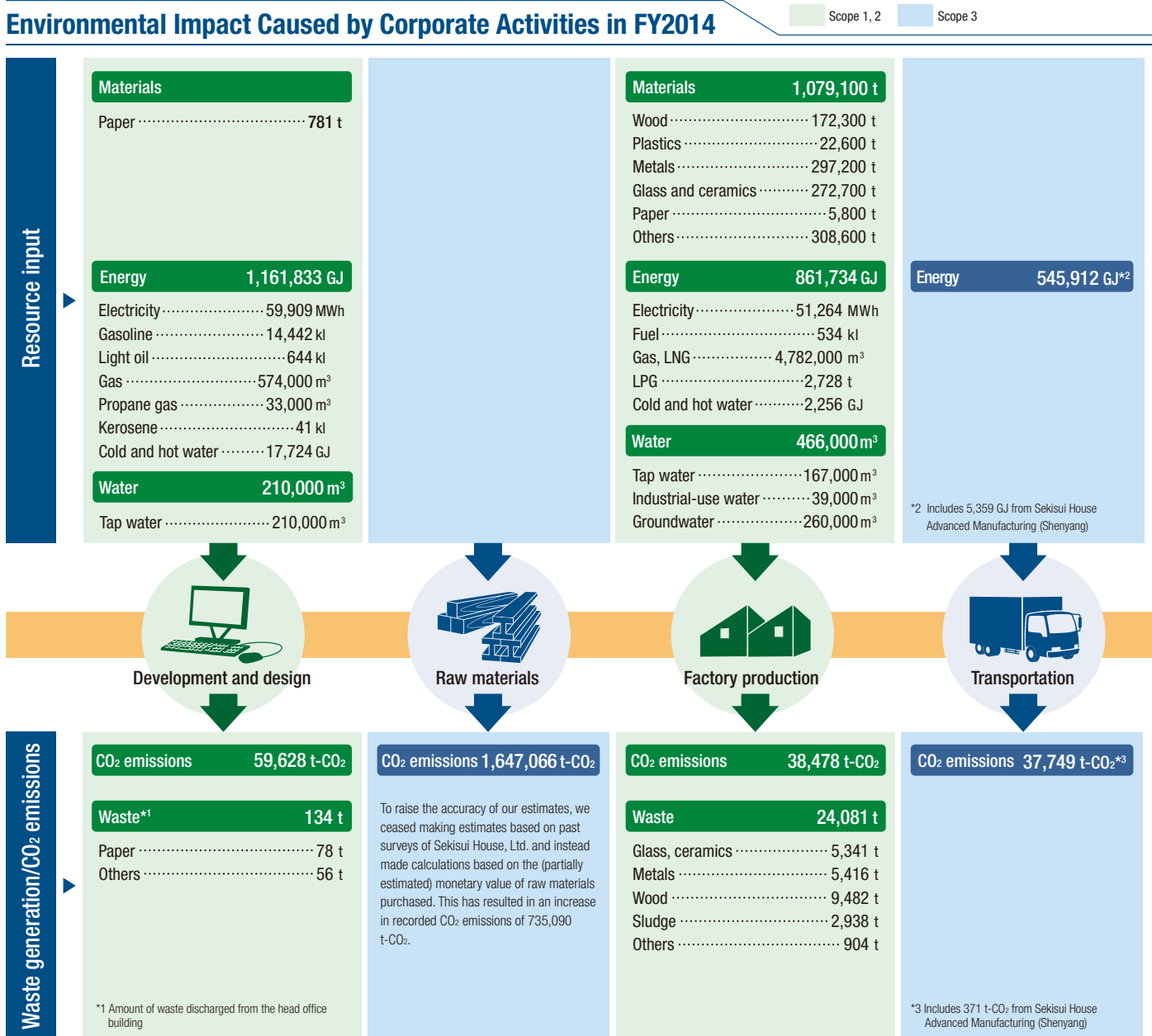


Material Balance

Collecting Accurate Data on the Environmental Impact Caused by Corporate Activities

The Sekisui House Group monitors environmental impacts at each stage of the lifecycle of our housing products—including development and design, raw material procurement, factory production, transportation, construction, and occupancy—and discloses this information. We also began reporting Scope 3 greenhouse gas (GHG) emissions from the Sekisui House Group supply chain in FY2012.

Environmental Impact Caused by Corporate Activities in FY2014



Amount of CO₂ Emissions by Scopes 1–3 in FY2014

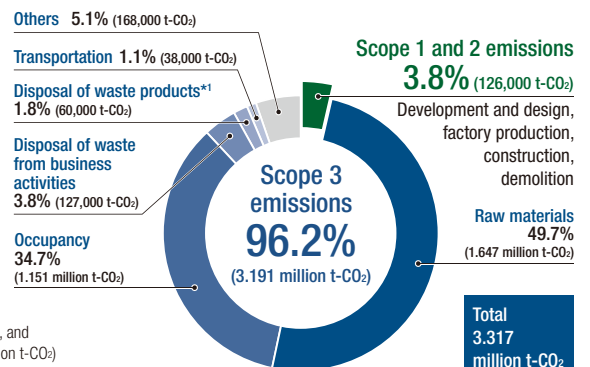
Starting from FY2012, we have disclosed our CO₂ emissions by Scope (1–3) in line with the methodology of the Greenhouse Gas Protocol*. For FY2014 we expanded the range of coverage to include CO₂ emissions from waste generated through business activities. (See "Notes on the data" on page 58.)

To reduce Scope 3 emissions, we are promoting sales of eco-friendly Green First models that contribute to reducing residential CO₂ emissions. It should be noted that we count only emissions attributable to detached houses as Scope 3 emissions (i.e., those from the occupancy stages). Also, note that Scope 1 and 2 CO₂ emissions from construction and demolition include emissions from construction and demolition undertaken by building contractor partners that are not members of the Sekisui House Group. These emissions should have been counted as Scope 3 emissions, but owing to the difficulty of distinguishing between the work undertaken by our group companies and that undertaken by non-group companies, we include them in Scope 1 and 2 emissions for the sake of simplicity.

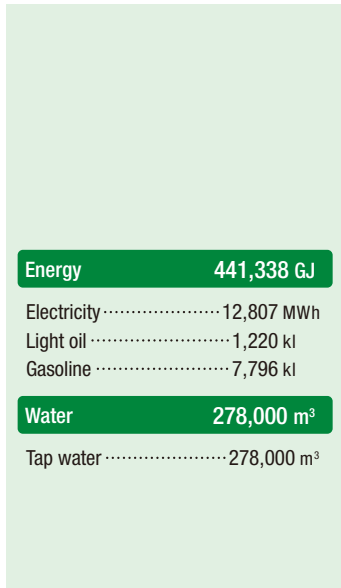
- Scope 1: CO₂ emissions resulting from the use of fuels by the Sekisui House Group (80,000 t-CO₂)
- Scope 2: CO₂ emissions resulting from the use of electricity and heat purchased by the Sekisui House Group (46,000 t-CO₂)
- Scope 3: CO₂ emissions resulting from the use of energy for mining and producing raw materials, transporting building components, and disposing of waste by non-Sekisui House Group companies or customers, and from the use of energy during occupancy (3,191 million t-CO₂)

*Greenhouse Gas Protocol "Corporate Value Chain (Scope 3) Accounting and Reporting Standard"
<http://www.ghgprotocol.org/standards/scope-3-standard>

CO₂ emissions by Scope 1–3

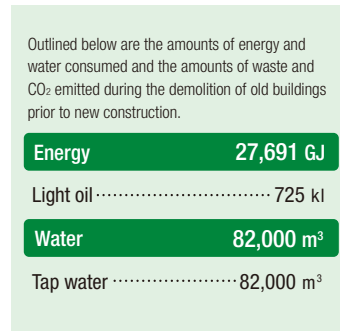


- We conducted an internal audit in FY2014 to check compliance with applicable laws and regulations, and found no material breach of greenhouse gas-related laws and regulations or serious leaks of chlorofluorocarbons (CFCs). (There was no single case for which criminal punishment, administrative penalty, or administrative guidance was imposed.)
- The water discharged from our factories into rivers meets the water-quality standards specified in Japan's Water Pollution Control Law as well as those specified in other regulations and agreements. The water from our Tohoku, Kanto, Shizuoka, Yamaguchi, and Hyogo factories meets Sekisui House's in-house standards, which are stricter than those stipulated by law.

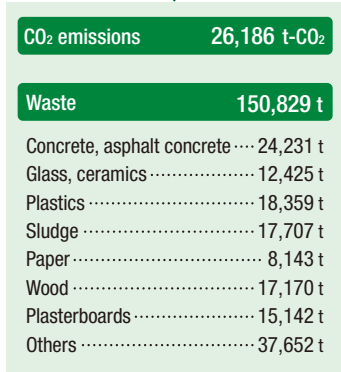
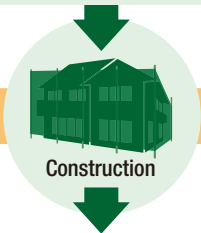


Sekisui House supplies the market with environmentally friendly housing equipped with PV systems and Ene-Farm fuel cells. In FY2014, we sold 6,410 Green First Zero houses (houses with net zero energy consumption). The amount of CO₂ emitted from our detached houses was down by 73% compared to detached houses built in the 1980s.

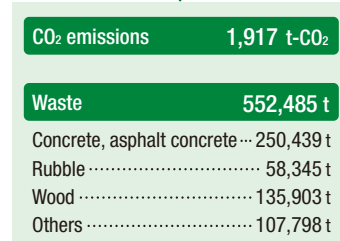
- Emission intensity (per net sales) by Scopes 1, 2, and 3 are as follows.
Scope 1: 42 kg-CO₂/million yen
Scope 2: 24 kg-CO₂/million yen
Scope 3: 1,668 kg-CO₂/million yen
- Reduction in GHG emissions over FY2013 was 22,100 t-CO₂ (Scope 1: 15,700 t-CO₂; Scope 2: 6,400 t-CO₂).
- All waste resulting from the production of materials purchased by factories is recycled. The material recycling rate was 95%.



Outlined below are the amounts of energy and water consumed and the amounts of waste and CO₂ emitted during the demolition of old buildings prior to new construction.



We changed the standard occupancy duration from 30 years to 60 years, in line with the Japan Prefabricated Construction Suppliers and Manufacturers Association's guidelines. This has resulted in an increase in calculated CO₂ emissions of 575,713 t-CO₂.



Energy consumption in our overseas operations

Sekisui House conducts business in China, Australia, the US, and Singapore. We estimate the amount of energy (in the form of electricity and gasoline) consumed by our offices in these countries to be 47,720 GJ a year. This is equivalent to 1.6% of the Sekisui House Group's energy consumption in Japan. Note that the amount consumed by Sekisui House Advanced Manufacturing (Shenyang) is included in the "Factory production" category.

Notes on the data

- Scope of coverage: The subjects of this survey are Sekisui House, Ltd., its major consolidated subsidiaries in Japan (46 companies), and Sekisui House Advanced Manufacturing (Shenyang) Co., Ltd. Scope 3 CO₂ emissions include those attributable to parties other than the Sekisui House Group companies.
- Period covered: The applicable period is FY2014 (from February 2014 to January 2015). Estimated figures were used where final data was not available at the time of calculation.
- For estimates of domestic electricity usage, we used a CO₂ emissions intensity (0.357 kg-CO₂) published in the objectives management survey of the Eco Action 21 voluntary action plan produced by the Japan Prefabricated Construction Suppliers and Manufacturers Association.
- **Development and design (including the data of sales and administration divisions and model homes)**
 - Materials: paper purchased for use with OA equipment
 - Energy and CO₂: the amount of energy consumption and CO₂ emissions by offices and model homes
 - Waste: the volume of waste generated by the Sekisui House, Ltd. head office (including offices of consolidated subsidiaries in the same building)

■ **Raw materials**

- CO₂: the estimated amount of CO₂ emissions resulting from production of raw materials purchased by Sekisui House, Ltd. factories

■ **Factory production**

- Materials: the estimated amount of raw materials used for manufacturing detached houses and low-rise rental apartments
- Energy and CO₂: the amount of energy consumption and CO₂ emissions by the five Sekisui House factories, two Sekiwa Wood, Ltd. factories, and Sekisui House Advanced Manufacturing (Shenyang)
- Waste: the volume of waste generated by the five Sekisui House factories and two Sekiwa Wood factories

■ **Transportation**

- Energy and CO₂: the amount of energy consumption and CO₂ emissions by specified consigners and Sekisui House Advanced Manufacturing (Shenyang). (The calculation was made according to the guidelines provided in the Act on the Rational Use of Energy and according to the manual issued by the Ministry of the Environment and the Ministry of Economy, Trade, and Industry.)

■ **Construction**

- Energy and CO₂: the estimated amount of energy consumption and CO₂ emissions resulting from new construction by all 20 Sekiwa Construction companies and building contractor partners
- Waste: the volume of waste generated from new construction, after-sales maintenance, and remodeling sites of Sekisui House, Ltd., Sekiwa Construction companies (16 of the 20 companies), and Sekisui House Remodeling. (Waste increased by 82,399 tons as we included affiliated companies and construction of commercial buildings.)

■ **Occupancy**

- CO₂: the estimated amount of CO₂ emissions during occupancy at detached houses built in FY2014 from building components shipped from factories (The estimate is calculated assuming an occupancy period of 60 years.)

■ **Demolition**

- Energy and CO₂: the estimated amount of energy consumption and CO₂ emissions resulting from the use of heavy machinery for demolition, by all 20 Sekiwa Construction companies and building contractor partners
- Waste: the volume of waste generated from demolition of housing and commercial buildings by Sekisui House, Ltd., Sekiwa Construction companies (16 of the 20 companies), and Sekisui House Remodeling

Summary of Results of FY2014 and Targets for FY2015

Environmental Targets and Achievements (1)

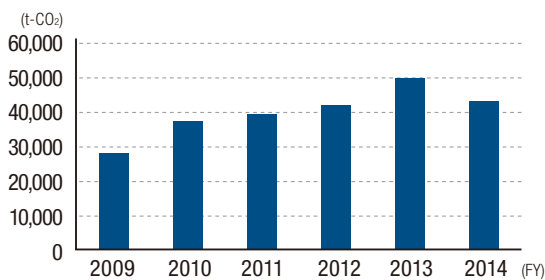
	Major Focus	Plan▶▶▶
		FY2014 Target
Reducing CO ₂ Emissions	Reducing residential CO ₂ emissions	Install a photovoltaic (PV) system on 80% of newly built detached houses
		Install fuel cells on 60% of newly built detached houses
		Increase the proportion of Green First Zero models among all newly built detached houses to 60%
		Remodeling Increase window and door insulation updates to 51,000 m ² ; install high-efficiency water heaters in 5,200 homes; install PV systems 4,000 homes; sell 5,000 sets of energy-efficient bath fixtures (efforts undertaken by Sekisui House Remodeling)
		Ensure all the ready-built houses newly offered for sale are certified to be eco-friendly
	Install a PV system on 60% of Sha Maison low-rise rental apartments	
Reducing CO ₂ emissions from business activities and production process	Achieve 1.0% reduction in CO ₂ emissions per square meter of floor area shipment at the production and transportation stages, compared with the FY2013 level Note: Not including CO ₂ emissions from Sekiwa Wood's Asai Factory and the Bellburn production line	
	Increase the proportion of fuel-efficient vehicles and low-emission vehicles among all company-owned vehicles to 96% and 98%, respectively	
Ecosystem Protection	Reducing impact on ecosystems during procurement	Increase the proportion of Rank S and Rank A wood products as defined by the Wood Procurement Guidelines to 95% Note: Achieve 70% for Rank S wood
	Preservation of ecosystems through landscaping	Plant 1 million trees a year

Main Environmental Efforts

① Reducing CO₂ Emissions

Reducing CO₂ emissions from newly built detached houses

Since the launch of our Green First models in 2009, we have continued to reduce the amount of CO₂ emissions from our newly built detached houses through such measures as installing energy-saving and energy-creating equipment.



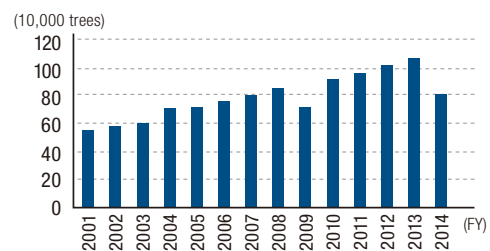
Achievements

The total amount of CO₂ we have reduced over the years is 240,364 t-CO₂. This is equivalent to the CO₂ absorbed by **17.13 million trees**.

② Ecosystem Protection

Planting trees every year

Ever since launching the *Gohan no ki* landscaping project in 2001, we have made landscape/garden proposals to our customers and have planted tree species that are beneficial to local ecosystems and living creatures.



Achievements

The cumulative total of trees (mid/tall trees and shrubs) we have planted has exceeded **11 million**.



Do >>>		Check >>>		Action >>>
FY2014 Results		Refer to	Rating	FY2015 Target
76.3% (up 1.3 points from the previous fiscal year)		Website	△	Achieve 80%
49.4% (down 8.6 points from the previous fiscal year)		p. 24	×	Achieve 50%
58.5% (up 10.6 points from the previous fiscal year)		p. 23	△	Achieve 65%
We installed 39,379 m ² of window and door insulation, high-efficiency water heaters in 3,944 homes, and PV systems in 2,990 homes; we also sold 3,956 sets of energy-efficient bath fixtures. (Efforts undertaken by Sekisui House Remodeling)		p. 28	×	Install 5,000 window and door insulation updates; install high-efficiency water heaters in 4,750 homes; install PV systems in 3,500 homes; sell 5,000 sets of energy-efficient bath fixtures
We launched the Common's townscape assessment system.		p. 32	—	Promote Common's
49.7% (up 1.9 points from the previous fiscal year)		Website	△	Achieve 60%
We reduced emissions by 3.0% and 1.3% at the production and transportation stages, respectively, compared with the FY2013 level.		p. 57	○	Achieve 1.0% reduction in CO ₂ emissions per square meter of floor area shipment at the production and transportation stages, compared with the FY2014 level Note: For Sekisui House factories only (not including emissions from new production lines)
95.7% for fuel-efficient vehicles (up 1.7 points from the previous fiscal year) and 96.1% for low-emission vehicles (up 1.8 points from the previous fiscal year)		Website	△	96% (fuel-efficient vehicles) and 98% (low-emission vehicles)
91%. The combined proportion of Rank S and Rank A surpassed 90% for the first time. The proportion of Rank S increased to 71%.		p. 31	○	Increase the proportion to 95% Achieve 75% for Rank S wood
Reflecting a decrease in the number of housing starts, the number of trees we planted was reduced to 810,000.		p. 32	×	Plant 850,000 trees a year

Rating: ○ Achieved target △ Did not achieve but came close to target × Unable to make improvements toward achieving target

Efforts at our head office

Our office is located in Shin-Umeda City, a part of Osaka City. There, on 8,000 m² of land, we have created *Shin-satoyama*, an area alive with trees and shrubs, rice paddies, and fields. This *satoyama*-like space is based on the *Gohon no ki* concept. Adjacent to *Shin-satoyama* stands the Wall of Hope, a gigantic green monument measuring 9 meters high and 78 meters in length. The wall, which was inspired by an idea from renowned architect Tadao Ando, is covered with seasonal plants in line with the *Gohon no ki* concept. The entire area has become a popular attraction for visitors and locals alike.

Recognition from outside parties

In 2014, *Shin-satoyama* and the Wall of Hope received the Prime Minister's Prize—the highest honor—at the Green City Awards sponsored by the Organization for Landscape and Urban Green Infrastructure.

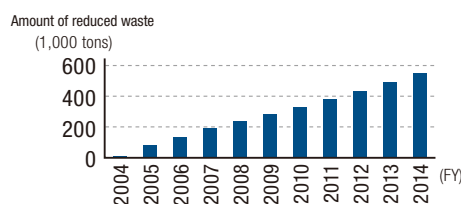


3 Resource Recycling

Recycling to achieve zero waste from construction sites

In 2004, Sekisui House became the first in the construction industry to be certified under the Wide-Area Certification System* in Japan. The waste from numerous construction sites across the country is gathered at our Resource Management Centers and is completely recycled, thus achieving zero waste.

*A certification system to ease restrictions of the Waste Management and Public Cleansing Law on condition that the company in question has been approved by the Minister of the Environment for its waste collection and recycling systems.



Achievements

The amount of waste we have recycled under the Wide-Area Certification System totals **540,000 tons**.

Environmental Targets and Achievements (2)

	Major Focus	Plan >>>
		FY2014 Target
Resource Recycling	Recycling at factories and construction sites	Reduce factory waste by 1.6% per square meter of floor area shipment from the FY2013 level (Not including waste generated by the new production line for Bellburn ceramic exterior wall tiles)
		Integrate the waste management system among group companies
		Reduce waste at new construction sites to 1,200 kg per house (i.e., per 145 m ²)
Others	Recycling at offices	Increase the green purchasing rate to 95%
	Control over chemical substances	Encourage the installation of an Airkis high-quality indoor air system in our major steel-frame house models Promote installation of Airkis in Sha Maison low-rise rental apartments
	Environmental activities by employees	Continue to take electricity-saving measures, especially during the summer and winter seasons

Meeting Our Commitments as an Eco-First Company without Fail

Sekisui House was certified as an Eco-First Company by the Japanese Ministry of the Environment (MOE) in June 2008, and we have since been steadily promoting our environmental initiatives. We remain committed to achieving our ultimate goals of global warming prevention, ecosystem preservation, and resource recycling. In March 2012, we partially revised our Eco-First Promise to reflect changes in the social environment and the progress of our ongoing efforts. During FY2014, we made the following progress in our Eco-First activities.



Progress in Major Activities Achieved in FY2014

① We are taking positive measures to reduce CO₂ emissions from residential and industrial sources.



Sold more net-zero-energy Green First Zero houses

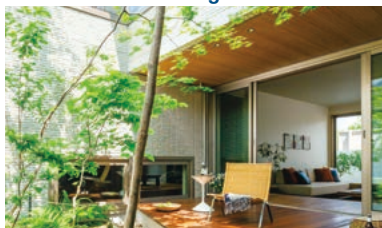


Installed PV systems on Sha Maison apartments and remodeled houses with new insulation



Operated mega-solar power systems at 5 factories for a total of 6.7 MW

② We are continuing to make concerted efforts toward restoration of ecosystem networks.



Gohan no ki landscaping project



Developed employees into Green Experts (greenery specialists)



Implemented the Wood Procurement Guidelines

③ We are promoting resource recycling to the fullest extent.



Utilized next-generation zero-waste systems



Encouraged the acquisition of Long-Term Quality Housing Certification



Promoted high-quality housing stock (SumStock)

Do >>>		Check >>>	Action >>>
FY2014 Results		Refer to	FY2015 Target
0.9% reduction from the FY2013 level			Achieve a 1.8% reduction from the FY2014 level
We integrated the waste disposal system into our enterprise system.	Website	△	Promote group-wide integration of waste disposal system into the enterprise system
1,485 kg	p. 44	×	Continue to set the target at 1,200 kg
92% The rate remained unchanged from the previous year due to a discrepancy in efforts among offices.	Website	×	95%
The proportion of steel-frame houses equipped with Airkis was 80%. We held training sessions on promoting Airkis in Sha Maison apartments.	p. 38	○	Transfer to "Social Targets" category
We continued with our energy-saving efforts focused on summer and winter time. At our offices and model homes, we reduced energy consumption by 32.4% in summer and by 15.2% in winter (based on preliminary figures for Dec. and Jan.), compared to 2010 levels.	Website	○	Continue with energy-saving efforts focused on summer and winter time

Rating: ○ Achieved target △ Did not achieve but came close to target × Unable to make improvements toward achieving target

Appointed 3rd Chair Company of Eco-First Promotion Council

Established in December 2009, the Eco-First Promotion Council is a voluntary group of companies that have all been certified as Eco-First Companies by the MOE. Comprising 37 companies as of February 1, 2015, the council works to ensure that member companies meet their commitments as an Eco-First Company and to promote joint efforts for further environmental protection activities.

In April 2014, our company was designated as the third chair of the Eco-First Promotion Council (with Sekisui House Chairman Isami Wada acting as chairperson). In cooperation with other Eco-First Companies and the MOE, we strive to play a leading role in promoting

eco-friendly activities and in raising awareness about environmental protection among the general public.



MOE Minister Mochizuki (right) and Chairman Wada

5th Eco Slogan Contest

An eco slogan contest organized by the Eco-First Promotion Council was held for the fifth time in 2014. Elementary and junior high school students from all over Japan were invited to submit eco-friendly slogans.

Knowing that 2014 was the final year of the UN Decade of Education for Sustainable Development (ESD) initiative and that Nagoya, Japan was the site of the 2014 UNESCO World Conference on ESD in November, we used this contest as an opportunity to help children and the general public think about the environment and about what all of us can do to preserve the Earth for future generations.

A record-high total of 1,299 works were submitted. After a review by an impartial panel of judges, awards were given to outstanding works, including a Minister of the Environment Prize for the best one and a Sekisui House Prize.

Winner of the Sekisui House Prize in the Eco Slogan Contest

“My grandma is my eco teacher”

Sakura Kobayashi
5th-grader of Fujigaoka Elementary School, Nagoya



Social Targets and Achievements (1)

	Major Focus	Plan >>>
		FY2014 Target
CSR Policy and Structure	CSR promotion structure and penetration	Continue group training and e-learning programs to raise CSR awareness
		Implement the PDCA cycle more effectively, focusing on the targets and results of each business site; raise the level of initiatives
	Compliance management	Ensure proper management is in place at each branch. Further enhance compliance awareness among all employees using various tools.
		Focus on workplace environment management, including labor management
Communication with society	Continue to implement the internal control system to the fullest and reinforce our risk management ability	
For Our Customers	Customer satisfaction	Communicate with various stakeholders on sustainable lifestyles
	Safe, reliable, healthy, and comfortable homes	Encourage communication with customers and achieve greater customer satisfaction
		Offer housing incorporating Smart Universal Design to ensure comfortable living, now and always, for residents of all ages
		Promote the SHEQAS original seismic control system to bring greater comfort
		Support safe, reliable, healthy, and comfortable homebuilding by effective use of our hands-on learning facilities
Community development and local culture	Encourage communication with tenants of rental apartments to enhance their satisfaction	
		Organize Community Visiting Day and Community Fair events in an increasing number of locations to encourage local community building efforts and the continuation of local culture

Main Social Action Programs in FY2014

Supporting the Bento Day project

By having children make their own *bento* (packed lunch), the Bento Day project teaches children the importance of proper eating and the fun of cooking. It also helps them develop an attitude of appreciation. Children are encouraged to do everything involved in *bento* preparation—from planning the menu and shopping for ingredients to cooking and clearing up the kitchen after finishing—without any parental involvement. Advocated by Kazuo Takeshita, a former school principal, the Bento Day project currently enjoys the participation of more than 1,700 elementary and junior high schools across Japan.

In 2012, a project began for companies to support Bento Day, and Sekisui House has been a Bento Day supporter ever since. We were recognized for our efforts in August 2014 with a Prize for Excellence (Minister of Consumer Affairs Prize) at the 8th Kids Design Award*.

In August 2014, we organized a *bento*-cooking event for 22 children at the Sumufumulab in Grand Front Osaka. We also hosted a seminar by Mr. Takeshita on the same day at a different venue, with 90 people taking part.

*Sekisui House won this award as part of a project team of companies supporting Bento Day. Members include Kyodo News, Kikkoman Corporation, Cleanup Corporation, Sumitomo Life Insurance Company, National Federation of Agricultural Cooperative Associations, Tokyo Gas Co., Ltd., House Foods Group Inc., and Hagoromo Foods Corporation.



At the seminar



Kids having fun making *bento*



Eating *bento* with mom

Do >>>		Check >>>	Action >>>
FY2014 Results		Refer to	FY2015 Target
We encouraged employees' participation in CSR activities through e-learning programs.	pp. 53 56	○	Continue group training and e-learning programs to raise CSR awareness
We reexamined the targets and results of CSR initiatives in respective areas and took improvement measures. We were able to eliminate discrepancies in performance among business sites.		○	Implement the PDCA cycle more effectively, focusing on the targets and results of each business site; raise the level of initiatives
All employees made a written oath to comply with our Corporate Ethics Guidelines. We conducted a governance awareness survey and used the survey results as a tool to review our management style.	pp. 55 56	○	Check the compliance management at each branch and raise compliance awareness among employees
We shared case studies at meetings of administrative department managers. We made efforts to create a better working environment and ensured compliance with labor-management agreements.		○	Focus on workplace environment management, including labor management
We ran the new operations improvement system appropriately.		○	Continue to implement the internal control system to the fullest and reinforce our risk management ability
We offered various forums for communication with a wide range of stakeholders to share our vision of sustainable living, including our Zero Emission Center, Sumufumulab, and Disaster Risk Reduction Factory of the Future (Tohoku Factory).	pp. 18, 69, 70	○	Communicate with various stakeholders on sustainable lifestyles
Our customer survey showed that 95.4% of respondents are satisfied with our products and services. We updated the content of our Net Owners Club Kizuna website twice a month. We regularly published a magazine for homeowners and conducted questionnaires, analyzed the results, and took improvement measures.	p. 18	○	Encourage communication with customers and achieve greater customer satisfaction
We received a total of 6 awards in the Kids Design Award program, in recognition of our contribution to universal design.	pp. 63, 75	○	Offer housing incorporating Smart Universal Design to ensure comfortable living, now and always, for residents of all ages
The proportion of Sekisui House homes equipped with SHEQAS reached 89% (up 2 points from the previous fiscal year).	p. 38	○	Continue our efforts to promote SHEQAS
<i>Nattoku kobo</i> was visited by 27,362 people, and <i>Sumai no yume kojo</i> by 80,303 people.	p. 18 Website	○	Help homebuyers learn about safe, reliable, healthy, and comfortable homebuilding using hands-on learning facilities
We managed a total of 545,757 residential units, and the occupancy rate for subleased units reached 96.4%. The MAST Club service for tenants gained a membership of approximately 520,000 individuals.	Website	○	Encourage communication with tenants of rental apartments to enhance their satisfaction
We held a Community Visiting Day event twice during the year, involving 568 detached houses and 17 condominium buildings. We also held 49 Community Fair events.	Website	○	Provide support for community building and preserving local culture

Rating: ○ Achieved target ▲ Did not achieve but came close to target ✕ Unable to make improvements toward achieving target

Supporting an industry-academia collaborative design competition

Since FY2005, Sekisui House has been participating in the Real Size Thinking Competition for Ecological Living Design for students of architecture and design. The main objectives of the competition are to raise environmental awareness in designing living spaces, explore futuristic living spaces, strengthen industry-academia collaboration, promote exchanges among students, and foster young designers. It is held in two venues: one each in the Kansai and Kanto regions. Entrants must construct a scale model of a living space, with the model limited in volume to a maximum of 2.4 cubic meters. Eight outstanding models were exhibited at the two venues in November 2014.



The Best Award for Kansai went to "A Room in a House inside a Piece of Furniture" (Kobe University Graduate School)



The Best Award for Kanto went to "Microclimate Control" (Tokyo City University)

Giving classes on the environment and housing

Sekisui House visits schools to give hands-on lessons on reducing CO₂ emissions, restoring biodiversity networks, and resource recycling—three themes we are committed to as an Eco-First Company. And in 2013, we began Dr. Universal Design classes, where children learn about housing design. By giving children the opportunity to think about what universal design is, these classes support our ultimate goal of developing children into people who can incorporate universal design into their lifestyles.



Teaching children about house insulation (held over 200 times at various schools)

Social Targets and Achievements (2)

	Major Focus	Plan >>>
		FY2014 Target
For Our Employees and Business Partners	Commitment to employees	Improve employee interview and personnel assessment systems and take other appropriate measures to create a corporate environment where employees feel content and motivated in their work, in line with our Declaration for Human Resources Sustainability.
		Create a work environment where female employees are fully motivated in their work and can make meaningful contributions to the company; promote career development options for female employees by increasing awareness of the principle of equal opportunity.
		Leverage our pool of diverse human resources by promoting the use of various internal work programs and systems; take immediate measures to increase the number of persons with disabilities employed by the company.
		Ensure best practices in labor management compliance to support working style diversity and work-life balance.
		Encourage the health and safety committees at our business sites to take positive measures to further enhance occupational health and safety.
	Commitment to building contractor partners and business partners	Ensure full compliance with our Corporate Ethics Guidelines and other rules across all Sekisui House Group companies and maintain good relationships with our business partners.
For Our Shareholders and the Community	Commitment to shareholders and investors	Ensure an average dividend payout ratio of at least 40% over the medium term, so that we will be able to offer a high dividend yield to our shareholders and maintain sound management on a medium- and long-term basis. The target dividend is ¥50 per share, namely ¥25 midterm dividend and a ¥25 year-end dividend.
	Housing culture improvement and education support	Focus on enhancing housing culture through the utilization of our facilities and expertise as a company open to the local community.
		Further enhance educational initiatives through our hands-on learning and other facilities and expand workplace visits and teacher-dispatch programs.
	Contribution to society	Increase the activity level of social action programs through improved information sharing and dissemination.
		Disburse ¥21.3 million to 27 organizations, including NPOs, for the 9th round of grant aid under the Sekisui House Matching Program. Take measures to deepen understanding of the program among employees and encourage their participation. Support activities that can contribute to creating international and culture-rich communities in Kobe City, through the Kobe Machizukuri Rokko Island Fund charitable trust. Award ¥19.25 million to 33 programs during FY2014.

Main Social Action Programs in FY2014

Sekisui House Matching Program— Supporting NPOs and other organizations working to meet social challenges

Since FY2006, we have been implementing the Sekisui House Matching Program, under which we match employee donations to NPOs and other organizations engaged in activities to benefit society. Employees who join this easily accessible CSR program—which boasts a membership of 3,263 people—have an amount of their choice (1 unit = 100 yen) withheld from their salaries for donations, and Sekisui House matches the donations and contributes an equal amount in the form of grants.

Grant money is disbursed from two funds: the Sekisui House Children's Fund and the Sekisui House Eco-Fund. An administrative board comprising representatives of the program determines the recipient organizations. We also established the Momo-Kaki Orphans

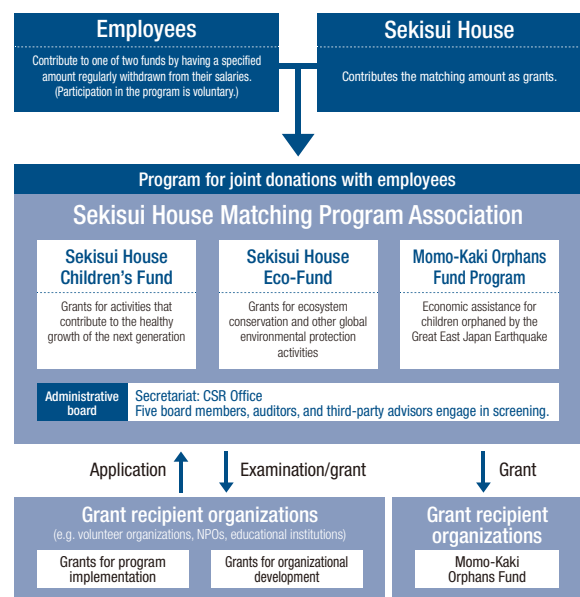


A well with a power generator was constructed at a school in Myanmar through the Children's Fund

Fund Program to support the Momo-Kaki Orphans Fund, which is chaired by architect Tadao Ando. This fund provides financial assistance to children orphaned by the Great East Japan Earthquake.



Sekisui House Matching Program



Do >>>		Check >>>	Action >>>
FY2014 Results		Refer to	FY2015 Target
Quality	We partially revised our personnel assessment system to boost employees' motivation and sense of satisfaction. We are making progress in having our corporate philosophy strongly reflected in our corporate culture.	pp. 45 48	○ Implement various measures that will make employees feel content and motivated at their work
	In 2015, we were chosen for the 2nd time for the <i>Nadeshiko</i> list from the housing and construction industry. We saw a steady increase in the number of married female sales/technical personnel who successfully balanced work and family life/motherhood. The number of female managers increased to 101 within the Sekisui House Group (2.26% of all managers).		○ Support female employees with their career development by improving workplace environments and raising the awareness of employees
	16 employees were assigned to a different work category under the Work Category Transfer Program, and 17 employees returned to work under the Retiree Reinstatement Registration Program. The employment rate of persons with disabilities increased to 2.08%, which met the level specified by government guidelines.		○ Leverage our pool of diverse human resources by promoting the use of various internal work programs and systems
	We were certified for the <i>Kurumin</i> mark (government program recognizing companies that actively support child rearing) for the 4th time. The number of employees taking parental leave increased to 361, while the number of employees using the reduced-work-hour system increased to 400. Productivity was increased through training programs that encouraged improvement in working styles and work processes. Out of all female employees taking parental leave, 93% returned to work.		○ Ensure best practices in labor management compliance to support working style diversity and work-life balance
	54 occupational accidents and 23 commuting accidents occurred (an increase of 7 and 13 cases, respectively, from the previous fiscal year).		✕ Encourage the health and safety committees at our business sites to take positive measures to further enhance occupational health and safety
	As part of our internal control activities, we confirmed that fair business practices were in place in our subcontractors' operations. We also held policy meetings twice during the year.	pp. 18, 55, 56	○ Make sure that all employees in the Sekisui House Group act in compliance with our Corporate Ethics Guidelines
to y, a	We achieved an average dividend payout ratio of 38.2%. The annual year-end dividend was ¥50 per share, up by ¥7. We invited shareholders to the <i>Sumai no yume kojo</i> for a hands-on tour and held seminars for investors.	p. 17	○ Ensure an average dividend payout ratio of at least 40% over the medium term and a total return ratio of 60%, with 20% acquisition of treasury stock. The target dividend is ¥54 per share.
	Our housing seminars attracted 475 participants, while 186 applications were received for our housing webinar. The Real Size Thinking competition received 177 entries from 45 universities around Japan.	pp. 63 66 Website	○ Focus on enhancing housing culture through the utilization of our facilities and expertise as a company open to the local community
	Student visitors totaled 4,609 at <i>Nattoku kobo</i> and <i>Sumai no yume kojo</i> . Hands-on agricultural programs were held for children on the <i>Shin-satoyama</i> and Wall of Hope grounds. We also continued with other educational programs, including the Houseology energy conservation seminar, "Letters from Dr. Forest," and Dr. Universal Design lessons.		○ Further enhance educational initiatives through our hands-on learning and other facilities
	We purchased 24,869 SELP products, which we used as promotional merchandise. In cooperation with governmental agencies, economic bodies, NPOs, and other companies, we also organized Disabled Persons Week events. We continued our volunteer activities in the Company Forest in Wakayama Prefecture. 7 employees have taken volunteer leave.		○ Increase the activity level of social action programs through improved information sharing and dissemination
n.	The 9th round of grant aid in the Children's Fund and Eco-Fund totaled ¥21.3 million, which was disbursed to 27 organizations. Meanwhile, 118 projects applied for the 10th round of grant aid. The Momo-Kaki Orphans Fund Program made a 4th donation (¥13 million). The number of recipients of these funds increased by 189 from the previous year to 3,263.		○ Disburse ¥22.78 million to 25 organizations for 10th round of grant aid under Children's Fund and Eco-Fund; take measures to deepen understanding of program among employees and encourage their participation
uri	We awarded ¥19.25 million to 33 programs during FY2014. The amount of grants we have offered since the establishment of this fund totals ¥404.29 million.		○ Award ¥19.59 million to 34 programs during FY2015

Rating: ○ Achieved target ▲ Did not achieve but came close to target ✕ Unable to make improvements toward achieving target

Collaborating with NPOs to support the independence of disabled persons

Starting in 2000, Sekisui House began working with Together—an NPO based in Nara City—in an effort to support the independence of people with disabilities. We buy SELP products* made by people on the program and use them as novelties to give out to those visiting model homes or attending Sekisui House Visiting Day events nationwide.

Since 2005, we have participated every year in the planning and running of Disabled Persons Week events. Supported by the Cabinet Office, these events are held in the Umeda Sky Building, where our head office is located. In 2014, we invited panelists from various sectors to take part in a symposium that gave government personnel, businesspersons, NPO members, and citizens a meaningful opportunity to get together and share opinions.

*SELP products: Products made in welfare centers and other such facilities by disabled persons, with the aim of job training and social inclusion in Japan. SELP is a coinage made from the words "self help"; it is also an acronym for "Support for Employment, Living, and Participation."



A SELP trivet



At a Disabled Persons Week event

Kids education at *Shin-satoyama* and the Wall of Hope

Shin-satoyama is an 8,000 m² area of open space in Shin-Umeda City, where our head office is located. It was created based on the *Gohon no ki* concept. Every year since 2007, we have been holding hands-on educational programs for local kindergartens and elementary schools. In FY2014, 66 elementary school children learned about rice growing, and 61 kindergartners tried their hands at planting sweet potato slips and harvesting those potatoes later on.

We also hold events throughout the year by the Wall of Hope, in an effort to further endear it to people from the local community. With an eye to making this wall into a giant "wall of butterflies," we are letting children plant citrus plants and cabbages—food for caterpillars—on the *Shin-satoyama* grounds and flowers—for butterflies to suck nectar from—on the Wall of Hope. In FY2014, we held five of these "wall of butterflies" events, which drew 299 people or 102 parent-child groups. These events have become highly popular, with the number of repeat participants growing.



Kids planting rice plantlets



Observing nature at the Wall of Hope