense of purpose.

Creating shared value through “offensive” CSR such as the spread of eco-friendly housing is essential for corporate competitive strategy. Furthermore, “defensive” CSR such as enhanced corporate governance and risk management are prerequisites for healthy corporate activities, an area where I would like to see more effort. To sustainably expand efforts with a balance between offense and defense throughout the entire Sekisui House Group, workstyle innovation is an urgent task.

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KPMG AZSA Sustainability Co., Ltd. issues the "Independent Assurance Report 2017" published in September by Sekisui House, Ltd.

Independent Assurance Report

Sekisui House, Ltd.
Hitoshi Kuroyanagi, President, Representative Director & CEO

We were engaged by Sekisui House, Ltd. (the "Company") to undertake a limited assurance engagement of the environmental and social performance evaluation and greenhouse gas emissions evaluation for the reporting period from January 1, 2016 to February 28, 2017. The evaluation was conducted from March 1, 2017 to May 31, 2017.

The Company is responsible for the preparation of the report and includes its own reporting. Our reporting is to the extent necessary and appropriate for the purpose of providing assurance. The report includes the greenhouse gas information defined in the "Greenhouse Gas Report Assurance and Registration Criteria" of the Japan Association of Association Organizations for Sustainability Management (JASAM) on the Report.

Our Responsibility

As a matter of principle, it was not necessary to express an independent assurance conclusion on the environmental information included in the report, as it was not within our assurance objectives to express an independent assurance conclusion on such information.

In this regard, we were engaged by the Company to provide assurance on the information included in the report, regarding the following points:

- Description of the method used to obtain the information included in the report and analysis of the information included in the report
- Analysis of the greenhouse gas information included in the report
- Verification of the green building evaluation methodology
- Verification of the evaluation methodology
- Verification of the green building evaluation methodology

Sekisui House, Ltd. is responsible for the accuracy of the information included in the report. We express no assurance on the information included in the report.

In our opinion, the information included in the report is prepared in accordance with the principles of the JASAM on the Report.

Summary of Initiatives

Environmental Activities

In 2016, the United Nations Sustainable Development Goals (SDG) went into effect amid a focus on the resolution of issues including climate change, environmental degradation, poverty and health on a global scale. Corporations are also expected to make an effort toward solving issues utilizing creativity and innovation to achieve sustainable development. In 2005, Sekisui House announced its Declaration of Sustainability establishing sustainability as the basis of Company management. For Sekisui House, its corporate mission as engaging in ongoing activities aimed at resolving social issues through its business activities, this was a significant opportunity to encourage the acceleration of these efforts. In FY2016, we promoted the adoption of Green First ZERO ahead of the Japanese government's goal of standardizing net-zero-energy housing (ZEH) by 2020, now accounting for more than 70% of newly built detached housing. This initiative received the FY2016 Environment Minister’s Award for Global Warming Prevention Activities and the 26th Global Environment Award (Ministry of Economy, Trade and Industry Awards). Housing attempting to achieve a zero energy balance using advanced energy creation technologies such as photovoltaic power generation and fuel cells, in addition to high insulation and energy saving performance, will become a model for the industry and contribute to the reduction of greenhouse gas emissions from the residential housing sector.

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Thank you for reading the Sustainability Report 2017.

This publication faithfully reports CSR initiatives conducted in FY2016 and explains the value creation story for the future of the Sekisui House Group.

Sekisui House Group CSR management attempted to improve upon the 1999 Environmental Future Plan as a point of origin, while the Fourth Medium-Term Management Plan attempts to further deepen activities by incorporating ESG and other attempts to further deepen activities by incorporating ESG issues through its business activities. We are pleased to present CSR promotion structure establishing priority themes in a variety of other stakeholders. From FY2017, under a new Value Creation Vision and Strategy and IR Office, Sekisui House Group, workstyle innovation is an urgent task. Employees are at the center of creating shared value, thus we want to promote multifaceted initiatives enabling the establishment of a lively workstyle that gives employees meaning in their work and lives. For diverse employees to promote operations is a critical element for corporate evaluation by providers of financial capital and a non-financial information is becoming a critical element for raising the level of our activities to realize sustainable growth, but also on social aspects such as the quality of life of local residents. This is an investigation of approximately 50 wooden building material supplier companies based on the Wood Procurement Guidelines revealed 80% approached the highest 5 Rank, advancing contributions to the widespread use of sustainable lumber.

With an awareness of sustainability, these activities are directly linked to corporate value assessments from outside investment institutions as the achievement of long-term corporate value. In FY2016, we were also incorporated into the DJSI World® global sustainability rating evaluation, indicating that the Sekisui House Group conforms with global trends as we strive to achieve further improvements. * DJSI World: Dow Jones Sustainability World Index

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Sekisui House Sustainability Report 2017
Outside Opinions, Evaluations

GRI Content Index for “In Accordance” Items

The Sekisui House Sustainability Report 2017 has been prepared in accordance with the Core options of the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines (G4).

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Honors from Third Parties during FY2016

Environment

- All Worksite Employees Participated in Challenge to Reduce Mixed Waste from Condominium Construction (Tokyo Condominium Business)  
  October 2016
- FY2016 Minister of Land, Infrastructure, Transport, and Tourism Prize, 3rd Promotion Merit Award; 3rd Promotion Council Chairman Award  
  November 2016
- Net-Zero Energy Housing Green First ZERO Promotion  
  December 2016
- 2016 Environment Minister’s Award for Global Warming Prevention Activities (Advanced Introduction of Countermeasure Technologies category)  
  February 2017
- 26th Grand Prize for the Global Environment Award  
  February 2017
- ZEH Green First ZERO Promotion in Kanagawa Prefecture (Kanagawa Sales Administration Headquarters)  
  January 2017

Community Building, Landscape

- The Ritz-Carlton Kyoto  
  Note: Joint award with Nikken Sekkei Ltd. and Daikyo Corporation  
  May 2016
- Grand Front Osaka  
  Note: Jointly awarded to 12 architectural companies including Sekisui House. The design companies and two construction companies.  
  July 2016
- 57th BCS Award  
  Note: Located in Karuizawa, Kitasaku, Nagano Prefecture. Construction: Lightweight Japan (Agency for Cultural Affairs)  
  Construction Contractors: Obayashi Corporation  
  Note: Jointly awarded to 12 architectural companies  
  October 2016
- HK Yodobashi Garden Avenue  
  November 2016
- MONOLITH (Ryomo Branch)  
  January 2017
- 5th City Scenery Award  
  February 2017

Products, Technology, etc.

- Sekisui House Constructed in 1963  
  Yamazaki house and Usui Family Villa  
  Sekisui House Model A  
  March 2016
- Registered as tangible cultural properties (buildings) of Japan (Agency for Cultural Affairs)  
  Note: Four properties (Yamazaki house, Usui Family Villa, Sekisui House Model A, and Monolith)  
  March 2016
- Retractable Safety Door  
  Handle-less Storage Door  
  Development of Bench Style Original Unit Bath BCH-V  
  December 2016

Kids Design Award

- Jury Chairman’s Special Award  
  (Designs Contributing to the Safety and Security of Children category)  
  December 2016
- Safety Handle  
  November 2016
- Specification Preventing Fingers from Getting Pinched in the Front Door  
  October 2016
- Project to Nurture Biological Rhythm Using Light for Childcare Facilities  
  Note: Joint entry with Tokyu Construction  
  February 2017

Good Design Award

- Clear View Design Connecting Inside and Out with Japan-Made Materials  
  October 2016

CSR and Other Initiatives

- Sekisui House Limited  
  Selected by the Ministry of Economy, Trade, and Industry for the "Offensive IT Productivity" list  
  April 2016
- BSE Award  
  83rd Mainichi Advertising Design Awards; Advertiser Participation section  
  March 2016
- 55th Business Advertising Awards; Serial Advertisement category: Honorable mention  
  September 2016
- 55th BCS Award  
  October 2016
- Sekisui House Limited  
  Selected as a Nadeshiko brand 2017 by the Ministry of Economy, Trade, and Industry and the Tokyo Stock Exchange as a company that promotes the active participation of women  
  March 2017
- Selected by the Ministry of Economy, Trade and Industry for the New Diversity Management Selection 100 as a company that promotes diversity management  
  October 2016
- Sustainability Report 2016  
  February 2017

Sustainability Report Award (Minister of the Environment Award)  
Organizer: Ministry of the Environment, Global Environmental Forum  

Selected as a "Redefining Brand 2017" by the Ministry of Economy, Trade, and Industry and the Tokyo Stock Exchange as a company that promotes the active participation of women  

Selected as a "Nadeshiko brand 2017" by the Ministry of Economy, Trade, and Industry for the New Diversity Management Selection 100 as a company that promotes diversity management  

Selected as a "Sustainability Report 2016" by the Ministry of Environment, Global Environmental Forum  

Outside Opinions, Evaluations

Honors from Third Parties during FY2016

Environment

- All Worksite Employees Participated in Challenge to Reduce Mixed Waste from Condominium Construction (Tokyo Condominium Business)
- October 2016
- FY2016 Minister of Land, Infrastructure, Transport, and Tourism Prize, 3rd Promotion Merit Awards: 3rd Promotion Council Chairman Award
  - October 2016
  - Organized: 3rd Promotion Council
  - Note: Joint award with Sekiy Construction
- Mushinan
  - October 2016
  - Hibuya Gardening Show 2016 Garden Contest
  - Minister of Land, Infrastructure, Transport, and Tourism Prize, Gardening category
  - Organized: Executive Committee of Hibuya Park Gardening Show
- Midori Curtains (Kanto Factory)
  - December 2016
  - Grand Prize, Group category, 6th Midori Curtain Contest
  - Organized: City of Koga, Ibaraki Prefecture

Community Building, Landscape

- The Ritz-Carlton Kyoto
  - Note: Joint award with Nikken Sekkei Ltd. and Osaka Corporation
- Grand Front Osaka
  - Note: Joint awarded to 11 architectural companies (including Architect Haus), one design company, and two construction companies
  - JULY 2016
  - 57th BCS Award
    - Organizer: Japan Federation of Construction Contractors

- Sekisui House Constructed in 1963
  - Yamazaki house and Usui Family Villa (Sekisui House Model A)
  - March 2016
  - Registered as tangible cultural properties (buildings) of Japan (Agency for Cultural Affairs)
    - Note: Contributed to the Kanto-Kanagawa Nippon Alps Preservation: Construction: Lightweight and Fast Erection Diet Structure

- Retractable Safety Door
  - Handle-less Storage Door Development of Binch Style Original Unit Bath BCH-V
  - December 2014
  - IAUD Award 2016
    - IAUD Award (Housing Equipment category)
      - Note: Organized: International Association for Universal Design

Products, Technology, etc.

- Net-Zero Energy Housing
  - Green First ZERO Promotion
  - [November 2015]
  - FY2016 Environment Minister’s Award for Global Warming Prevention Activities (Advanced Introduction of Countermeasure Technologies category)
    - Organizer: Ministry of the Environment
    - [February 2017]
    - 26th Grand Prize for the Global Environment Award
      - Ministry of Economy, Trade and Industry Prize
      - Organizer: Federal Group

- Sekisui House First Zero Promotion in Kanagawa Prefecture (Kanagawa Sales Administration Headquarters)
  - January 2017
  - FY2016 Kanagawa Global Environment Award
    - Kanagawa Smart Energy Planning category
    - Organizer: Kanagawa Prefecture, Kanagawa Global Environment Conservation Promotion Council

- HK Yodobashi Garden Avenue
  - December 2016
  - FY2016 Osaka Environmentally Friendly Architecture Award: Office Division Award
    - Organizer: City of Osaka, Osaka Prefecture
    - Note: Joint award with Nikken Sekkei Ltd.

- MONOLITH (Ryomo Branch)
  - January 2017
  - 6th Osaka Scenery Awards
    - Organizer: City of Osaka, Gakuen Prefecture

- Corporate Advertising “Sekisui House—Always There for You” Series
  - [April 2016]
  - 83rd Mainichi Advertising Design Awards; Advertiser Participation section
  - Associate category prize (Financial, Housing and Real Estate category)
    - Organizer: The Mainichi Newspapers

- 16th Asian Advertising Awards; Advertiser Participation section: Real Estate and Financial category prize
  - Organizer: The Asian Ad Council
  - [July 2016]

- 55th Business Advertising Awards: Serial Advertisement category; Honorable mention
  - Organizer: Nikkan Business

- 85th Nikkei Advertising Awards: Construction and Real Estate category; Grand Prize
  - Organizer: Nikkei Inc.

- Jury Chairman’s Special Award
  - Designs Contributing to the Safety and Security of Children category
  - Safety Handle
  - Note: Joint entry with Daiko Electric Co., Ltd.

- Good Design Award
  - [October 2016]
  - Birdhouse Project: Connects Children with the Forest
    - Organizer: Wood Design Award Secretariat

- Sekisui House Limited
  - [June 2016]
  - Selected by the Ministry of Economy, Trade, and Industry and the Tokyo Stock Exchange for inclusion on the “Offensive IT Productivity” list

- Sustainability Report 2016
  - [March 2017]
  - Selected as a Rokusenboku brand 2017 by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange as a company that promotes the active participation of women
  - Selected by the Ministry of Economy, Trade and Industry for the New Diversity Management Selection 100 as a company that promotes diversity management