

Promoting Net Zero Energy Housing

In addition to the Green First series of homes—which we launched in 2009 by combining our energy-saving and energy-creating technologies—Sekisui House has been taking the initiative in promoting net zero energy houses since 2013, with a view to providing high-quality, eco-friendly housing as a solution to energy problems.

Backdrop

We are addressing two important issues through our CSV (Creating Shared Value) strategy: one is combating global warming; the other is finding solutions to the energy supply problem that arose in the wake of the Great East Japan Earthquake.

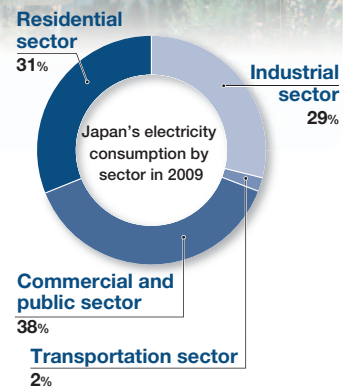
Along with our efforts to prevent global warming by reducing CO₂ emissions, we are now being required to provide solutions to Japan's energy problem in order to minimize its impact on households. In Japan, energy consumption in the residential sector has doubled over the last 40 years. Furthermore, the fact that we now depend on thermal power for 90% of our electricity has led to an increase in CO₂ emissions.

While energy-saving efforts are being made in the residential sector—which accounts for about one third of the nation's electricity consumption—these efforts alone are not enough to solve our energy problem. As a housing manufacturer, Sekisui

House has been studying how we can cope with these issues and how we can translate them into sustainable business models.

One solution we devised is the Green First strategy, which orients us towards developing our core business in a sustainable manner.

This strategy is expected to help us provide housing that can simultaneously provide comfortable living and low energy costs for homeowners, while also contributing to a reduction in CO₂ emissions.



Source: IEA/OECD Electricity Statistics

Our goal

We aim to expand the market for energy-saving houses and promote energy self-sufficiency while providing comfortable living spaces.

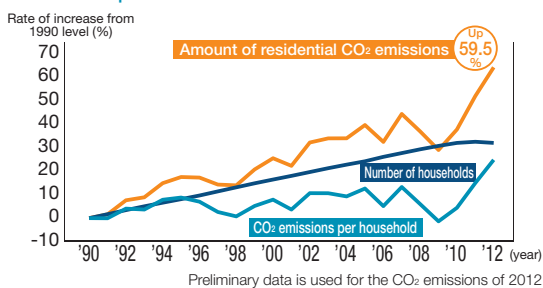
Contract house construction, which accounts for 48% of our total sales, is a core segment we believe can contribute to the reduction of residential CO₂ emissions in an effective and sustainable

manner. With Action Plan 20, which was launched in 2005, we targeted a 6% reduction in CO₂ emissions from 1990 levels (equivalent to a 20% reduction in CO₂ emissions from the projected residential energy consumption rate in 2010).

In 2009, Action Plan 20 was subsumed under our Green First initiative, which also incorporated the concept of generating alternative energy through houses equipped with solar and fuel cells. With the launch of our Green First ZERO initiative in 2013, we were able to achieve a 62% reduction in CO₂ emissions (equivalent to 50,000 tons of CO₂) compared to 1990 levels. For 2014, we are targeting a CO₂ reduction of 65% by expanding the market for net zero energy housing.

The Green First ZERO initiative is designed to ensure quality living and provide a solution to the energy problem, without placing any extra energy-saving burden on occupants. Through this initiative, we envisage that an increase in houses built by Sekisui House will contribute to a significant reduction in CO₂ emissions, thereby aiding in the prevention of global warming.

Residential CO₂ emissions have increased by about 60% from the 1990 level, as the proportion of electricity that Japan derives from thermal power has increased to 90%



This chart was prepared using data provided by the National GHGs Inventory Report of Japan and the basic registry of residents.

➤ Action policies

The Japanese government is promoting the adoption by 2020 of net zero energy housing (ZEH) design as standard for newly built homes. We aim to lead this initiative by actively promoting our Green First ZERO model.

The Japanese government formulated a basic energy plan—approved by the Cabinet in April 2014—that advocates the adoption by 2020 of net zero energy house (ZEH) design as standard for newly built homes.

Main stakeholders

Customers, partner companies (equipment manufacturers, etc.), energy supply companies

Improvements made

Instigated Green First ZERO, an upgraded version of Green First.

1 High insulation

Providing advanced heat insulation systems, including argon gas-filled multi-layered glass as standard

2 Introducing comprehensive energy-saving solutions

Providing—as standard—high-efficiency air conditioning systems, equipment that uses less hot water, LED lighting equipment, and HEMS (home energy management systems)

3 Utilizing natural energy effectively

Using different types of glass, depending on the direction the window faces, and adapting the design to control solar radiation and optimize ventilation

Measures being implemented

1 Developing and launching the Green First ZERO model, which provides energy-neutral housing environments in line with the Japanese government's ZEH initiative

2 Proposing the Green First ZERO model as standard to all customers through our sales offices

Target for FY2014



System for achieving targets

- 1 Developing an in-house program for assessing the implementation rate of net zero energy homes
- 2 Providing information and establishing appropriate systems for sales offices; setting up showrooms across the country
- 3 Holding study sessions for the application of ZEH subsidies, preparing manuals, and reinforcing in-house review systems

➤ Risk management

Eco-friendly features tend to increase construction costs. We are therefore working to find ways to reduce the financial burden on homeowners. At the same time, we offer a consultation service for homeowners to help them achieve comfortable lifestyles.

Risk 1:

Adopting the ZEH model leads to an increase in construction costs

Our response 1:

In order to meet the ZEH standards stipulated by the Japanese government, a regular Japanese home must be fitted with additional energy-saving equipment—for example, advanced heat insulation equipment. In general, Sekisui House homes come standard-fitted with more energy-saving features than homes built by other manufacturers. They therefore require relatively lower additional costs to meet ZEH standards.

ZEH-compliant homes still require higher initial costs compared with conventional homes, and that is why we are working to establish a system to reduce the burden on homeowners. As part of this effort, we are seeking the understanding and cooperation of manufacturers of energy-saving and energy-creating equipment with regard to cost reductions. We have been outlining to them our plans to equip more than half of our newly built homes with Green First ZERO features, and we have proposed central purchasing of their products.

The main benefit of a Green First ZERO home is that it delivers very low utility costs, thanks to its energy-saving and energy-creating features. To further strengthen this benefit, we are cooperating with energy supply companies to find ways to reduce fuel costs borne by the homeowner.

Risk 2:

Changing social conditions leading to a reduction in government subsidies or a decline in the sell-back price of surplus electricity generated by installed solar panels

Our response 2:

We train our sales staff to effectively convey to customers the benefits of Green First ZERO homes—i.e., that they can provide an economic advantage and contribute to improving inhabitants' lifestyles. Furthermore, we are helping to reduce the financial burden on homeowners by using our designated environmental protection expenses to cover part of the initial costs.

» Implementing action plans

Company-wide promotion of the Green First ZERO initiative

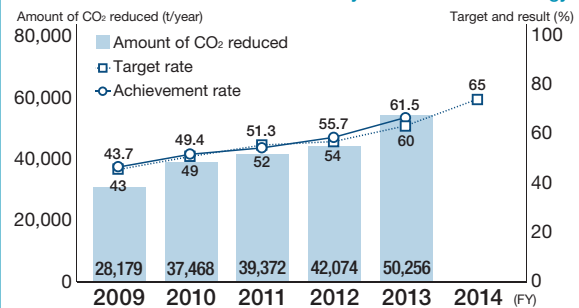
Sekisui House began promoting sales of Green First homes in 2009, as the focal point of its CSV strategy. We subsequently launched the Green First ZERO model in 2013, prior to the Japanese government's introduction of a net zero energy housing (ZEH) policy that aims to have all new homes built to the net zero energy house specification by 2020.

Sekisui House sales personnel across the country were instructed about the various features of Green First ZERO homes prior to the market launch in April 2013—the same month that the government-sponsored ZEH subsidy program was implemented. We have been promoting the Green First ZERO design to our customers by explaining that the Green First ZERO model, while requiring a higher initial outlay for construction, offers three clear benefits: (1) it can deliver a significant reduction in utility costs; (2) it enables the creation of comfortable living spaces; and (3) it embodies future trends in housing.

At the same time, we remodeled our showrooms across the country to make them better equipped to demonstrate the advantages of Green First ZERO, while also holding educational seminars for prospective customers at various locations. Among all of our housing contracts current as of January 2014, approximately 60% of them were Green First ZERO homes.

Note: See page 54 for details on remodeling.

Reduction in CO₂ emissions achieved by the Green First strategy



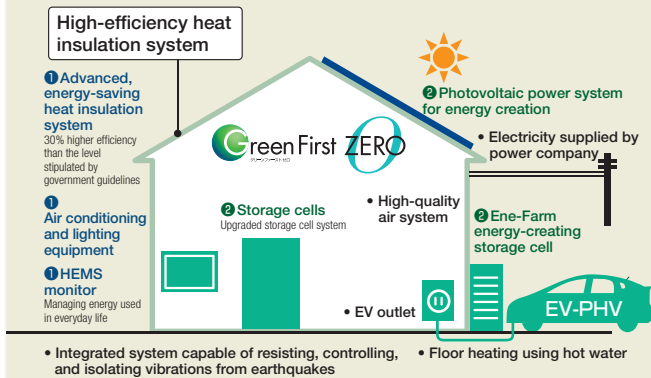
Proportion of Green First ZERO models in all our housing contracts



Advantages

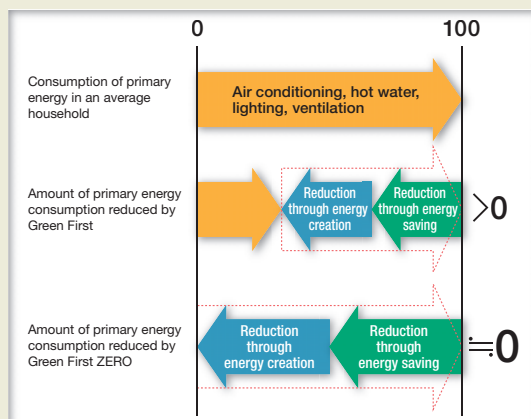
Green First ZERO delivers comfort, economy, and environmental performance

Green First ZERO model



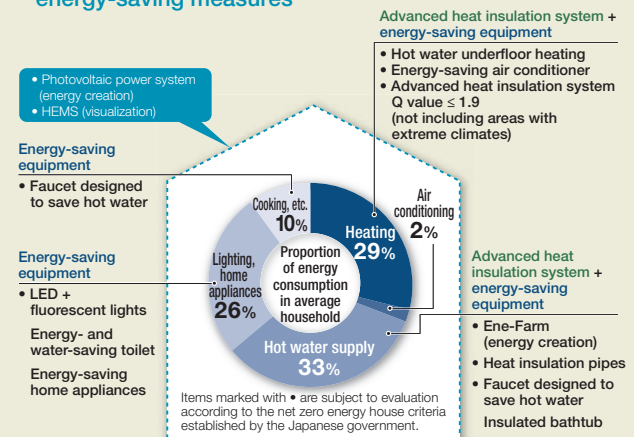
Green First Zero aims for energy self-sufficiency without sacrificing the comfort of the living environment. It is designed to offset energy use, even to the point of achieving zero energy consumption. It does this by (1) reducing household energy use to 50% of conventional levels through measures such as heat insulation and high-efficiency equipment; and (2) using home generation to create the remaining 50% of electricity.

Net zero energy concept



The Green First ZERO model has been confirmed energy neutral based on the criteria set forth in 2013 by the Japanese Ministry of Economy, Trade, and Industry (in its "Guidelines for subsidizing housing and buildings that incorporate innovative energy-saving features").

Proportion of residential energy consumption and energy-saving measures

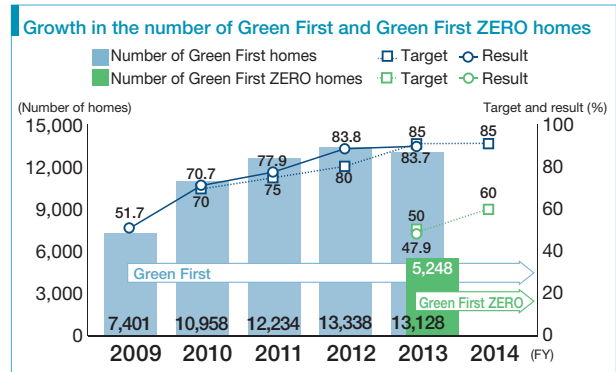


Energy saving should be achieved through effective energy-saving measures and technologies, rather than by relying solely on residents' efforts to lower their rate of energy consumption.

» Evaluation

Achieving FY2013 target of 50% for Green First ZERO, aiming for 60% in FY2014

The Green First initiative—the forerunner to Green First ZERO—was launched in 2009. In FY2012, we were able to achieve that year’s target of 85% implementation of Green First designs in new homes. After launching the Green First ZERO initiative in April 2013, we achieved an initial adoption rate of 48% of new home builds in FY2013—fractionally short of our 50% target rate. Given that the implementation rate has been above 60% every month since November 2013, we are confident that we are now consistently surpassing our original target rate.



Action items for FY2014

While the average nationwide adoption rate of Green House ZERO has reached nearly 60% in recent months, there is significant variation in the rates recorded in different regions. As part of our sales promotion strategy, in March 2014 we launched a new Green House ZERO model that supports installation of higher-capacity solar panels. We have also expanded our

product lineup with a new solar panel designed for use in areas of heavy snowfall. In an effort to minimize the cost burden to customers, we are currently enhancing our application system for the ZEH subsidy that the Japan government will be providing in FY2014 and reviewing the specifications of Green House ZERO accordingly.

Taking on new challenges

1 Advanced heat insulation system for comfortable and healthy lifestyles

Our upgraded heat insulation system, which is installed as standard equipment, outperforms the level stipulated by the government guidelines by about 30%. Further, we have begun using aluminum-resin composite heat-insulating window sashes and argon gas-filled multi-layered heat-insulating glass in exterior-exposed areas. This is part of our “slow living” design concept, which aims to provide customers with more comfortable living environments.



3 Energy creation: promoting sales of Ene-Farm fuel cell systems

With the cooperation of a number of equipment manufacturers and gas suppliers, we conduct customer satisfaction surveys and incorporate the feedback into our operations. In response to customer needs identified through these surveys, we have been providing more thorough explanations of installed equipment and reviewing equipment and fuel costs to minimize the burden on homeowners.



2 Advanced IT: providing our original HEMS service



In collaboration with IBM Japan, Ltd., we have established a HEMS (home energy management system) platform that facilitates centralized data management, makes energy consumption more visible to residents, and provides easier access to useful information (such as gardening tips and security information). Our HEMS platform provides additional value that can improve inhabitants’ quality of life.



4 Energy creation: improving capacity and reducing costs of solar cells

To promote the use of photovoltaic power generation, we have been working with suppliers to improve the performance and reduce the cost of solar cells. As part of our efforts, we have developed a new and economical method of mounting solar cells. We have also been holding seminars and training sessions to promote customers’ understanding of photovoltaic power generation. As a result, the number of solar cells installed on each house has increased by 8% on average, contributing to a reduction in CO₂ emissions, a lowering of utility costs, and a higher rate of renewable energy use.



Preserving Biodiversity

Biodiversity, which provides materials and energy in the form of “ecosystem services,” plays a critical role in our business operations. The greenery of a biodiverse environment also provides a comfortable setting for people to live in. However, it takes many years for the benefits of the natural environment to become available to us, and many years for them to be replenished after being used. Being a company in the housing industry, Sekisui House relies heavily on biological resources. For this reason, we have been working to conserve biodiversity as part of a long-term project conducted in close cooperation with our suppliers.

» Backdrop

Our role in preserving the natural environment

The housing industry consumes a vast amount of wood for housing construction. But our industry can also affect the natural environment in a positive way, through tree planting, gardening, and landscaping in each community. The greenery of a well-kept garden not only adds value to an individual home; it also serves as a shared asset for the community.

With ecosystems being destroyed on a global scale, biological resources are in decline. Although Sekisui House consumes over 300,000 m³ of wood for housing construction every year, we are also one of Japan’s largest “landscape gardeners,” planting about one million trees that provide greenery for the houses we build. We believe that biological resources—along with personnel, equipment, finances, and information—are an essential component of our management assets.

Based on this viewpoint, we conduct quantitative assessments of biological resources to ensure our business continuity over an extended period of time. At the same time, we strive to improve customer satisfaction levels and contribute to promoting the regenerative process of the natural environment. As part of our efforts, we are promoting strategic use of biological resources, with a focus on our procurement process.

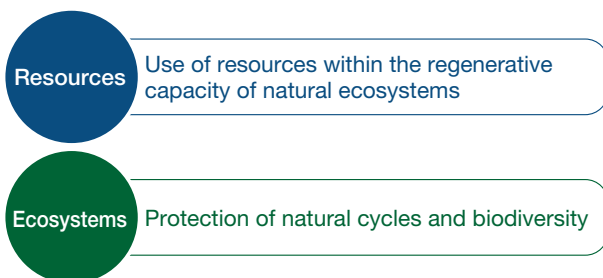
We are also bolstering our strategy by establishing relationships of mutual trust with suppliers involved in the procurement process and by proposing a new sense of value to our customers. We believe that the activities we are currently undertaking will have a significant impact on our business performance and on our corporate value over the long term. (See chart below.)

» Our goal

Delivering the comfort of eco-friendly living

Sharing the same goal from the start

At Sekisui House, we formulate our CSR activities in accordance with four values and 13 guidelines. These are the principles of action that we introduced in 2006 as the driving force of our Sustainability Vision.



Defining the role of procurement in creating corporate value

Equipment and infrastructure that can be used for manufacturing products and providing services

Air, water, land, forests, minerals, biodiversity

Manufacturing capital
(equipment)

Intellectual capital
(information)

Personnel capital
(personnel)

Financial capital
(finances)

Intangible assets such as patents and know-how

Employees’ proficiency, experience, and willingness to seek innovation

Funds from stockholders and investors, loans from banks

Natural capital
(environment)

Procurement
Social capital and related sources of capital
(stakeholders)

Relationship of trust with stakeholders

» Action policies

Strengthening relationships with suppliers to secure quality materials and procure wood sustainably

Main stakeholders

- Residents, suppliers, environmental NGOs

System for achieving targets

- About 60 suppliers of wood materials: Sharing information with them through our Supplies Division (holding briefing sessions, making assessments, and providing education)
- About 50 tree growers and landscaping companies: Establishing a nationwide network encompassing all of these companies

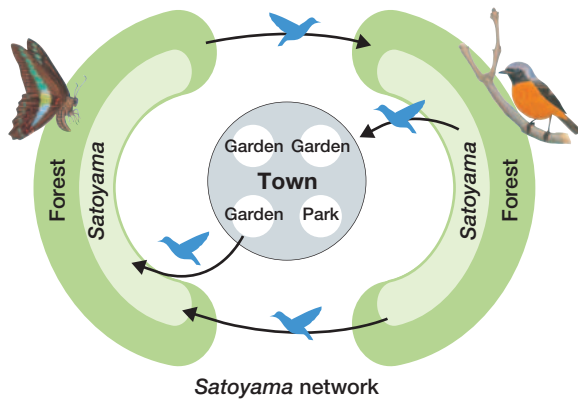
Measures being implemented

Gohon no ki landscaping concept

Planting tree species that are suited to local climates

The concept of the *Gohon no ki* project, which we launched in 2001, is to promote gardening and landscaping in a way that can support local ecosystems and foster living creatures. For this reason, we are planting mainly indigenous species as opposed to exotic or garden species.

When starting this project, we sought the cooperation of local tree growers and landscapers. We asked them to grow indigenous species, because at that time few such species were available on the market. Having secured a stable supply of indigenous species, we are now working to communicate to residents the joy and comfort of living in harmony with indigenous plants and wildlife.



With ever more gardens and streets incorporating the *Gohon no ki* concept, residents will come to enjoy the comfort of living in harmony with plants and wildlife. Under our project, small gardens in urban areas can also play an important role in maintaining local ecosystems.

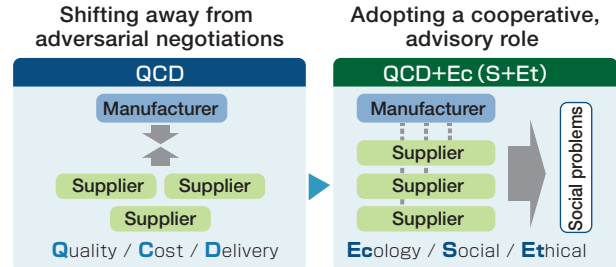
Implementing the Wood Procurement Guidelines

Promoting sustainable wood procurement

Since 2006, we have been implementing FairWood procurement practices to ensure that the lumber and wood products we use are not sourced from endangered species or logged in areas with sensitive ecosystems and also that they are logged with consideration to the sustainability of local biodiversity.

We started this project by inviting wood suppliers to join us in study meetings where we discussed the importance of FairWood practices. Through such activities, we reviewed and defined the meaning of “sustainable wood procurement.” And in cooperation with FoE Japan—an international environmental protection NGO—we formulated our own Wood Procurement Guidelines, which comprise 10 clauses.

In accordance with these guidelines, we numerically evaluate the wood delivered from each supplier and use the derived data to improve our PDCA (plan, do, check, act) cycle. Through this wood procurement process, we strive to reinforce relationships of mutual trust with our suppliers, as we believe that only by growing together with them can we increase our corporate value.



No manufacturer can truly establish relationships of trust with its suppliers if it only makes one-sided demands regarding quality, cost, and delivery time. Recognizing that the role of a manufacturer must change over time, we are promoting efforts to deepen the cooperative relationships we have with our suppliers so that, through our business activities, we can share a common sense of purpose and work together to address social problems such as the loss of biodiversity.

» Risk management

Wood procurement

Risk 1:

Tightening global regulations threaten our ability to ensure a stable wood supply

Our response 1:

In many cases, local environmental NGOs have the latest information regarding logging restrictions. Since we have ties with a network of globally operating environmental NGOs, we can promptly obtain such information and share it with wood suppliers so that they can make preferential supply arrangements for us as needed.

Gohon no ki project

Risk 2:

Gohon no ki may lose its distinctive advantage as competitors follow suit

Our response 2:

Taking advantage of the longstanding relationship we have maintained with a network of tree growers, we are striving to focus on species that meet market needs. We are also holding study meetings to improve the ability of our employees to persuade customers of the benefits of our recommended designs. Furthermore, we are reinforcing our landscaping construction system to provide a higher level of exterior design for our customers. Through these activities, we endeavor to differentiate ourselves from our competitors.

Expected benefits

Implementing Wood Procurement Guidelines

These guidelines allow us to be well prepared for any future tightening of regulations regarding the traceability of traded wood (for example, in the EU's Timber Regulations or in the United States' Lacey Act). By being informed of the status of each supplier ahead of our competitors, we can request them to make preferential supply arrangements for us. These guidelines also help us formulate rules when we begin doing business with new suppliers.

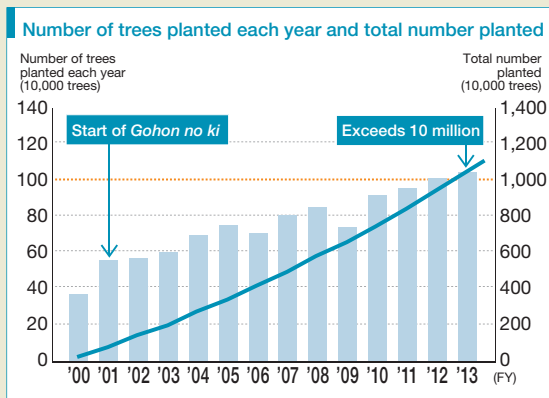
Value enhanced by *Gohon no ki* project

In accordance with our SLOW & SMART brand vision, which we launched in 2012, we have been striving to communicate to our customers the comfort of living close to greenery—a benefit made possible by our large sash frame doors. We define these lifestyles as “slow living,” and we have been actively promoting our *Gohon no ki* project as an essential part of such lifestyles. Doing so not only helps us differentiate our homes from those built by our competitors; it also adds value to homes.

Implementing action plans

Achievements

1 *Gohon no ki* project



Under the *Gohon no ki* project in FY2013, we planted 1.06 million trees, bringing the cumulative total of trees we have planted to more than 10 million.

By promoting tree planting in building lots for sale and by making efforts to increase green coverage around apartment buildings, we have seen the annual sales of our landscaping business—which includes tree planting—reach 50 billion yen. As one of Japan's largest landscapers, we strive to carry on this project and communicate to our customers the joy of living in harmony with nature.

2 Wood procurement

Wood Procurement Guidelines: 10 Principles (revised in FY2012)

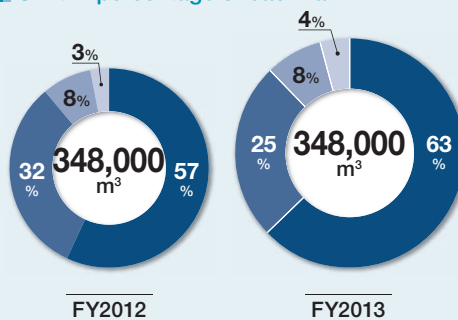
- 1 Source wood products from areas with relatively low risk of illegal logging.
- 2 Source wood products from areas without sensitive ecosystems.
- 3 Do not source wood products from areas where local ecosystems are seriously damaged due to large-scale logging of natural forests.
- 4 Do not use endangered 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.

Ranking wood products according to their level of compliance with the procurement guidelines

Total score (maximum 43 points)	Rank
34 and above	S
26 to 33	A
17 to 25	B
Below 17	C

Depending on their total score, procured wood products are classified into four ranks, from high to low: S, A, B, and C. Minimally acceptable scores are set for Guidelines 1 and 4, as we place a high priority on these two items.

Shift in percentage of each rank



Our challenges

Making landscaping proposals as part of our CSV efforts

Enhancing the value of proposals we make to homeowners

When we launched our *Gohon no ki* project in 2001 and started communicating to customers the importance of designing landscapes so as to protect biodiversity, there were few indigenous species available on the market. People who wanted to have native plants in their gardens had to hunt for them in fields or mountains. However, starting with our suppliers, an increasing number of landscapers have begun to grow indigenous species.

Gardens featuring a mixture of native plants appeal to Japanese customers' sense of beauty, and consequently the market for these species has grown. Indigenous plants are nowadays planted not just in home gardens, but also alongside commercial facilities in urban areas. Thanks to our promotional efforts, we have managed to exceed the

10 million mark for the number of plants we have put in the ground.

Nevertheless, we still think there is more we can do to communicate to our customers the twin benefits of adding natural vegetation to urban homes: firstly, the pleasure of having greenery nearby; and secondly, the value that it adds to one's home.

We introduce our customers to the concept of "slow living," through which they can enjoy a slow and relaxed lifestyle in harmony with nature. Based on our *Gohon no ki* project, we strive to use the blessings of nature to improve homeowners' living comfort, so that they can enjoy lifestyles that are linked closely to nature.

Our response to challenges

Using augmented reality to experience the benefits of greenery in the home

To convey to homebuyers the comfort and joy of owning gardens designed according to our *Gohon no ki* concept, we hand out copies of our *Garden Tree Select Book*.

(Note: A video clip is provided below.)



How to watch the video clip

- ① Download Junaio (a free smartphone app) from either the Apple App store (for iPhone and iPad users) or from the Google Play store (for Android users).
- ② Start up Junaio and hold your smartphone's screen over the photograph with a camera icon. Once the reading is complete, you can watch the short movie.

Note: Any communication charges arising from the use of this app will be borne by the user. Some smartphone models may not support this app.

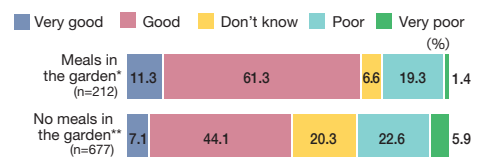
Proposing ideas for enjoying gardens in everyday life

We have conducted a survey to gauge homeowners' level of satisfaction with their gardens, and the resulting data informs our future designs and proposals.

The survey indicated that people who take meals in their gardens tend to be more satisfied with their gardens than those who do not. It also revealed some of the problems homeowners had with their gardens—for example, being seen by neighbors and passersby, or having to carry food and beverages to the garden. Based on the results of this survey, we are now proposing inner courtyards, which give homeowners a sense of being in an open-yet-private space that is easily accessible from inside the house.

Are you happy with your garden? Please rate your satisfaction level.

(Respondents were classified into two groups depending on the frequency with which they had meals in their gardens.)



*Those who sometimes/often have their meals in the garden

**Those who rarely/never have their meals in the garden

(Source: Sekisui House Net Homeowner Survey on Gardens 2011)



An inner courtyard that is easily accessible from living and dining areas

Improving Production and Construction Quality

The construction industry in Japan is now facing two challenges, both of which are occurring on a nationwide scale.

One is the decline in the number of people working in the industry.

The other is the aging of the workforce.

As the Sekisui House Group's primary mission is to provide quality housing that can ensure safety, security, health, and comfort for successive generations of residents, we work closely with partner companies to secure skilled human resources and establish a system for ensuring a stable supply of quality housing into the future.

» Backdrop

Ensuring the same level of safety, security, and comfort for every house we build

Meeting customer needs with the highest level of quality and technology is the corporate philosophy of the Sekisui House Group. In line with that philosophy, we have been striving to win customer confidence and achieve customer satisfaction by providing the highest level of products and services in every step of our operation: from sales, design, and production to construction and after-sales services. And since we deal in industrialized housing—residential structures constructed from factory-made modular components—it is especially important that we maintain and improve the quality of our houses at both the production site and the construction site.

Before they are delivered to the construction site, our factory-made housing components repeatedly undergo a wide range of inspections according to our strict standards. And since most of the components used in our housing construction are factory-made, we can ensure the quality and precision required for achieving our houses' targeted functionality.

In the end, however, it is people who assemble these components into houses at a construction site, so we must make sure that the quality of each house is not affected by differences in their skill levels. To ensure that our houses will function as designed, according to specifications, we must secure skilled construction workers and must strictly inspect the quality of factory-made components and the quality of on-site construction work. Without an integrated system for ensuring high quality and precision throughout the entire housing process—from performance design and component production to construction—the advantages of industrialized housing cannot be fully utilized.

» Our goal

Establishing a system that allows us to secure skilled workers and ensure a stable supply of quality housing

As houses become more and more functional, the demand for higher-performance housing components is also increasing. At the same time, the workforce in the Japanese construction industry is aging rapidly, with one in three workers now aged 55 or above. As these older workers retire, the decline in the number of construction workers is expected to continue. In light of these trends, it is critically important to recruit and train new employees while also improving the workforce retention rate.

At Sekisui House, we are implementing various measures to secure a highly skilled workforce so that we can ensure a stable supply of quality housing into the future.

» Action policies

Improving housing quality and achieving higher customer satisfaction by leveraging our production and construction capacities

Main stakeholders

- Customers, employees, partner companies (for procurement, processing, distribution, construction), factories, and residents living in the neighborhood of our construction sites

Organization

Our factories and our Production Department are responsible for planning and coordination. Our Construction Department is in charge of construction-related issues ranging from quality control, R&D, and training to safety, hygienic control, and welfare programs at construction partner companies.

Our sales, technology development, construction, and system departments and factories join forces with group companies and partner companies to achieve higher levels of production and construction.

Measures being implemented

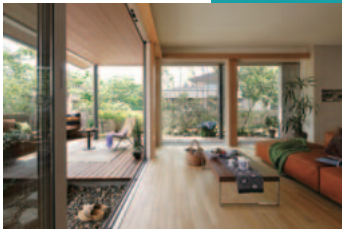
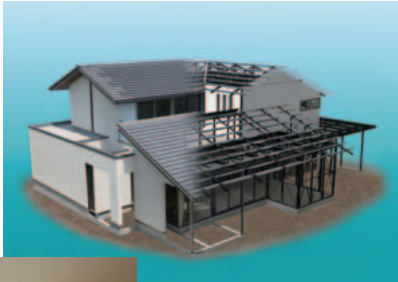
Unifying our construction methods for steel-framed two-story houses

In March 2014, we drastically reorganized our construction process by unifying construction methods for steel-framed two-story houses under the advanced Universal Frame System, which incorporates our NewB System. This not only allows us to build houses with a higher level of quake resistance and quake-control performance but also gives us greater freedom in design, including the use of large spaces and large windows and doors per our “slow living” concept. The advanced Universal Frame System also features exterior walls that require maintenance only every 30 years, superb heat insulation in windows and doors, and reduced use of chemical substances in the living space—all of which are provided as standard.

At the same time, we regrouped our product lineup from three series to two series and also reduced the number of housing components from 4 million to 2.5 million in order to achieve greater efficiency in design, production, and construction. As a result of all the changes we made, we are now able to provide customers with sturdier houses that are more open to natural light.

Sekisui House has always taken the initiative to lead market trends, and we were ahead of our competitors in incorporating quake-resistant and eco-friendly features with high-performance specifications. By unifying our construction methods, we strive to improve the Japanese housing industry standard.

The Universal Frame System simultaneously achieves greater design freedom and a higher level of safety



This comfortable living space reflects our “slow living” concept and includes high-performance features for quake resistance and quake control

Automating our production lines with computers

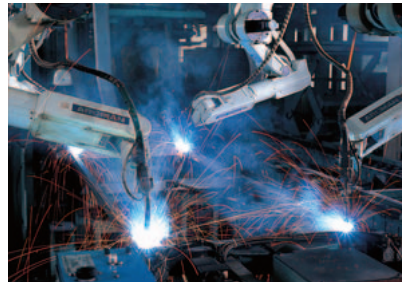
Construction of one detached house requires tens of thousands of components. Since we build detached houses to specifications tailored to each customer, the components we use also differ from one house to another. At our factories, we manufacture major housing components, including pillars, beams, and exterior walls. By upgrading and automating our production lines, we strive to ensure a stable supply of components that excel in performance, quality, and precision. That, in turn, enables us to fully utilize the benefits of industrialized housing to accommodate a wide variety of customer-specific design needs.



Industry-first automated production line produces a variety of frames to enable customer-specific design

In 2010, we introduced 17 industrial robots at our Hyogo Factory (located in Kato City, Hyogo Prefecture) for the production of Dyne Panel exterior-wall material. That same year, we automated the production line for steel structural frames at our Shizuoka Factory (Kakegawa City, Shizuoka Prefecture) by introducing 127 industrial robots. As a result, the rate of automation has increased from 60% to 95%, allowing us to operate the production line

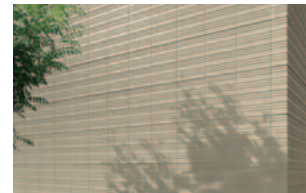
around the clock and to establish a build-to-order system for accommodating customer-specific designs. Furthermore, as the new system enables component production to be optimally timed to match the construction schedule, it helps improve efficiency in both shipping and construction. In 2013, we introduced a similar robotized line at our Kanto Factory (Furukawa City, Ibaraki Prefecture) for mass production.



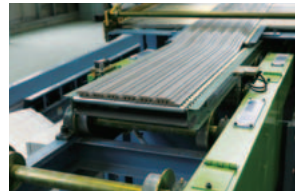
Equipped with a sensor camera, a welding robot operates with the precision of an expert line worker

Expanding in-house production

We started producing Bellburn, a ceramic exterior-wall tile used in our SHAWOOD wooden-frame houses, at our Shizuoka Factory in 2012 and then at our Tohoku Factory (Shikama Town, Kami District, Miyagi Prefecture) in 2013 by introducing dedicated production lines. Developed by Sekisui House, Bellburn tiles are extremely strong and boast superb resistance to weather, water, and fire. With the completion of new production lines, we can now produce 80,000 m² of Bellburn tiles per month, a quantity sufficient for furnishing 510 houses. Moreover, by introducing a new production line at the factory in Tohoku, an area affected by the Great East Japan Earthquake, we helped increase local employment and contributed to the “local production for local promotion” initiative.



Bellburn won the 2012 Good Design award



After being kneaded, Bellburn materials are shaped and patterned



A sensor camera is used to check the size, color tone, and gloss of Bellburn tiles, which are customized for each customer

Implementing a quality control system

On every production line, we assign dedicated personnel to conduct thorough quality checks at each stage of production. This includes checking materials upon delivery, sampling and checking components on the line, and requiring engineers to take a proficiency test at specified intervals. As a result of these efforts, in 1998 we became the first company in the industry to have all of its factories certified with the ISO 9001 international quality management standard.

At every one of our factories, we thoroughly implement eco-friendly measures, including 100% recycling of waste.



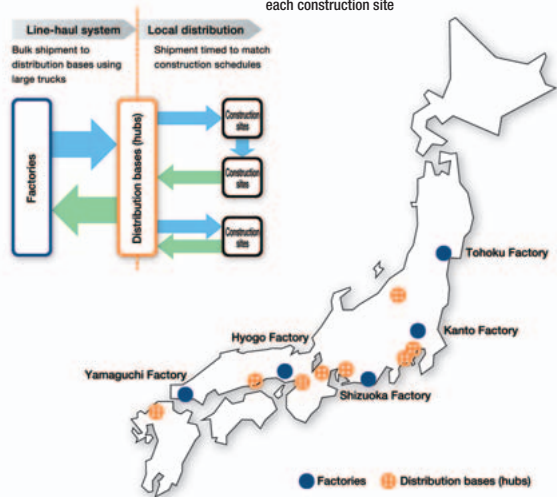
A SHAWOOD house beam is tested for flexural strength as part of strict quality control at our factories

Expanding distribution networks for achieving higher efficiency

Sekisui House operates distribution bases in eight locations across Japan: Tokyo, Kanagawa, Niigata, Aichi, Shiga, Osaka, Okayama, and Fukuoka. Housing components built at our factories are gathered at these distribution bases, where they are sorted and then shipped to the appropriate construction sites. We are implementing a just-in-time inventory system that allows us to adjust the schedule and quantity of component shipments on an on-demand basis to optimally match construction schedules. Furthermore, trucks dispatched from these distribution bases make rounds to collect waste materials and other items from each construction site and bring them back to the bases. To increase work efficiency at construction sites, the distribution bases are also used for assembling some of the housing components.



Housing components from our factories and suppliers are gathered at distribution bases for shipment to each construction site



Rationalizing the construction process

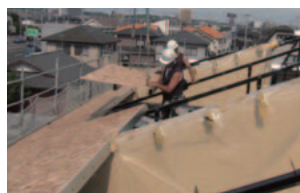
To fully utilize our human resources and enhance our construction capacity, it is essential to provide environments where personnel can work comfortably and efficiently. We are currently reviewing our operational processes to increase efficiency by incorporating feedback from each construction site.

As part of our efforts, we have significantly increased the rate of prefabrication—including precutting, presetting, and partial assembly of components—to minimize the need for on-site component processing. This not only helps us to save energy, it also serves to minimize the environmental impact on neighborhoods—for example, by reducing airborne dust. Through such initiatives, we are responding quickly to requests and suggestions from construction sites.

In addition, we are implementing improvement measures that include: reorganizing our split delivery system to enhance construction efficiency; promoting floor-specific and area-specific delivery to the construction sites of Sha Maison apartments; and using customer-specific and product-specific labels for easier identification of components.



Metal fittings are pre-attached to structural frames to reduce the workload at construction sites



Large components, such as sheathing panels used for the roofs of main buildings, are also assembled with other components before being shipped to construction sites

Maintaining a close relationship with the Sekisui House Association

Since our foundation, we have maintained close ties with the Sekisui House Association, a voluntary organization comprising Sekisui House Group companies involved with construction and our partner building contractors.

The 20 Sekisui House Group companies—including Sekiwa Construction companies and Landtech Sekiwa—together with around 7,000 partner building contractors, are all active in their respective regions (as of February 1, 2014). Sekisui House and the Sekisui House Association work together to promote various initiatives, such as enhancing construction quality, addressing the needs of customers, communicating with residents living in the neighborhoods of construction sites, implementing thorough safety measures, keeping construction sites clean and tidy, operating in accordance with the “zero waste” concept, developing human resources through training, and improving workplace environments. We provide opportunities to promote information exchange among those concerned, including our construction site staff and members of partner companies, so that we can share issues and find solutions together. At the same time, we also hold training programs and study sessions aimed at improving our business operations and skills.



Providing skills training for employees to ensure high standards of construction

Training young technicians at school and through seminars

To maintain quality and further improve our construction capabilities into the future, we run the East Japan Sekisui House Training School (which has been approved by the governor of Ibaraki Prefecture) and the West Japan Sekisui House Training School (which has been approved by the governor of Yamaguchi Prefecture). At these schools, we groom young construction workers.

New employees of Sekiwa Construction companies, Sekiwa Real Estate companies, and our partner building contractors are admitted to these schools on the condition that they will work at Sekisui House construction sites in the future. As well as receiving training on construction methods, they learn about business practices and etiquette.

What distinguishes our schools from others is the fact that students acquire not only the knowledge and skills required for housing construction, but also an insight into a corporate philosophy oriented towards delivering greater satisfaction to customers. Those who have completed the training course are promptly put to work around Japan as skilled construction workers and construction site managers.

In addition, ex-trainees are given ongoing training programs in line with their skill level and experience. The programs cover construction topics such as foundations, exteriors, interiors, and specific parts.



On-site training for installing plasterboard on ceilings



On-site training for slinging

Certifying Sekisui House Senior Technicians

The Sekisui House Senior Technician Test is a qualification exam conducted by Sekisui House Group companies and partner building contractors. Accredited by the Ministry of Health, Labor, and Welfare in Japan, the test aims to assess the proficiency of technicians in carrying out work on foundations, exteriors, and interiors. Those who have passed the test are certified to be construction site managers and are expected to contribute to improving the quality of construction. (During FY2013, 157 of our employees passed this test.)

According to the evaluation criteria, an individual should have the following: a personality befitting the role of Senior Technician; the ability to understand construction details provided in drawings and specification sheets and the ability to carry out construction accordingly; specialized construction knowledge and skills; and the ability to perform required duties smoothly and properly. Those who have passed both the written test and the practical test will be certified as Sekisui House Senior Technicians and presented with a blue helmet and a certificate. The next step for them is to be certified as a Construction Meister.



The blue helmet—a symbol of the Sekisui House Senior Technician

Construction Meister certification system

Among our Senior Technicians engaged in work on foundations, exteriors, and carpentry throughout Japan, we select those with outstanding competence and proficiency and certify them as Construction Meisters. This system was inaugurated in 2010 with the purpose of evaluating the proficiency of technicians while also providing a way for seasoned workers to pass on their expertise to the next generation of workers.

In addition to abundant experience in construction and excellence in professional skill, another criterion that influences Meister certification is competence displayed in training and mentoring junior technicians. Those certified as Meisters are given certificates and a special bonus. As role models for all construction workers, Construction Meisters are expected to contribute further to the improvement of construction quality and share their knowledge and experience with junior technicians.



Emblem given to a Construction Meister

» Risk management

Risk 1:

Sharp increase in cost of materials

Our response 1:

- Increasing yield
- Improving production efficiency
- Using new or alternative materials

Risk 2:

Shortage of workers

Our response 2:

- Automating production lines to accommodate a reduced workforce
- Reducing production lead times
- Increasing prefabrication to reduce the workload at construction sites
- Promoting a just-in-time distribution system to improve work efficiency at construction sites
- Rationalizing construction schedules and promoting effective use of the workforce through efficient allocation of human resources
- Training young technicians at schools to ensure a competent workforce
- Boosting the retention rate of employees by improving the workplace environment, enhancing welfare programs, and providing support for training and qualification tests
- Accepting foreign trainees

Risk 3:

Shortage of trucks and drivers

Our response 3:

- Establishing a line-haul system centered on distribution bases, along with a local distribution system
- Increasing the operating rate of existing trucks
- Optimizing the distribution system, including deliveries from component suppliers
- Centrally controlling delivery schedules
- Reducing the workload of drivers (implementing labor-saving measures, shortening driving distances)

Risk 4:

Natural disasters

Our response 4:

- Promoting our business continuity plan (BCP) in cooperation with partner companies
- Stocking emergency supplies and using factories as makeshift shelters

» Expected benefits

- Maintaining a competitive advantage over other housing companies through enhanced production capacity and improved quality
- Enhancing competitiveness in the market and reducing costs through advanced automation, reduced personnel, and improved production efficiency
- Retaining a competitive edge over other housing companies through improved quality and enhanced capacity of construction
- Improving construction quality by increasing the skills and boosting the morale of construction workers
- Improving customer satisfaction through enhanced precision and improved quality of products
- Enhancing our corporate image and brand image

Achievements

	FY2012	FY2013
Per-capita productivity (factory shipment value ÷ number of workers)	100.0	110.1
Number of construction workers (foundations, construction, carpentering)	10,249	10,899
Number of technicians who completed training course at school (cumulative total)	2,208	2,294
Number of certified Sekisui House Senior Technicians (cumulative total)	14,301	14,458
Number of certified Construction Meisters	205	314

Extending the Lifespan of a House and Enhancing After-Sales Service

Homes with a long lifecycle can help reduce the impact on the environment by preventing a large amount of waste from being generated during demolition and by saving energy and resources required for rebuilding. To help our customers enjoy ‘comfortable living—now and always’, we strive to provide comprehensive support that includes services such as remodeling.



» Backdrop

Houses that last for generations can serve as social assets

Compared with houses in North American and Europe, Japanese houses tend to be demolished after a relatively short period of time. This being the case, they are seen as having much less value as assets. However, by extending the lifecycle of a house, we can consequently enhance its asset value. Society also benefits from an increase in such highly durable houses, as they constitute social

assets that contribute to the cultural enrichment of each region.

For residents to live in the same house over a long period of time, the house must be designed in such a way that it can flexibly respond to changes in lifestyle and family structure. We are endeavoring to deliver comfortable living environments for our customers by supplying houses that fit this template.

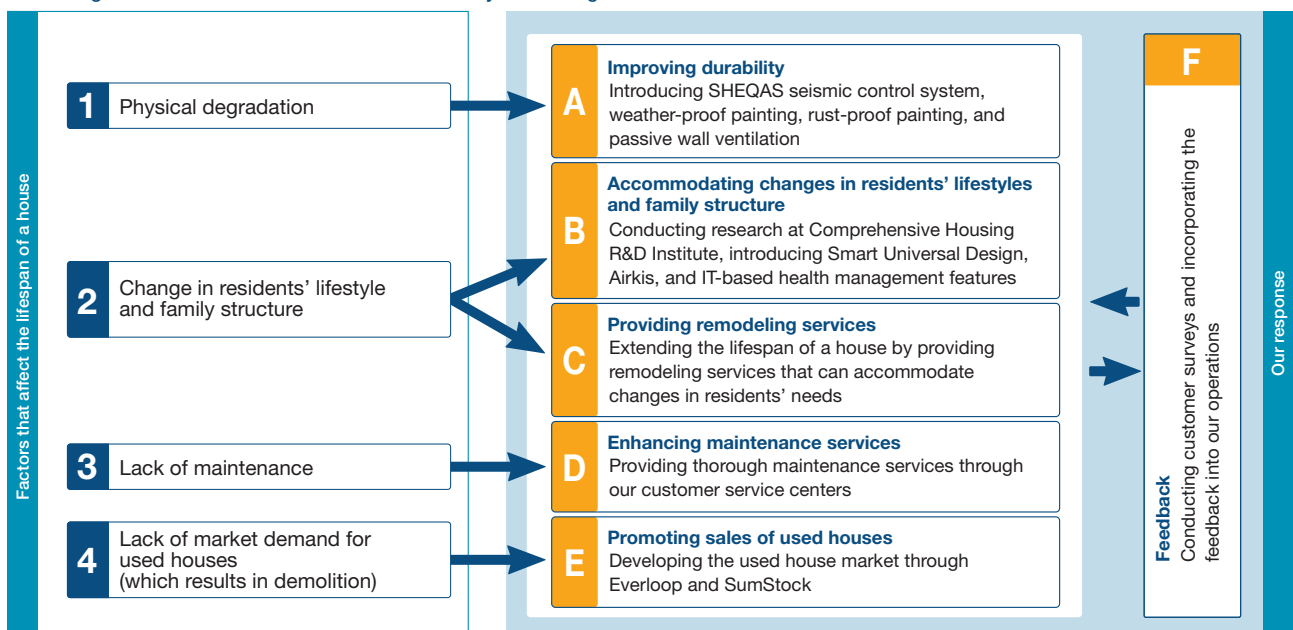
» Our goal

Accommodating diverse lifestyles by providing homes that are flexible and durable

We are striving to build houses that can serve as social assets over a long period of time. To this end, we are making our houses more resistant to wind and snow, degradation over time, and natural

disasters such as earthquakes. At the same time, we are making these houses flexible enough to readily respond to changes in residents’ lifestyle and family structure.

■ Providing houses where residents can live comfortably over a long time



» Action policies

Making group-wide efforts to address housing needs and enhance the asset value of the houses we build

Main stakeholders

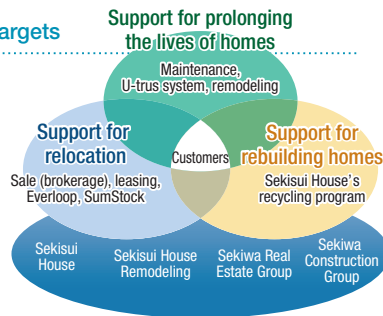
- Customers, residents, local communities, stockholders, investors

System for achieving targets

At our Comprehensive Housing R&D Institute—located in Kizugawa City, Kyoto Prefecture—we carry out various evaluation and verification activities to enhance the durability of our houses. At the same time, we keep the institute open to visitors, who, through hands-on experience, provide us with feedback regarding changes in residents' needs. In FY2013, the institute welcomed 32,854 visitors in total.

To further address the needs of Sekisui House homeowners, we provide various support services through our customer service centers, which are operated by 30 offices across the country. About 1,400 Sekisui House employees—roughly 10% of our entire workforce—are assigned to serve at these customers service centers.

We have also established Sekisui House Remodeling, a fully owned subsidiary, to provide solutions for homeowners' remodeling needs. The Sekiwa Real Estate Group, which comprises seven companies and a total of 1,922 employees, is responsible for managing Sha Maison rental apartments and promoting sales of used houses.



■ A comprehensive range of support offered by the Sekisui House Group



On non-business days at the customer service centers, homeowner enquiries are handled by our telephone center

Our solutions

A Enhancing home durability

All our steel-frame homes employ structural components with three layers of rust-proofing and walls that provide passive ventilation. Especially important is SHEQAS, our innovative seismic control system, which is capable of converting seismic waves into heat energy. SHEQAS can absorb building vibrations and reduce building deformation by approximately 50%.



SHEQAS seismic control system

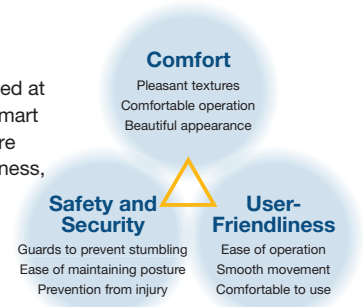
B Catering to diverse needs of homeowners

Providing solutions to different lifestyles and social needs

As part of our effort to cater to the needs of homeowners with changing lifestyles and family structures, we offer a variety of home design plans. Examples include *Kodomo idokoro*, which allows homeowners to adjust their home layout as their children grow; *Tomo ie*, which is designed to suit the lifestyles of double-income couples; and *Kazoku to kazoku*, which is tailored to the needs of multi-generational families.

We also apply universal design (UD) concepts to much of the equipment installed in the house. For instance, we use ergonomically designed handrails and knobs, as well as full-flat

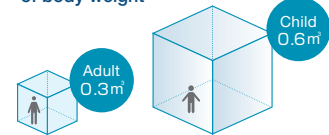
sash windows with rails positioned at floor level. We aim to achieve “smart UD” in our home design to ensure safety and security, user-friendliness, and comfort for our customers.



Developing products that enhance air quality

Our steel-frame detached homes come standard-equipped with Airkis, our high-quality indoor air system that is capable of reducing indoor concentrations of chemical substances to less than 50% of the guideline value set by the Ministry of Health, Labor, and Welfare. We also began fitting this system to our Sha Maison rental apartments. In 2013, we developed *Air kokochi*, a total heat exchanger with a full-building humidity conditioning function. This system enables the user to control indoor temperature and humidity levels, while also providing ventilation and air-purification functions. Through equipment such as this, we are providing clean and comfortable air environments for our customers.

- Compared to an adult, a child needs about twice as much air per kilogram of body weight



Source: Guidelines for Chemical Substances to Protect the Health of Children, Tokyo Metropolitan Government Bureau of Social Welfare and Public Health



Air sample being taken upon completion of an Airkis-equipped home



Air sample being analyzed in a third-party laboratory



An air quality certificate is issued

C Providing remodeling solutions

Along with regular remodeling plans, we are also recommending that homeowners who wish to save energy should upgrade their existing home equipment and components—such as water heaters and heat-insulation windows—to the latest models and install photovoltaic power systems.

D Proposing optimum maintenance plans

After our customers move into their newly purchased homes, we keep in contact with them through our customer service centers so that we can readily respond to their maintenance needs.

E Promoting sales of used houses on the market

In addition to brokerage services provided by Sekiwa Real Estate companies to facilitate the sale of used houses, we also purchase and remodel used houses for resale under our Everloop program. Furthermore, we conduct fair and proper evaluation on quality used houses with traceable records through our SumStock evaluation system. Through these programs, we are promoting the sale of used houses without reducing their asset value.

F Incorporating customer feedback

Sekisui House conducts customer satisfaction surveys with homeowners when they move in and one or two years after that. We then incorporate their feedback into our everyday operations—this includes house design and construction, as well as the development of new components and products.

Expected benefits

Transforming Japanese housing culture with long-lasting homes that become community assets.
Remodeling services with the latest technology to promote comfortable living—now and always.

- When homes are built to last longer, they become assets that can be passed on from one generation to the next. This approach also serves to reduce the financial burden of housing loans on residents. The economic benefits provided by our quality homes will also enhance Sekisui House’s brand image, thereby helping to grow our market share.
- By establishing solid and ongoing relationships with homeowners, we are able to offer them proposals aimed at accommodating changes in their family structure or stage of life. This also contributes to the stability of our business operations.



Before remodeling



After remodeling

Measures being implemented

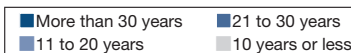
We maintain a database that includes detailed information on the housing components used for each house we build. This allows us to easily identify the optimal time for remodeling and make appropriate remodeling proposals. As a consequence, we anticipate further growth in our remodeling business.

Our strength in the remodeling business

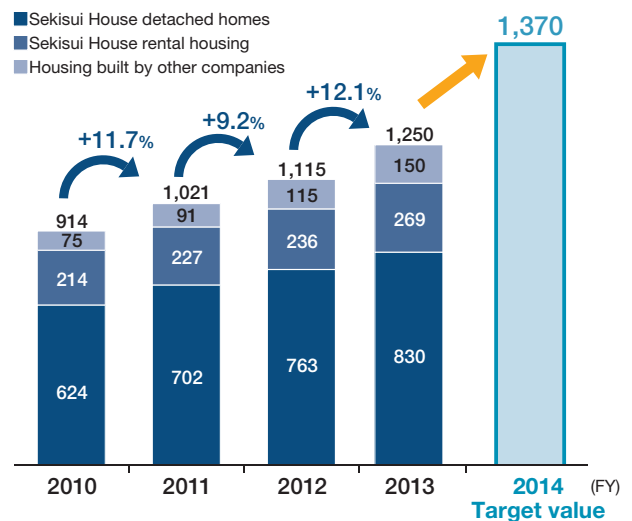
- Firm relationships of trust with customers established through our customer service centers in 100 locations (operated by 30 offices)
- Large number of Sekisui House homes already built

■ Age-specific home information (detached homes + rental homes, number of buildings)

About **75%** of the remodeling orders we receive are for houses aged more than 10 years.



Shift of sales in remodeling business (100 million yen)



Achievements

The number of homes fitted with a SHEQAS seismic control system (accredited by the Japanese Ministry of Land, Infrastructure, Transport, and Tourism) showed a year-on-year increase of 12 points. Also, our Airkis high-quality indoor air system—which can reduce indoor concentrations of chemical substances to less than 50% of the guideline values set by the Ministry of Health, Labor, and Welfare—is now incorporated into the majority of our steel-frame detached houses. These features help distinguish our homes from those built by other housing companies.

Houses with Long-Term Quality Housing Certification accounted for 92% of our homes in FY2013. This certification is issued by the Japanese government to houses that meet prescribed criteria regarding various home features, including durability, seismic resistance, ease of maintenance and remodeling, barrier-free design, and energy-saving performance.

The cumulative total of homes built by Sekisui House has exceeded 2.18 million. In order to take advantage of this large customer base, we have allocated a greater number of employees to our remodeling business. As a result, we have been able to achieve a 12.1% sales increase in this segment.

	FY2012	FY2013
Percentage of houses fitted with SHEQAS (%)	75.0	87.0
Percentage of houses fitted with Airkis (%)	76.3	77.8
Percentage of houses certified as Long-Term Quality Housing*1 (%)	92.1	92.1
Percentage of customers who selected "Highly satisfied" in the customer satisfaction survey (%)	39.6	41.0
Sales in the remodeling segment (100 million yen) (%)	1,115	1,250
Percentage of homes remodeled by Sekisui House*2 (%)	43	46

*1 Houses certified by the Japanese government as possessing features that ensure high durability over a long period of time.

*2 Of homes managed by Sekisui House

» Risk management

Risk 1:

Extending the lifespan of houses may reduce market demand for new houses

Our response 1:

Presently, our share of Japan's housing market is about 5%. However, as more people become aware of the asset value of quality housing, we expect that our ability to produce attractive products and provide effective solutions will enable us to expand our market share. To this end, we are striving to cater to the individual needs of homebuyers with varying lifestyles and family structures.

Risk 2:

Competition may intensify in the remodeling market

Our response 2:

Because we keep customer-specific information in our database, we are able to propose remodeling and maintenance services to homeowners in a timely manner. We also have an advantage over our competition in the sense that homeowners are more likely to trust remodeling and maintenance services provided by the same company that built their home. And by making bulk purchases of the latest home equipment, we are able to incorporate it into our remodeling plans without placing an excessive cost burden on customers.

» Our challenges

Utilizing IT and robotics to explore the potential of universal design

In FY2010, the number of people in Japan aged 65 or above who were in need of nursing care reached 4.9 million—a sharp increase of 2.03 million from the FY2001 level. One survey found that 42% of Japanese men and 30% of women would prefer to receive nursing care at home.* However, nursing care by family members at home can give rise to social problems—for example, when an elderly person is nursing another elderly person, or when family members become exhausted by the excessive physical and mental demands of nursing.

In order to provide houses that can flexibly cater to the needs of elderly residents, we are striving to focus our research efforts on universal design. While incorporating information technology such as home energy management systems (HEMS) into our home design, we are also studying the application of robotic technologies for home equipment to ensure comfortable living environments for elderly residents.

*Source: White Paper on an Aging Society (2013) issued by the Japanese government's Cabinet Office

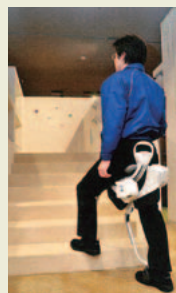
Research

Using robotic technologies to assist residents in need of care

At Sekisui House, we have accumulated know-how on universal design, smart houses, and smart towns. Working in collaboration with Honda Motor Co., Ltd.—a company that boasts advanced expertise in robotics—we have started exploring the possibility of utilizing robotics to improve the lifestyles of residents in need of care. For instance, for elderly people who are classified as Stage 1 and 2 in the chart provided to the right, our goal is to extend the period during which they can maintain a self-supported lifestyle. For this purpose, we are considering the application of robotic technologies such as UNI-CUB and bodyweight-supporting walking assistance.

In the future, we believe that elderly and physically challenged residents will be able to improve their quality of life through such technologies. In cooperation with Honda, we are currently working to expedite the process of putting such robotic technologies to practical use.

Along with research on user-friendly robotic technologies that can be used to support elderly and physically impaired residents who are classified as Stage 2 or 3, we are conducting research on the



Bodyweight-supporting walking assistance

development of housing environments where humans and robots can interact in an optimal way.

Working in collaboration with Muscle Corporation, we are also studying the use of mobile nursing robots that can reduce the burden on caregivers by providing assistance for bathing or moving residents in need of care.

Changing lifestyles of the elderly

- Stage 1** **Not in need of care**

Can walk unassisted. Enjoy hobbies and communication with family and friends.
- Stage 2** **Moderately handicapped and in need of care**

Difficulty walking due to degradation of bodily functions. Need a wheelchair. Enjoy self-supported life with the assistance of others.
- Stage 3** **Severely handicapped and in need of care**

Difficulty moving due to degradation of bodily functions. Require healthcare services.

Promoting Diversity



» Backdrop

In order to achieve sustainable growth despite Japan's declining birthrate and aging population, it has become essential for companies to create a corporate culture where a diversity of human resources—including people with disabilities—can fully demonstrate their competence, regardless of their gender, age, or nationality.

In March 2006, we announced the Declaration for Human Resource Sustainability as our basic personnel policy. The declaration, which aims to promote the ongoing growth both of the company and of our employees, comprises three basic policies: encouraging female employees to pursue their career development; promoting a diversity of human resources; and supporting a work-life balance.

In the same year, our head office inaugurated the Diversity Development Team, a working group to promote the career development of female personnel. Since then, we have been taking various measures to support female employees in their career development. Our efforts were recognized in 2013, when we made the *Nadeshiko* list—a women-empowering roster selected by the Tokyo Stock Exchange and the Ministry of Economy, Trade, and Industry. In February 2014, our Corporate Management Planning Department set up the Diversity and Inclusion Promoting Office to promote diversity throughout the company.

» Our goal

We believe that achieving a workplace environment where a variety of personnel can fully demonstrate their abilities with a spirit of creativity and innovation will add value to the company and enable us to follow a path of sustainable growth.

» Action policies

Female career development, work-life balance, and employing people with disabilities

Main stakeholders

- Employees, job applicants (students, housewives, etc.), investors

Measures being implemented

● Supporting female employees in their career development

Policy

We have been active in hiring female employees for sales and technical jobs, areas where they can develop careers. And with a view to fostering future managers, we also try to keep female staff motivated and provide working style options that take women's life events into consideration.

Sales work

In Japan's housing industry, sales has long been considered men's work, since the job often obliges employees to meet customers in their homes at night. However, as customer needs diversify, it is becoming increasingly important for housing companies to incorporate a female perspective into design proposals. For this reason, we have been actively hiring female personnel for sales work since 2005. To help them stay on their sales career paths, we also provide a variety of training programs for them.

Measures we are implementing

- 1 Every year, Sekisui House holds a special personnel meeting for female sales staff. At this event, female employees who have made a distinguished sales contribution are recognized, information on best practices is shared, and discussions are held to inspire and motivate female sales personnel.
- 2 We select 20 female sales personnel as promotion committee members and have them plan and organize training programs for female sales personnel in their respective regions. We also provide opportunities for these committee members to get together and share information.
- 3 Female sales personnel who have been designated as "role models" are granted benefits such as the ability to adjust holidays and work hours during times of maternity and parental leave or change their workplace location when their spouse has been transferred.
- 4 On our in-house website, we spotlight some of the activities of our role models in order to inspire and motivate other female sales personnel towards improving their skills and developing their careers.

Sekisui House Remodeling has been actively hiring female personnel with parenting experience to work as Remodeling Advisors. Thanks to the variety of working style options we offer, many of our employees are able to strike a good work-life balance. The company employs 630 female sales personnel—fully 61% of our entire sales force. And in March 2014, two female employees became company board members.

Technical work

When it comes to recruiting female staff, the technical division has been even more active than the sales division. The number of female candidates for managerial positions is also increasing. However, as female employees come to play an increasingly active role in the workplace, they face growing challenges regarding how to balance the conflicting demands of work and parenting.

With this in mind, we started up a working group to support female technical personnel in 2012. As of 2013, we employ two female design chiefs and four female chief architects*. Furthermore, we introduced a telecommuting system for female technical staff on a trial basis. This system allows female employees with small children or disabled family members requiring home care to work from their homes once or twice a week.

*In-house qualifications are given to those who have demonstrated excellent skill in housing design and business negotiations.

● Promoting a work-life balance

Policy

Reducing overtime, encouraging annual and men's parental leave, and supporting diverse working styles

Home building requires thorough planning and repeated meetings with customers. This often results in overtime work on the part of employees. By improving work efficiency and increasing productivity, we are making efforts to reduce overtime work for our employees, while also encouraging them to take annual paid holidays. At the same time, we are also enhancing our parental care and nursing care support programs, so that our employees can strike an optimal balance between work and family life.

● Hiring people with disabilities

Our aim is to hire at least one person with a disability at every business office. In order to achieve this goal, members of our personnel division attend job-matching events and contact the job placement divisions of public institutions and universities.

Target number and time frame

	FY2013	Target
Number of female personnel in managerial positions (group-wide)	65 (1.52%)	FY2020 200 (5%)
Number of female office managers	7 (6 out of 16 sales administration headquarters)	FY2014 Minimum 1 female office manager (or at least office sub-manager) at each of our 16 sales administration headquarters
Employment rate of people with disabilities	1.97%	FY2014 2.00%

As of April 1, 2014

Number of female board members: 2
Number of female managers: 85 (1.89%)

➤ Risk management

Risk 1:

The career tracks of female personnel might be disrupted by marriage or childbirth

Our response 1:

We are working to mitigate such occurrences by introducing flexible working styles that encompass reduced work hours or flextime. We are also encouraging women to develop a long-term perspective regarding their careers. Along with such efforts, we are also holding self-esteem enhancement seminars for those in their third year at the company, as well as career development seminars for those in their seventh year. In addition, we consider some of our role model personnel as case studies and share information at meetings as well as through our in-house website.

Risk 2:

Staff shortages may arise if too many employees seek parental leave or reduced hours at the same time

Our response 2:

We operate a direct sales system that integrates both sales and technical divisions. This enables us to allocate human resources in a smooth and well-balanced manner, thereby minimizing the effect of shortages in the workforce.

➤ Expected benefits

- By increasing the number of women on staff, we are able to readily respond to diversifying customer needs both in sales and technology. Brainstorming involving both male and female personnel will give us new ideas and perspectives.

Feasibility of benefits

The benefits are already tangible. In the technical division, which has been more proactive than the sales division in employing female staff, the benefits are already reflected in product development and solution proposals.

Measures we are implementing

As well as actively recruiting female personnel, we are also promoting job rotation.

- Being able to strike a good work-life balance makes employees more motivated in their work and leads them to generate more new ideas. It also improves employees' level of work satisfaction and contributes to a higher rate of staff retention.

Feasibility of benefits

These benefits are quite feasible. A higher staff retention rate will attract greater numbers of highly competent university graduates.

Measures we are implementing

Through the press, our in-house website, and our in-house publications, we communicate our activities to people inside and outside the company.

- Working with personnel with disabilities raises our awareness of universal design, thereby enabling us to make better proposals for our customers.

Feasibility of benefits

This benefit is also quite feasible.

Measures we are implementing

We accept people with disabilities as interns, while also setting target numbers for such staff hired at each office. At the same time, we are promoting communication with people with disabilities and their support groups.

We will continue with our efforts to introduce diverse working styles and create workplace environments in which our employees can fully demonstrate their competence.

Achievements

★Indicates results achieved exclusively by Sekisui House, Ltd.

	FY2012	FY2013
Proportion of female managers	1.68%	1.52%
Number of female managers	65	65
Average duration of work	Male	16.83
	Female	9.18
	Difference between male and female	7.64
Number of employees who took parental leave	Male	19
	Female	131
Number of employees who took nursing care leave	6	11
★Number of employees who returned to work after taking parental leave	Male	100%
	Female	94.1%
★Number of employees who stayed with the company 12 months after returning from parental leave	Male	95.5%
	Female	98.8%
Proportion of employees who took annual paid holidays*	27.3%	27.5%
★Proportion of employees with a disability	1.89%	1.97%
★Proportion of offices that have at least one employee with a disability	54.2% (91 out of 168 offices)	59.4% (101 out of 170 offices)

*Data on annual paid holidays was collected during the periods between March 11 and March 10 of the following year.