

Comments from External Members of the CSR Committee

At Sekisui House, a CSR Committee meeting is convened every three months to develop and promote important CSR policy issues and verify the relevancy and effectiveness of current CSR activities (refer to p. 36). During the meeting, three external members are asked to present third-party opinions, which provide the basis for discussion among Committee members, including the board members. The following are comments given by the external members in the light of the discussions held during fiscal year 2012.



Mr. Haruo Tsuji
Special Advisor,
Sharp Corporation

Observation, sensitivity, and consideration, from the customer's perspective

The Great East Japan Earthquake and subsequent nuclear accident two years ago cast into sharp relief the importance of saving and creating energy, as well as safety and reliability, from a different standpoint to that of environmental issues. In this context, I am pleased to see that Sekisui House is producing results tailored to social needs, such as the fact that the company's Green First model accounts for over 80% of newly built detached houses, and that it was one of the first to engage in the development of smart houses and smart cities based on this model. Although some people regard CSR as a business strategy, this initiative may justly be described as an example of true CSR management that is being incorporated into business activities.

With the advance of globalization, the pace of change is accelerating ever more rapidly, and in business management it is now essential to be observant, sensitive, and considerate, all from the customer's perspective. Being "observant" involves noticing visible matters and responding to them carefully. Being "sensitive" means going one step further by responding in a manner tailored to the client. And being "considerate" entails perceiving the customer's deeper needs and ideas, and meeting them in advance.

I hope all employees will put these into practice, and in so doing raise the corporate value of Sekisui House and the level of its CSR to new heights.

Excerpt of his comment
given at a CSR meeting

Now, when good results are being achieved, is the time when the greatest care is required with respect to any problems that may arise. I hope Sekisui House will strive to strengthen its internal controls for "fundamental CSR" by such means as repeatedly enforcing rigorous compliance. The medium-term management plan also envisages that overseas business will account for 10% of sales in fiscal year 2014, and I hope the company will also endeavor to raise the level of its CSR activities overseas.



Dr. Tadao Kagono
Special Visiting Professor,
Konan University

Financial services and CSR

Providing services that customers want, accepting compensation for them, and making a profit from this compensation are the foundations of long-term sustainable CSR. Sekisui House is providing industry-leading services in terms of dealing with environmental issues and increasing the value of buildings. The company's CSR is the industry leader in this field, and may also be the most advanced among all Japanese companies. It might therefore be assumed that there is little room for further improvement. Looking at the margins of the company's business, however, there are still some things that remain to be done. Many of those that I have identified are related to financial services. For a product as expensive as housing, sales and financing are inseparable. Borrowers of home loans in Japan bear a heavier burden of risk compared with other countries, and this is a problem. There are many actions that housing makers can take to help alleviate this burden. This connection with financial services is also evident with respect to photovoltaic power generation and cogeneration. If effective financial products in these areas could be developed, this would provide major benefits for both borrowers and investors. I hope financial products for these areas will be developed in future.

Excerpt of his comment
given at a CSR meeting

Fifty years hence, Japan's population will have decreased, and there may no longer be any need to build new housing. What sort of businesses will Sekisui House be able to develop at this point? One is the company's overseas business, but another may be the housing stock business. Sekisui House must make preparations that enable the company to raise income from services, with a view to developing its housing stock business.



Mr. Shunsuke Kano
Lawyer

Supporting women's achievements in Sekisui House

The magnificent achievements of Nadeshiko Japan, the national Japanese women's soccer team, have made a superb impression of Japanese women's strength and greatness worldwide. They have also given the Japanese people, who were losing confidence in themselves as the country appeared to be slipping from its position as an economic powerhouse, the fresh courage and confidence required for recovery. The precipitously declining birthrate, increasingly aging population, and decreasing number of people of working age that Japan currently faces will necessitate the active participation of women in all areas of society. To achieve this, however, will require support for combining work with home-making and child-raising, and the creation of environments and frameworks that make it easier for women to work. In February 2013, Sekisui House was selected to be on the "Nadeshiko" list of companies on the Tokyo Stock Exchange that actively promote women's participation in the workplace. This can also be regarded as an important recognition from a CSR perspective. I believe that the strength of Sekisui House as a leading housing company with the foremost advanced technology and sophisticated construction capabilities lies in the fact that the company is concentrating on its core business in-depth, without becoming distracted. Adding the activities of "Nadeshiko employees" to this will double the company's drive.

Excerpt of his comment
given at a CSR meeting

The increasingly elderly nature of the Japanese population will mean an increasing focus on safety and reliability in future. Older people with financial resources may increasingly choose to put their money into housing in order to live together with younger generations. I hope that more and more housing that is safe and reliable for aging communities will be put on the market. The strength of Sekisui House is that its business is specialized in housing. I hope the company will further improve its quality as a top maker in future.

Independent Assurance Report for the Japanese Version of the Sustainability Report 2013

This is an English translation of the "Independent Assurance Report" dated April 10, 2013 originally issued in Japanese by KPMG AZSA Sustainability Co., Ltd. for the "Sustainability Report 2013" published in Japanese by Sekisui House, Ltd..

Independent Assurance Report

To the Board of Directors,

Purpose and Scope

We were engaged by SEKISUI HOUSE, Ltd. (the "Company") to provide limited assurance on its Sustainability Report 2013 (the "Report") for the fiscal year ended January 31, 2013. The purpose of our assurance engagement was to express our conclusion, based on our assurance procedures, on whether:

- the greenhouse gas indicators marked with "G" (the "Indicators") for the period from February 1, 2012 to January 31, 2013 included in the Report are prepared, in all material respects, in accordance with the Company's reporting criteria; and
- all the material greenhouse gas information defined by the Japanese Association of Assurance Organizations for Sustainability Information ("J-SUS") is included in the Report.

The content of the Report is the responsibility of the Company's management. Our responsibility is to carry out a limited assurance engagement and to express our conclusion based on the work performed.

Criteria

The Company applies its own reporting criteria as described in the Report. These are derived, among others, from the Sustainability Reporting Guidelines 2006 of the Global Reporting Initiative and Environmental Reporting Guidelines of Japan's Ministry of the Environment. We used these criteria to evaluate the Indicators. For the completeness of material greenhouse gas information, we used the 'Greenhouse gas Report Assurance and Registration Criteria' of J-SUS (http://www.j-sus.org/kitei_pdf/logo_fuyo_ghg.pdf).

Procedures Performed

We conducted our engagement in accordance with 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board, and the 'Practical Guidelines of Sustainability Information Assurance' of J-SUS.

The limited assurance engagement on the Report consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviews with the Company's responsible personnel to obtain an understanding of its policy for the preparation of the Report.
- Reviews of the Company's reporting criteria.
- Inquiries about the design of the systems and methods used to collect and process the Indicators.
- Analytical reviews of the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and also a recalculation of the Indicators.
- Visit to the Company's 2 domestic factories selected on the basis of a risk analysis.
- Assessment of whether or not all the material greenhouse gas information defined by J-SUS is included in the Report.
- Evaluating the overall statement in which the Indicators are expressed.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that:

- the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report; and
- all the material greenhouse gas information defined by J-SUS is not included in the Report.

We have no conflict of interest relationships with the Company that are specified in the Code of Ethics of J-SUS.

KPMG AZSA Sustainability Co., Ltd.
Osaka, Japan
April 10, 2013

Sekisui House, Ltd.

April 12, 2013

Third Party Review

I wrote the following comments based on the information contained in this report and interviews I had with Sekisui House personnel in charge of environmental, human resources, procurement and CSR affairs. I believe that Sekisui House has remained steadfast in their commitment to CSR efforts. They have been properly implementing the PDCA management cycle focusing on reducing the burden on the environment and preserving the environment by, for example, promoting the nationwide introduction of the “Gohon no ki” landscaping concept—an innovative project involving customers in biodiversity protection efforts and one of the first of its kind in the world—and convening quarterly meetings of the CSR Committee that includes external members.

Achievements that deserve special recognition

- Sekisui House has demonstrated an exceptionally high contribution to reducing the burden on the environment and preserving the environment by launching some of the world’s most innovative initiatives, which include introducing the Environmental Future Plan in 1999; issuing the Declaration of Sustainability in 2005; specifying 4 values and 13 guidelines to accelerate the process to a sustainable society (p. 20); achieving more than 80% in the ratio of the Green First model that employs a highly insulated and airtight structure coupled with a photovoltaic power generation system and fuel cells (p. 49); and planting more than 9 million trees in total in cooperation with customers under the “Gohon no ki” landscaping concept. Especially noteworthy are their long-standing, close partnerships with NPOs and NGOs, with which they have been promoting the “Gohon no ki” landscaping concept and FairWood procurement practice.

Areas where some notable achievements have been made but further efforts are required

- I think highly of the efforts of Sekisui House to improve the value of the housing stock for customers by extending the warranty at 10-year intervals after the expiration of the initial warranty period with their U-trus system; implementing the “Everloop” program to repurchase Sekisui House homes and renovate them for resale; and covering part of the remodeling expenses of houses that meet certain criteria (p. 59). At the same time, I strongly hope that Sekisui House will offer further information and opportunities to enable more customers to become aware of the benefits resulting from maintaining and improving housing value over a long period of time.
- In order to increase the diversity of its workforce (p. 67), Sekisui House issued the Declaration for Human Resources Sustainability in 2006, while placing importance on promoting women’s successes, diversity of human resources, and work-life balance. As a result, the ratio of employees using parental leave, nursing care leave and the shortened work hour program to all Sekisui House employees reached 2.77% on a non-consolidated basis. Sekisui House also accepted university students with developmental disorders as interns. While these achievements deserve recognition, I expect Sekisui House will continue its ongoing commitment to increasing the diversity of its workforce to better cater to the needs of an aging Japanese society with fewer children and developing personnel capable of promoting international business. Specifically, I strongly propose that Sekisui House should offer training where employees who have used nursing care leave or the shortened work hour program serve as trainers, and enhance their consultation service for employees to address a wider range of concerns, including non-work related issues.
- I think highly of the continued efforts of Sekisui House to improve the performance of their business partners to help them fulfill their responsibility to society (p. 66) by assessing the quality control program in place at their business partners in order to identify practices that need improvement and suggest measures for dealing with them, and also by holding Policy Management Training sessions. On the other hand, I expect Sekisui House will have a better understanding of the progress in the measures taken by their business partners to reduce the burden on the environment and address social issues, and prompt their business partners to continuously improve and enhance their efforts by conducting assessment on a wider range of practices in greater depth and collecting more accurate information.
- Sekisui House has demonstrated leadership in promoting social contribution activities (p. 71) by encouraging procurement of novelties made by people with disabilities and supporting the construction of Japan’s first care home for children with cancer and their families. These achievements deserve high recognition. I further expect that Sekisui House will offer more opportunities for involvement in social activities, by encouraging their managerial personnel to monitor the activities of the organizations that receive donations from Sekisui House and take part in their activities as volunteers, so that their Matching Program will be joined and supported by more employees.



川北 秀人 氏

Mr. Hideto Kawakita
CEO
IIHOE (International Institute for Human, Organization and the Earth)

IIHOE is an NPO established in 1994 under the principle of “Democratic and Balanced Development for All the Lives on Earth.” IIHOE mainly engages in offering management support to civil groups and philanthropists, while working for many large companies to support their CSR efforts.

<http://blog.canpan.info/iihoe/> (Japanese only)

Main Third Party Evaluations of the CSR Activities of Sekisui House during FY 2012

Environment

Sustainable Design Laboratory

April 2012

Prize of Excellence in the "II. Integrated M&E Design" category of the Environmental and Equipment Design Awards
Organizer: Association of Building Engineering and Equipment

Smart Common City

November 2012

Excellence Award for Energy Saving Service in the Eco-Service Category, at the Eco-Products Awards
Organizer: Eco-Products Awards Steering Committee



Environmental learning program through environmental preservation activities

March 2012

Saitama Environmental Award in the Business Division
Organizer: Saitama Prefectural Government

Townscape, landscape

Gotenyama Project

February 2012

Grand Prize for Greening Initiative at the Outstanding Greenery Project Awards
Organizer: Shinagawa Ward Office, Tokyo

September 2012

The Minister of Land, Infrastructure and Transport Prize in the Rooftop Greening Division, at the Competition for Specialized Greening Technology for Rooftops, Wall Facings and New Green Spaces
Organizer: Organization for Landscape and Urban Green Infrastructure



October 2012

President Prize of the Organization for Landscape and Urban Green Infrastructure in the Green Community Development Division at the Urban Green Space Awards
Organizer: Organization for Landscape and Urban Green Infrastructure

Honmachi Garden City

February 2012

Governor of Osaka Award at the Osaka Sustainable Architecture Awards
Organizer: Osaka Prefectural Government

Honmachi Minami Garden City

December 2012

Incentive Prize at the Osaka Urban Landscape and Architecture Awards (Osaka Machinami Award)
Organizer: Osaka Prefectural Government, Osaka Municipal Government, Osaka Association of Architects and Building Engineers, Osaka Association of Architectural Firms, the Kinki Branch of the Japan Institute of Architects, Architectural Association of Japan



Grande Maison Iseyama

October 2012

Incentive Prize in the Green Center Development Division at the Urban Green Space Awards
Organizer: Organization for Landscape and Urban Green Infrastructure

Grande Maison Takarazuka Kiyoshikojin

December 2012

Governor Prize in the Streetscape and Architecture Division at the Human-oriented Community Development Awards
Organizer: Hyogo Prefectural Government

Grande Maison Utsubo Park

January 2013

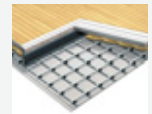
Special Prize at the Osaka City Housing Design Awards
Organizer: Osaka Municipal Government

Products, technology, etc.

SHAIDD55 high acoustic insulation floor system

May 2012

Technical Development Award
Organizer: The Acoustical Society of Japan



Sekisui Nattoku Kobo Studio experience training and SH-UD Master Planner Programme

October 2012

Grand Award/Minister of Economy, Trade and Industry Award at the IAUD Awards 2012
Organizer: International Association for Universal Design



Corporate serial advertisement "Sekisui House —Your only home"

April 2012

Grand Prize in the Newspaper Advertisement Category in the Media Division at the Fujisankei Communications Group Advertising Awards
Organizer: Fujisankei Communications Group

October 2012

Gold Prize in the Serial Advertisement Division at the Business Advertising Awards
Organizer: Fujisankei Business i.

Kids Design Award

Special Chief Judge's Prize in the General Entries Section in the Child-friendly and Safety/Security Design Category

Smart Universal Design for Children —housing design to create a safe environment for sound growth of children in cooperation with customers



Special Chief Judge's Prize in the Creativity Section in the Design for Children's Future Category

Development of "Playful Design Cards," a tool for creating designs based on Kids OS, and verification of their effectiveness*1

Creativity Section in the Design for Children's Future Category

"Active Floor + Loft Steps," an exciting secret base in the upper space

Literacy Section in the Design for Children's Future Category

Keyaki Kindergarten—living with a forest with a 400-year-old keyaki tree*2

Research on housing education focusing on children's ability to design interior space*3

Regional and Society Section in the Design for Supporting Child Bearing and Rearing Category

Fostering "neighborhood bonds" in a multi-generational community—MAST Life Furukawa Teien

July 2012

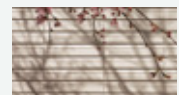
Organizer: Kids Design Association

*1 Joint entry with the member local governments and companies of the Kids OS Study Group
*2 Joint entry with an educational corporation, Osakabe Gakuen
*3 Joint entry with Kyoto Women's University

Good Design Award

Housing and House Fixtures Category

Bellburn ceramic exterior wall tiles "Kazusa no Mori: Chihara Dai" residential land for sale



October 2012

Organizer: Japan Industrial Design Promotion Organization

CSR efforts in general

Sustainability Report 2011

March 2012

Special Prize for Excellence in Biodiversity Reporting (Global Environmental Forum President Award) at the Environmental Communication Awards
Organizer: Ministry of the Environment, Global Environmental Forum

Sekisui House, Ltd.

February 2013

Selected to be part of the "Nadeshiko" list, a women-empowering roster, by the Tokyo Stock Exchange



Concluding Remarks by the Board Members in View of the Third-Party Comments

Social activities

Two years have now passed since the Great East Japan Earthquake of 2011, and we have developed our CSR activities to respond to the wishes of a changing society. The most important example is the nationwide development of “smart common cities,” which are based on the concept of building community as well as overcoming energy insecurity while continuing to fulfill the basic role of housing as a place to live in safety and security, health and comfort.

In fiscal year 2013, we are continuing to concentrate on CSR activities in the context of our main business, such as encouraging the adoption of net zero energy housing (ZEH). It is the dynamism of our employees that is generating these business achievements. I hope we will engage in further initiatives toward human resources sustainability from the medium- and long-term perspective by creating workplaces in which a diverse range of employees find it easy to work together, based on the belief that this will both increase the added value our company can offer still further and contribute to solving social issues such as the declining birthrate and increasingly elderly population.

In supply chain management, we had already been working to build relationships of mutual harmony and benefit with our trading partners, and we will engage in further dialogue from the viewpoint of CSR procurement with the aim of strengthening our social impact.

We are now actively establishing ourselves overseas, and by the end of January 2015 our overseas business should account for 10% of overall sales. We are aware that improving the level of CSR management in other countries is also an important issue, and are focusing on initiatives in this area.

With respect to social contributions, funding from the Sekisui House Matching Program has now reached a total exceeding 100 million yen. Although awareness of giving on the part of our employees has risen steadily since the Great East Japan Earthquake, only a little over 10% of our employees belong to the matching program. We will endeavor to increase this number in the effort to embody the “love of humanity” that constitutes the core of our corporate philosophy of “desiring happiness for others and treating their joy as our own.”

In terms of assistance for recovery after the Great East Japan Earthquake, the entire group will make every effort to respond to the increasing demand for construction with a view to the speedy rebuilding of people’s livelihoods and reopening of businesses. We will also collaborate with NPOs and other sectors in continuing humanitarian assistance, which has now leveled off.

We will also return to basics this year and engage in thorough employee education with the aim of further improving the level of CSR activities.



Fumiaki Hirabayashi
Director and Senior
Managing Officer,
Chief Manager of Corporate
Communications Department

Environmental activities

The housing business involves more than simply building houses: supporting customers after they have moved in is also important. The expression “200-year house” does not refer to a house that will endure for 200 years, but rather to our promise to customers that we will continue to offer maintenance support for that time. This means that Sekisui House will have to stay in business for at least the next 200 years, and in order to achieve this, Sekisui House must become a company that is needed by the world at large. This is one reason we are putting our efforts into CSR.

CSR means making a profit, paying taxes, and then contributing to society, of course while complying with the law. At Sekisui House, the fact that we provide many different houses that solve a wide variety of social problems is in itself a contribution to society. To obtain the support of as many customers as possible, we need to consider things from their standpoint and provide the sorts of homes that they can accept. The Green First initiative, which is highly regarded by both external committee members and third parties, is one such example.

As described in the third-party comment, if customers are to remain living in our houses over the long term, they will require a comprehensive framework that includes guarantees and a repurchase and remodeling business, and this is an area in which Sekisui House excels. Our biodiversity and resource recycling initiatives also far outstrip those of our competitors. It is true, however, that these are not sufficiently well known, and publicity for them has been inadequate.

We will put even greater effort into CSR in future, with the aim not only of providing comfortable, environmentally friendly products, but also of making opportunities to publicize our initiatives more actively to society as a whole in order to improve our customer engagement.



Kenichi Ishida
Executive Officer,
Chief Manager of Environment
Improving Department
and General Manager of the
Global Warming Prevention
R&D Institute

Editors’ Note

We are grateful to receive so many responses to our questionnaire concerning the Sustainability Report 2012. These responses include some negative comments, such as “many terms are unfamiliar to me” and “the report provides an extensive coverage of the corporate activities, but contains too much textual information.” In producing the Sustainability Report 2013, therefore, we reduced the topics in this report to a necessary minimum and made descriptions as simple as possible, while providing a glossary at the end of the report.

In principle, the Key Performance Indicators (KPI) cover the numerical data of the past five years, which were disclosed honestly, on a bona fide basis. Also, we have had our data on greenhouse gas emissions independently reviewed and certified by a third party. While the editing work required as much devotion and energy as in past years, we hope to continue to improve the contents of the report year by year. Your frank opinions and comments on this report are highly welcome and appreciated. Please see our official website for more information.

Last but not least, we would like to extend our deep gratitude to all the people who kindly cooperated with us in producing this report. Thank you very much.



Sustainability Report 2013 Editorial Team
Members of the CSR Office of the
Corporate Communications Department,
the Environmental Improving Department,
and the IT Operation Department

Glossary

B

Basic Act for Housing	Basic Act for Housing is a law enacted in Japan in 2006 to provide guidelines for housing policy, which has largely shifted its focus to the improvement of housing quality in terms of disaster preparedness, safety, security, social welfare and global environment protection to cater to the emerging needs of an aging society with fewer children.
BCP	BCP stands for business continuity planning, and is a strategic preparation process that ensures critical business operations are not disrupted in times of emergency.
Biodiversity	Biodiversity is the rich variety of lives on Earth and their linkages. We depend on biodiversity for our daily necessities, including food.
Biomass	Biomass is any renewable organic material made from animals and plants, excluding fossils. As a new energy source, biomass is expected to replace fossil fuels and contribute to reducing CO ₂ emissions.

C

Chain-of-custody (CoC) certification	Chain-of-custody (CoC) certification is a third party verification mechanism that certifies appropriate and sustainable forest management practices as well as management bodies engaged in such practices according to certain set criteria, with a view to promoting sound forest management. CoC certification is a component of the forest certification.
Compliance	Compliance is about the observation of basic rules such as applicable laws and bylaws by companies to meet the expectations of society.
Corporate governance	Corporate governance is a mechanism for corporate decision making. Due to an increase in corporate scandals, corporate governance plays a key role in preventing organization-wide violation of corporate ethics.
CSR	CSR stands for corporate social responsibility and refers to the responsibility of companies to contribute to the good of society focusing on relationships with all stakeholders as part of their corporate activities, in addition to pursuing profits.
CSR procurement	CSR procurement is a procurement practice that takes into consideration the CSR aspects of suppliers, such as compliance and fairness, as well as their attitudes toward human rights and labor issues.

D

Diversity	Diversity is about respecting individual differences, whether it be gender, age, race, origin, nationality, language, culture or values, and whether with or without disabilities, and taking advantage of such differences to enhance business performance.
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E

Eco-First Company	Eco-First Company is a designation given to companies that are recognized by the Minister of the Environment as leading the industry in environmental initiatives, including efforts to prevent global warming, reduce waste and promote recycling, under the Eco-First program implemented by the Ministry of the Environment.
Environmental accounting	Environmental accounting is a mechanism to quantitatively measure the costs incurred in environmental preservation efforts undertaken as part of corporate activities, with a view to achieving corporate development in a sustainable manner while promoting environmental efforts.

F

FairWood	FairWood refers to woods and wood products sourced in a manner that takes into account the conditions of the forest environment and local communities where logging takes place.
Fuel cell	Fuel cell is a device that converts chemical energy into electricity through an electrical and chemical reaction between oxygen and hydrogen (oxidation of fuel). In Japan, it is commonly known by the name "ENE FARM."

G

Greenhouse gas	Greenhouse gas includes carbon dioxide and methane, and it exerts a huge impact on natural ecosystems and human society, and is the main cause of global warming.
Green Purchasing Law	Green Purchasing Law is the Law Concerning the Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities, which was enacted in Japan in 2000 to create to a recycling-oriented society from a supply-demand balance perspective.
GRI Guidelines	GRI Guidelines are international CSR guidelines issued by the Global Reporting Initiative (GRI), an NGO headquartered in the Netherlands. The guidelines provide a framework for corporate reporting focusing on economic, environmental and social performance, known as the "triple bottom line."

H

Heat pump	Heat pump is a device that effectively takes in heat from air or other sources by using a small amount of energy and utilizes the heat as huge energy source. This technology is employed in air conditioning and water heating systems (Eco-Cute).
HEMS	HEMS stands for home energy management system.

I

Industrial waste	Industrial waste refers to solid or liquid materials generated by corporate activities, which are no longer used or that are not adequate for sale to any third parties.
Internal control system	Internal control system is designed to build a control and audit process to prevent the organization from engaging in illegal acts or violating rules and ensure fairness of corporate activities.
IR	IR stands for investor relations and refers to corporate activities to disclose a company's data such as financial, business and performance information to investors.
ISO 14001	ISO 14001 is an international standard for environmental management which was introduced to minimize the impacts of corporate activities on the environment.
ISO 26000	ISO 26000 is guidance on social responsibility issued in November 2010. Unlike other ISO standards that are certifiable, ISO 26000 is intended to provide guidelines only.

Glossary

K

Kyoto Protocol	Kyoto Protocol was adopted under the United Nations Framework Convention on Climate Change (UNFCCC) in the third session of the Conference of the Parties to UNFCCC convened in Kyoto in 1997.
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L

LED lighting	LED lighting employs a light emitting diode (LED), which is characterized by high energy-saving efficiency and extended life. LED lighting also emits less heat and ultraviolet rays.
Low-carbon society	Low-carbon society is a society with low greenhouse gas emissions.

M

Material balance	Material balance is the sum of resources and energy input in the process of corporate activities, from procuring materials to sales, and also to collecting and recycling waste, and the total impact the process has on the environment.
Mental health	Mental health is also referred to as sound mind, psychological well-being, and mental hygiene. This term is also used to indicate reducing and easing mental fatigue, stress and trouble and offering support in order to do so.

N

Net zero energy house (ZEH)	Net zero energy house (ZEH) is a house that consumes almost no primary energy on a net basis. The Japanese government is promoting ZEH so that this housing design will be adopted widely by 2020.
NGO	NGO stands for non-governmental organization, and is an organization founded by citizens or private groups.
NPO	NPO stands for non-profit organization, and is an organization engaged in activities for the good of society, not for distributing profits among its members.

P

Power harassment	Power harassment is any behavior by a person in a superior position at the workplace or in a personal relationship who takes advantage of their position to hurt an individual, whether mentally or physically, or makes the work environment hostile to the individual, beyond the normally permissible level at the workplace.
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R

Recycling-oriented society	Recycling-oriented society is a society with a system to control waste generation or properly recycle and dispose of used products, thereby minimizing the consumption of natural resources and impacts on the environment.
Renewable energy	Renewable energy includes sunlight, solar heat, hydraulic power, wind power, biomass, and geothermal power. It can be renewed in a short period of time after use and does not deplete.

R

Residential care home for the elderly	Residential care home for the elderly is a home that employs various safety designs including barrier-free structures to ensure comfort for the elderly, while offering support services in partnership with external nursing care and medical facilities.
Risk management	Risk management is a process for identifying and controlling risks in corporate activities to avoid or disperse them and prevent or minimize possible damage or loss.

S

Sexual harassment	Sexual harassment is unwelcome verbal or physical conduct of a sexual nature that causes an individual to feel unpleasant or uneasy.
Sick building syndrome	Sick building syndrome is a general term for a variety of physical disorders caused by indoor air pollution, such as fatigue, dizziness, headache, eczema, sore throat, and respiratory disorders.
Smart house	Smart house is a type of house that can ensure optimal control of energy consumption at home through centralized management of energy devices such as a photovoltaic power generation system, storage cells and fuel cells, as well as home appliances, residential equipment, and an electric vehicle.
SRI	SRI stands for socially responsible investment. Socially responsible investing encourages management to fulfill the company's responsibility to society by exercising the power and rights of shareholders.
Stakeholders	Stakeholders are individuals and groups associated with corporate activities, including customers (consumers), employees, shareholders, business partners, local communities and governmental agencies.
Storage cell	Storage cell is a cell that can be recharged repeatedly, and thus can supply stored electricity when necessary. It is also called a secondary cell or a battery.
Supply chain management	Supply chain management is about building an integrated system involving business partners to control the entire process of a supply chain from source to consumers, through the stages of materials procurement, production, distribution, and sale.
Sustainability	Sustainability is about continuing efforts in the future to balance economic development, environmental preservation and social progress.

U

Universal design	Universal design is the design of facilities, products or information that is usable by all people, without regard to differences in age, gender, physical condition, nationality, language, knowledge, or experience.
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Z

Zero emissions	Zero emissions is a concept advocated by the United Nations University in 1994 to reuse all waste materials and byproducts generating from industrial activities as resources, and to emit no waste on a society-wide basis.
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