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Social



Pursuing Customer Satisfaction through Our Value Chain

Main stakeholders:

Customers, employees, partner companies (procurement, production, logistics, and construction), factories, and residents of neighborhoods near construction sites

We offer long-term support for our customers' living arrangements by collaborating with group companies to realize superior quality and leading technology through stakeholder cooperation and the use of Big Data as an intangible asset.

Background

The importance of responding to diversifying customer needs through the entire value chain

Increasingly diverse values are required for housing due to remarkable technological progress and rapidly changing social needs. Corporate approaches that aim to provide optimal value to customers are also continuing to change significantly when compared to past examples, with an eye towards the changes in business environments of the future.

For example, when analyzing the optimal solution for consumers in terms of actual and potential needs, it is essential to make use of accumulated Big Data, and involve ourselves in joint development with equipment manufacturers and other suppliers.

Furthermore, as the population decreases, collaboration throughout value chains and strategic approaches are becoming more important, as is training skilled technicians, ensuring that construction work is meaningful and dignified, and procurement that takes the environment and social needs into account.

In addition, in Japan, there is a tendency for the property value of housing to decline over time when compared to Europe and America. Constructing good-quality housing and ensuring that its value is maintained or increased are important elements in creating a sustainable society.

Approach



Our goal

Applying Big Data, and creating long-term assets using performance, quality, and after-sales support

We must create a total business scenario to maximize customer value through our value chain. The key to this is our industry-leading Big Data, which has been accumulated through diverse channels, and allows us to anticipate customer needs and social change. Making use of this data throughout the group

and sharing it with our suppliers allows us to provide performance, quality, and after-sales services that our competitors cannot match, as well as to create a market in which housing is a favorable social asset.

① Before building housing

Due to the characteristics of community-based projects, we endeavor to ensure open communication with the community and to understand changes in lifestyle needs and make home building more open to society.

Research and development

We promote research and development concerning both tangible and intangible elements that reflects valuable customer opinions and new social needs.

Model homes and tours

We collect the opinions of visitors to initiatives such as model homes that take advantage of regional characteristics, construction site tours held in cooperation with owners, and hands-on centers.

② Until the housing is completed

We create freely designed housing that responds to customer needs by making full use of the advantages of industrialized housing to secure structural safety and by utilizing our highly precise responsible construction system.

Supply chains

We emphasize collaboration and cooperation with our high-quality suppliers to secure the vast amount of structural components that we use for our housing.

Production

We carry out built-to-order production using high-quality and highly precise original structural components at our factories.

Construction

We ensure the stability of our highly precise construction through our construction systems, human resource development and collaboration with one of Sekisui House Group's strongest assets, the Sekisui House Association.

③ Achieve lasting security and comfort

We extend the life of our housing by enriching after-sales support, aiming to maintain and increase housing value through remodeling and renovation.

After-sales support

The dedicated staff at our Customer Service Centers who support our customers make up 10% of all our employees.

Long-term warranty

We offer an initial 30-year warranty for structural framework and any parts used to prevent rainwater leakage to ensure that our customers have a lifelong home.

Remodeling and renovations

We are intensifying our efforts to create long-term, high-quality assets and make effective use of resources as well as responding to a wide range of customer needs.

Action policies

1 Creating safety, security, comfort, and health by integrating tangible (technological development) and intangible elements

We meet many people, including the 940,000 people who have visited the *Nattoku Kobo* Studio (Home Amenities Experience Studio), and we use Big Data gathered from these meetings to further our research and development of both tangible and intangible elements. In terms of the tangible, we create safety, security and comfort through superior quality and leading technology which we have built up over half a century. On the intangible side, we carry out research on the intangible asset of "happiness," aiming for value creation through innovation in areas such as health, connections, and learning.

2 Meticulous supply chain management for material procurement

Houses can use tens of thousands of structural components, and collaboration with suppliers who understand and instill our values in their products is an important factor in meeting diversifying needs. As interest in ESG investment rises, we are promoting highly sustainable procurement and other practices, and working to create long-term benefits for both our company and its suppliers, as well as strengthening our collaborative relationships.

3 Enhancing production and distribution quality and improving operational efficiency

We build-to-order by manufacturing all major structural components at our factories under our rigorous quality control system. In order to regularly provide high-precision structural components with stable performance and quality. We are proceeding with the automation of our production lines and the utilization of AI, IoT and robotics technology, continuing to combine small lot, multi-variant and built-to-order production while maintaining efficient production systems.

4 Strengthening our construction management abilities and maximizing our construction capabilities

When we are conducting precision construction with high-performance and high-quality structural components produced in our factories, our great strengths are our close coordination with the invaluable Sekisui House Group companies and our partner building contractors (the Sekisui House Association), and our more than 9,000 construction technicians.

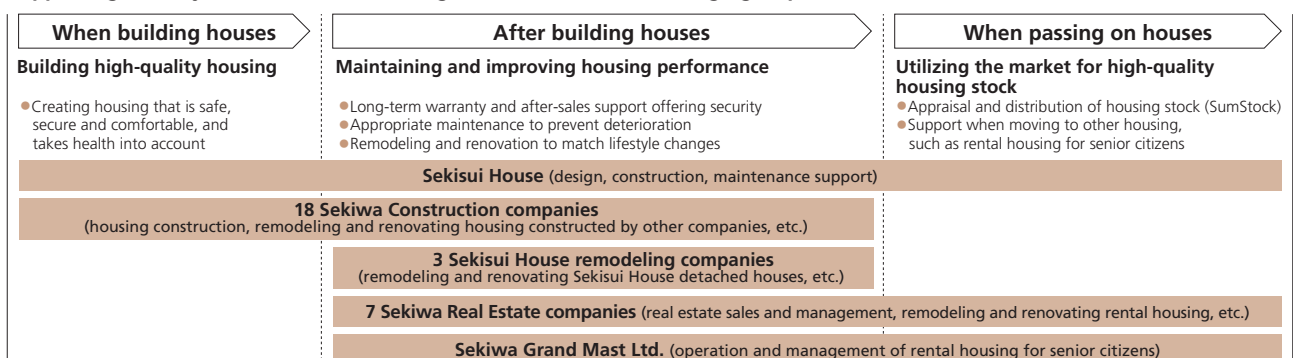


Creating safe, secure and comfortable housing together with the Sekisui House Association

5 Providing long-term support for customer lifestyles and maintaining and improving housing property value

We muster the diverse power of our group companies, offering asset management and maintenance optimized for each of our customers with the aim of creating homes they can live in throughout the different stages of their lives. We provide repair and equipment refreshing, or renovations for improved comfort and convenience, but also renovations involving large-scale transformations and changes of purpose that meet customer needs, providing an extremely high level of safety, security, and comfort that heightens customer satisfaction. We are also creating a market in which housing is a favorable social asset, reducing our input resources and thus leading to more efficient use of resources.

Supporting security in the different life stages of our customers through group collaboration



How our activities impact society

We have supplied a cumulative total of 2.42 million good-quality dwellings, pursuing superior quality and leading technology. Building on our track record, we have come to promote industry-leading initiatives; not just technology relating to basic housing performance but also CSR procurement, improved production technology, construction technologies that maintain our high quality while reducing the work burden on construction technicians, a long-term warranty program, and more. In addition,

because we propose and provide after-sales services, remodeling, and renovations as a group, our houses retain their value and we have accumulated favorable social assets. We aim to enhance the property value of housing and lead the quality housing stock market by cooperating with the suppliers in our value chain and focusing our efforts on popularizing and improving good-quality housing.

Progress

1 Creating safety, security, comfort, and health by integrating tangible (technological development) and intangible elements

Activity report

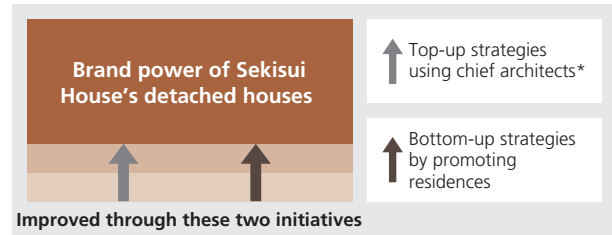
Pursuing further branding of detached houses using our unified management system for residence information

We are able to integrate information concerning customers, history (e.g. maintenance), design, structural components, and more by unifying our residence information. Using some of the best Big Data in the industry, we are able to create proposals that anticipate customer needs and social change. This Big Data is extremely effective in enabling us to continue providing good-quality housing, and we recognize that it is a valuable asset to our group as we take on the responsibility and mission of leaving exceptional social assets for the next generation.

In 2017, we established Residence Evaluation Guidelines to drive the construction of beautiful houses that will become an asset for the communities. These guidelines act as indicators to objectively evaluate the road-facing part of a house's exterior design in terms of whether it has carefully considered the environment and townscape. They are made up of 10 points relating to the external appearance and planting design and exterior design of the building. We aim to enhance brand value by evaluating all of our detached houses.

Furthermore, we carry out evaluations of townscapes and exterior designs by making use of both the Residence Evaluation Guidelines and the townscape assessment system Commons, which has been in operation since 2014 with the aim of improving townscape scenery. Through these evaluations, we are driving the creation of townscapes that are good-quality assets to both our customers and to society.

Factors involved in improving the value of our detached house brand



* Chief architect is an in-house qualification, and refers to an employee who has superb design capability, and possesses qualities that make them a role model to other design employees.

Anticipated results

- ① Improved building quality
- ② Improved customer satisfaction
- ③ Training of human resources (bottom-up)
- ④ Leading to business continuity



A beautifully designed exterior, where the points of the residence evaluation have been understood



Community development that is a high quality asset for our customers and to society (Fukuoka Island City)

Developing new technologies and products in response to customer needs and expanding into the non-housing sector

Sekisui House has come to provide high-quality housing that offers safety, security, and comfort. We have accomplished this using advanced technology created through the promotion of research and development in both tangible and intangible elements. In 2018, we began proposing Our Own Family Suite, a new style of home construction centered around a spacious living area that combines structural technological development with the results of our research on happiness. The large living area takes up approximately 49 m² of a floor space of around 100 to 135 m², and we can create this with better cost-control than we can a conventional plan for the same exterior.

Additionally, in 1997 we developed our β System, a heavy-gauge steel rigid-frame structure for three-story houses that enables supports to be freely positioned, giving the advantage of highly flexible floor plans and window positioning on each floor. In 2017 we developed the Flexible β System, a new method that further increased design freedom and spatial solutions. In addition to detached houses, rental housing, housing within shops, and housing for senior citizens, this method can also be used for non-housing constructions such as preschools, hotels, hospitals, and public facilities.



Creating spacious living areas with advanced technology and design solutions



Hospital constructed with the Flexible β System (Futaba Medical Center, Fukushima Prefecture)

Starting to research “houses where happiness grows the longer you live there,” in addition to researching and developing both tangible and intangible elements

Pursuing the safety and comfort of housing and improving quality while responding to customer demand is a housing manufacturer’s mission. Our company established the Comprehensive Housing R&D Institute in 1990, and since then we have conducted investigative research into how lifestyles and housing best interact with one another, as well as research and development in pursuit of healthy and comfortable living, including inspection and assessment of basic housing features. Through in-house inspection and research, we quickly identify problems and find solutions, creating technologies that are unique strengths for Sekisui House, such as the heavy steel-framed β System, the SHEQAS seismic absorption system and the Airkis high-quality indoor air system.

We have also established the *Nattoku Kobo Studio* (Home Amenities Experience Studio) inside our Comprehensive Housing R&D Institute; this studio is a place where consumers and builders can consider ideal housing through dialogue, and where we exchange information with approximately 30,000



Experiment using a shaking table to test life-sized structures at a site that verifies seismic resistance levels



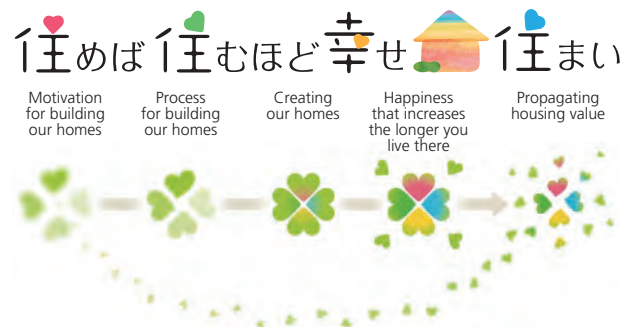
Test carried out in an artificial climate room to verify insulation and comfort



An allergen investigation connected to our Airkis high-quality indoor air system

visitors per year. In addition, we have established the Sumufumulab, a base for research and development and information exchange regarding living spaces and lifestyles inside of the Grand Front Osaka, in front of Osaka Station. There, we conduct joint research based on open innovation with various stakeholders.

In August 2018, we opened the Human Life R&D Institute, becoming the first Japanese company to study happiness, and began research into “houses where happiness grows the longer you live there.” Here, we are focusing our attention on research themes that pursue a sense of happiness, such as health and familial bonds, in addition to the themes that Sekisui House has continued to devote ourselves to for many years: safety, security, and comfort. We are also proposing “happy homes,” which allow residents to recognize and experience happiness, and are heightening the sense of happiness in housing and communities by scientifically and theoretically clarifying expertise relating to “houses where happiness grows the longer you live there.”



Concept diagram for “houses where happiness grows the longer you live there”



Experimenting with the flow of movement when cooking with multiple people, a demonstration experiment for Happy Housework Design

Key performance indicators (KPIs)

Indicator	Unit	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
SHEQAS seismic absorption system installation ratio (steel-framed two-story detached houses)	%	87	89	94	96	96	96
Airkis high-quality indoor air system installation ratio (steel-framed detached houses)	%	78	80	85	87	88	91

Evaluation

Installation rates for our SHEQAS and Airkis systems remain high.

We have used IT to unify residential information, and in so doing have been able to improve productivity, operational efficiency and customer services. Additionally, thanks to our research and development in terms of both tangible and intangible elements we have launched new products through the development of new construction methods that have further increased our design freedom and spatial solutions. We have broadened our range of response to various construction needs.

Future initiatives

We will continue to actively propose our SHEQAS and Airkis systems to customers as strengths unique to Sekisui House.

As well as further improving the way we use IT for each individual process, we will heighten our sensitivity to customer needs and the trends of the times, and continue our research and development in terms of both tangible and intangible elements. At the same time, we will continue to produce industry-leading proposals while maintaining dialogue with stakeholders, further improving safety, security, comfort, and health for residents.

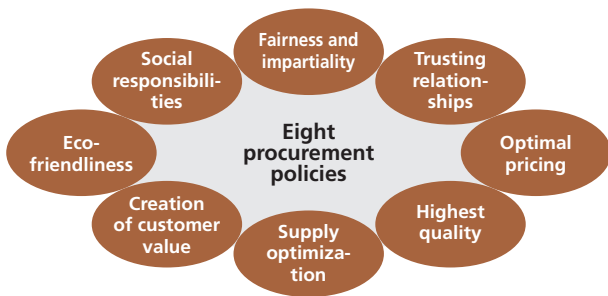
2 Meticulous supply chain management for material procurement

Activity report

The housing industry has a broad base and uses multiple materials in large amounts, and therefore has a significant impact on supply chains. We engage in proactive efforts to make ourselves aware of potential impacts on solutions to environmental and social issues through our supply chain; these efforts are considered an important strategy to maximize our long-term company value. At the same time, we are promoting activities that enable us to develop and coexist with our supply chains as key initiatives.

Procurement policies

Since 2007 we have set out, observed and promoted eight procurement policies to pursue procurement activities based on the Sekisui House corporate philosophy and code of conduct.



Engaging with our partner companies

To maintain fair and impartial business practices, we conduct evaluations of our partner companies based on our procurement policies and inform each company of their results so that they can be used for improvements.

At the same time, we believe that high-level procurement policies can only be implemented in the presence of a stable business structure and quality management, thus we continuously conduct factory visits and affirm quality management systems with our primary partner companies.

Additionally, around 150 of our major partner companies participate in our annual policy briefings in order to ensure consistency in our procurement policies and deepen mutual understanding. We offer explanations of our newest management plans, procurement policies and product strategies at these briefings, providing information intended to act as guiding principles for our partner companies, honoring outstanding companies and sharing best practice.



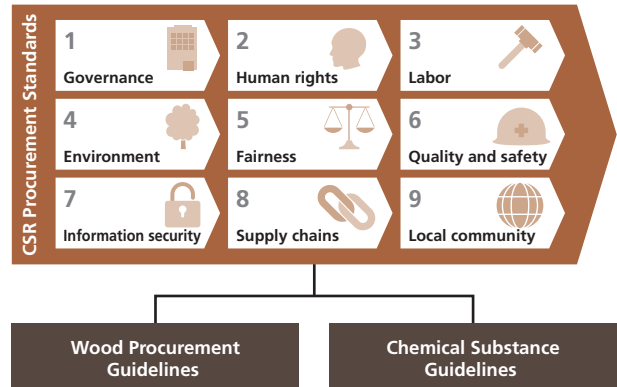
Policy briefing for partner companies

From CSR procurement to SDG procurement (sustainable procurement)

To help encourage our suppliers' initiatives relating to CSR, we carried out CSR evaluations using a check-sheet method, to ensure that they agreed with the intent of our CSR Procurement Guidelines. With these, companies evaluated themselves in advance from the perspective of the seven core subjects of ISO 26000 and scored and evaluated the results; the overall company average for this period was 86.2 (a 1.2-point increase compared to last year). Through the evaluation results, we also identified suppliers who should be monitored and conducted individual site visits. This applied to five companies in FY2018.

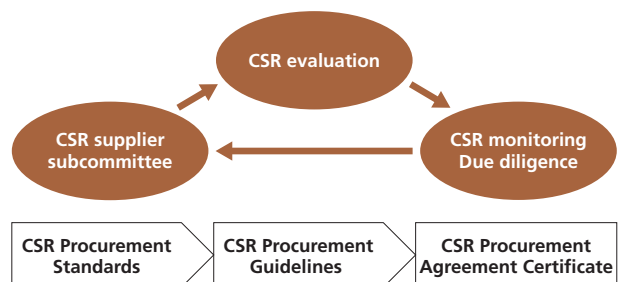
Following the signing of the UNGC (United Nations Global Compact) in August 2018, during this period we have revised our own standards to include 48 items based on the nine items of the procurement standards set out by GCNJ (Global Compact Network Japan). From FY2019, we will carry out evaluations based on these standards, move forward from procurement in a conventionally socially responsible manner and actively contribute to supply chains to help sustainable social construction (SDGs procurement).

CSR Procurement Guidelines based on standards set out by GCNJ



Strengthening cooperation to achieve sustainable procurement

We believe that it is important for us to work more closely together in terms of supplier advice and cooperation to achieve sustainable procurement, and are strengthening our operations, including due diligence such as inspecting logging areas.



3 Enhancing production and distribution quality and improving operational efficiency

Activity report

At Sekisui House, we make use of Big Data, carrying out built-to-order production using structural components custom-made for each residence. We continue to combine production efficiency across multiple products with small production lots, automating the production of key construction materials and installing robotics technology so that we can consistently provide high-precision structural components with stable performance and quality.

We are also prioritizing health and safety management to prevent work-related accidents and other damage to employee and contractor welfare. At the same time, we endeavor to create comfortable working environments, facilitate operations and improve productivity.

Introducing a quality inspection system that uses AI technology

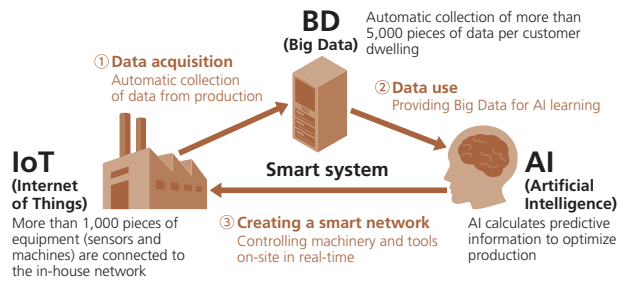
Our original Bellburn earthenware exterior wall panels, used on over 80% of Sekisui House's SHAWOOD wooden houses, are a high-class exterior wall material with superior weather resistance, durability, and strength.

Up until now, skilled technicians carried out visual inspections in the final checking stage, looking for any hollows and swellings caused by glazing and firing the clay. We have recently introduced a quality control system that uses specialized image-processing AI in the production process; we are now able to control the volume of good-quality products in real-time, and have reduced costs by improving production efficiency and quality management, enhancing quality, and reducing inventory by 40%.

In-house development of an AI-enabled smart production system

We have introduced a smart system that makes excellent use of IoT, Big Data, and AI to the steel beam production lines of

our B System, a construction method for three- to four-story steel-frame houses. The AI learns from the past production information (Big Data) that we have accumulated and automatically makes decisions that are appropriate to the situation. By making use of this smart system, we have become able to automate adjustments to our production volume and work scheduling that until now had been carried out with the expertise of our supervisors. We have also increased operational efficiency and carried out power-saving operations in production lines that use AI, and as a result we have realized a 31% improvement in productivity, reduced working hours by 9%, and decreased power usage by 12%.



Improving working environments

We carry out necessary health and safety management at each of our factories to prevent accidents and health problems that may arise during work operations. As well as securing safety and health for our employees, we endeavor to create comfortable working environments, facilitate work performance and improve productivity. We hold a Health and Safety Committee meeting once per month and a Production Department Health and Safety Promotion Council meeting at all factories once per quarter to share information regarding the current condition of each factory, items for improvement and visions for the future.

Key performance indicators (KPIs)

Indicator	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Break-even point shipping volume	100	100.9	102.4	98.5	93.1	96.3	97.2
Complaints and abnormalities at construction sites	100	98.0	75.6	56.7	60.7	47.5	32.8

Index utilizes FY2012 as 100

Evaluation

As a result of maintenance and enhancement of our production lines, we are now able to produce structural components in multiple factories, establishing a system that will enable us to continue production in the case that one or more of our factories is damaged during a natural disaster. Through the introduction of AI and robotics technology, we have more clearly distinguished between automated processes and processes carried out by skilled employees, enabling us to promote improvements to our working environment and improve quality and operational efficiency.

Future initiatives

To contribute to increased work efficiency and labor saving at construction sites, we will continue to pre-process and assemble structural components inside our factories and endeavor to improve the state of parts delivered to sites.

Additionally, we will continue to prioritize workstyle reform in production departments, including those of our subcontractors, recognizing that this will result in more comfortable work environments that will raise work efficiency, which in turn will increase productivity.

4

Strengthening our construction management abilities and maximizing our construction capabilities

Activity report

The Sekisui House Group is working to strengthen our construction technologies so that we can continue to ensure stable construction management abilities and to improve quality and customer satisfaction. We are reinforcing our organizational strength together with our partner building contractors while utilizing all of our systems, and promoting initiatives in order to make the most of our existing construction capabilities.

Cooperation with the Sekisui House Association

The Sekisui House Association, made up of the 18 Sekiwa Construction companies and partner building contractors, is cooperating with each Sekisui House office, and together we are pursuing a variety of initiatives including improving construction quality, safety measures, making our sites beautiful, fostering human resources, and improving working environments.

Even in the case of restoration and reconstruction work when a natural disaster has taken place, local Sekisui House Associations will make use of the strength of the national organization and send large numbers of technicians to disaster-stricken areas. We are responding to the increasing demand for construction by continuing to guarantee stable construction management abilities and using them to the utmost.

Construction Meister system

We established the Construction Meister System to honor superior technicians involved in Sekisui House construction sites. We anticipate that they will strengthen the “community with a common destiny” mindset that we share with our partner building contractors and boost the motivation of all our construction technicians by actively becoming role models for other technicians, passing on high-level skills, and contributing to enhanced construction quality across the entire company.

Operation of Sekisui House educational training centers

Sekisui House directly operates vocational skills development schools accredited by the Ministry of Health, Labour and Welfare, with the goal of cultivating young human resources who can play active roles at the forefront of the industry. We have established three schools. At these schools, we conduct training that allows technicians from each company in the Sekiwa Construction Group, as well as those hired by our partner building contractors, to learn about techniques and acquire skills. These schools also aim to teach and refine manners necessary for members of society.

Those who have completed the course work actively in regions throughout the country as construction technicians or construction managers. Even after completing the course, technicians are able to continue participating in a variety of training programs aimed at improving technical knowledge and skills according to their practical experience and levels.

Reducing the work burden of our construction workers

We have improved the Ekso Vest, that aids work requiring upward motion, and introduced it sequentially from December 2018. We are promoting the reduction of workers' burdens and ensuring their safety.

In general, exoskeletons that reduce work burden are worn mainly on the lower body, with many products that aid simple operations such as lifting and holding objects. However, considering that there are many challenges in construction work that involve complex movement, we focused on an exoskeleton with the aim of maintaining a posture for work requiring upward motion.

Key performance indicators (KPIs)

Indicator	Unit	FY2014	FY2015	FY2016	FY2017	FY2018
Construction workers (foundations, construction, carpentering)	people	10,518	10,393	9,843	9,351	8,792
Participants at education training centers (total)	people	2,385	2,480	2,568	2,638	2,711
Employees who passed the Sekisui House Senior Technician exam (total)	people	14,067	14,808	15,012	15,214	15,462
Certified Construction Meister	people	318	305	325	312	292

Evaluation

We ensure reliable construction quality through our responsible construction system, carried out with the 18 companies that make up our wholly owned subsidiary Sekiwa Construction and our partner building contractors. We have a mutually supportive and prosperous relationship with the Sekisui House Association, built up over a long period of time; this is one of our company's strengths and actively supports our business activities.

Future initiatives

Moving forward, we will further strengthen our collaboration with the Sekisui House Association. Additionally, we will cooperate with each worksite and department to maximize our construction capabilities by leveling construction work, increasing construction productivity and introducing cutting-edge technologies. Finally, we will make use of educational training centers aimed at securing and retaining new construction technicians and focus our efforts on workstyle reforms.

5 Providing long-term support for customer lifestyles and maintaining and improving housing property value

Activity report

Mustering the group’s diverse power to offer long-term support for customer housing

As housing is subject to long-term use, the quality of support after customers have moved in is crucial. The dedicated staff at our Customer Service Centers make up 10% of all our employees. They support the lifestyles of customers living in approximately 810,000 detached houses and around 230,000

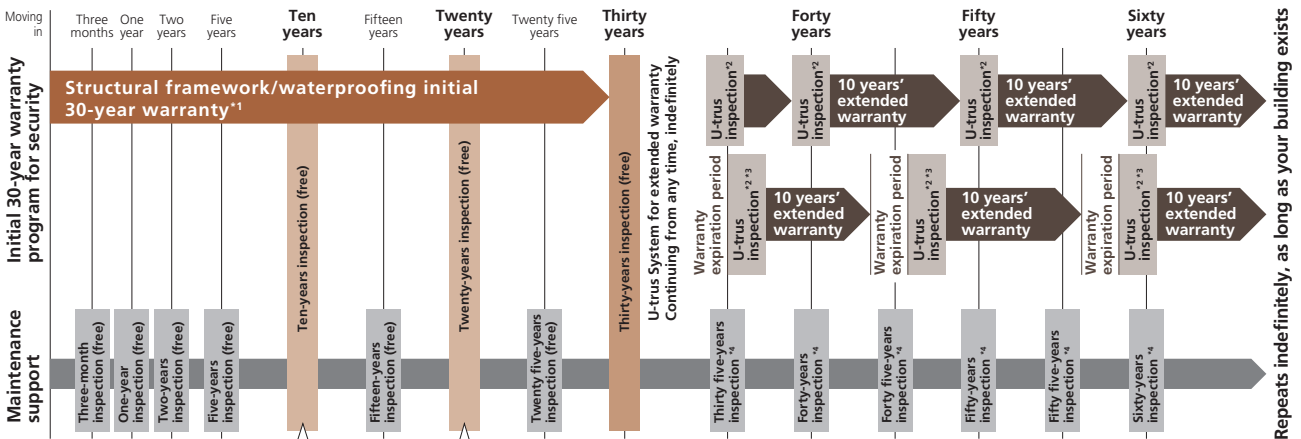
rental housing units using their expert perspective, from routine maintenance and remodeling consultations to asset management. Our unique organizational structure enables us to quickly reflect customer feedback in our product development and management structure.

Enhancing our initial 30-year warranty program, U-trus System, and housing history information database *le-Log*

Sekisui House offers an initial 30-year warranty program for structural framework and any parts used to prevent rainwater leakage, which provides an additional 20 years of warranty to the 10-year defect liability period required under the Housing Quality Assurance Act. In addition, all other parts are under warranty for a specified period of time. Even after the warranty period has expired, homeowners can take advantage of our unique U-trus System to extend warranties in 10-year intervals.

We also operate *le-Log*, a database that shares digital information concerning the various building components of each property and other data. This is based on the Long-Life Quality Housing Certification Program in Japan, which aims to build up a stock of high-quality housing that can be used in the long term. Group companies utilize the historical data accumulated through *le-Log* to propose genuine remodeling and renovations.

Initial 30-year warranty program for security (For customers who signed contracts on or after April 1, 2018)



*1 To continue the initial 30-year warranty for structural framework and waterproofing, please ensure you have 10-year or 20-year inspections.
 ● 10 and 20 years after you move in, technical support staff (housing consultants) from a Customer Center will carry out a housing inspection (free) and propose any necessary maintenance.
 ● We assume that during your 10- and 20-year inspections any maintenance work (free construction work) deemed necessary will be carried out.
 ● Damage caused by natural disasters/accidents or extension/alteration work carried out by a trader unaffiliated with us is excluded from the warranty.

*2 The U-trus System provides extended warranty at 10-year intervals, subject to required inspections and maintenance work to be completed at the homeowner’s expense. The warranty may be repeatedly provided from any time during these intervals as long as the building exists.
 *3 If you purchase an existing house, extended warranty will continue to be provided as long as the owner allows inspections and maintenance work to be carried out at their expense.
 *4 All inspections and maintenance work from 35 years after purchase require payment; these are to be carried out by customer request.
 * Please ensure periodic inspections (free) for Long-life Quality Housing for the first 30 years, based on the maintenance plan created when applying for certification.

Introducing virtual reality technology for remodeling and renovations

The Sekisui House Group is introducing VR (virtual reality) technology when considering new construction, and is also making use of this technology for remodeling and renovation plans, conveying a detailed image of the space to customers. A 360-degree image is displayed on a computer or smartphone screen using the Internet, and the viewing direction can be freely changed. This gives customers a virtual experience of a 3D image with a sense of realism, also allowing them to form a realistic image of the planned design. This was introduced through the Sekisui House Remodeling Group and Sekiwa Construction Group in 2018, when we offered opportunities to experience VR at events such as house tours. VR is being used

more and more as a tool to enhance communication with customers and more concretely understand customer requests.



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Social



Promoting Diversity

Aiming to become a sustainable corporate group that generates high added value by responding sensitively to diverse customer needs and thinking creatively

Main stakeholders:

Customers, employees, investors, students, and job applicants

Background

Diversity: An essential business strategy for enhancing a company’s existential value

Recent years have seen Japan’s falling birthrates and aging population shrink the workforce and globalization churn ahead, accelerating changes in market environments. For companies to grow in a sustainable way and be vital assets for society, the concepts of diversity management are becoming more and more crucial. By giving a diverse mix of human resources opportunities to make the most of their dynamic skills, companies

can harness diversity into groundbreaking innovation and new value. Success hinges on weaving employees’ broad array of unique, individual qualities into corporate activities. That means promoting diversity as a management strategy to fill the organization with greater variety and emphasizing inclusion to help employees embrace one another’s personalities and value systems.

Approach



Our goal

A corporate group that the world needs, enabling employees to be the best they can be

In its Fourth Medium-Term Management Plan, Sekisui House positioned the promotion of diversity as a component of its ESG management policy—a key management foundation. Embracing our fundamental philosophy, a love of humanity, we are working to create a welcoming, enabling environment for a broader diversity of employees by cultivating an accepting mindset and establishing new systems.

Every employee needs to be able to take full advantage of their strengths in a mutually respectful, appreciative environment. Always aware that Sekisui House is the product of all its individual parts, we will continue to embrace diversity and spark innovations that meet society’s needs and make Sekisui House a corporate group that the world needs.

Action policies

Promoting diversity

In 2006, Sekisui House declared its basic personnel policy of Human Resources Sustainability, whose three main pillars are encouraging female employees to pursue career development, promoting a variety of workstyles and work-life balance and effective utilization of human resources. In 2016, the group established the Sekisui House’s Action Plan for the Promotion of Active Participation by Women in line with the Japanese Act on Promotion of Women’s

Participation and Advancement in the Workplace and is enhancing related activities. We are always working to lay out concrete policies, make focused efforts, and establish effective frameworks so that women and human resources from a variety of different backgrounds can flourish in every part of the home-building process. As we push those initiatives forward, we also strive to showcase our industry-leading efforts to the world and promote diversity throughout the entire construction community.

How our activities impact society

With a diverse mix of human resources on board, we can create a broader range of proposals with firm roots in the consumer standpoint and leverage a variety of skillsets into better technologies—benefits that help pave the way toward

solutions to social issues. The perspectives and sensitivities of people with disabilities, for example, can make a big difference in shaping proposals and technological development for universal designs.

Progress

Activity report

Encouraging female leadership

In tirelessly encouraging female employees to pursue career development, the Sekisui House Group uses the Sekisui House Women’s College—a training program for promising female management candidates—and other projects to develop female leaders in a systematic fashion. Regular training sessions and gatherings for specific job types, ranks, and areas, meanwhile, give female employees a steady stream of opportunities to network and develop their careers. Training and promoting women to higher-ranking positions is another part of the effort, which has fostered an increase in the numbers of female employees in positions with organizational responsibilities.

In 2018, we brought more diversity into upper management by appointing a female executive officer, a female external director, and a female external auditor.

Our Female On-site Supervisor Support Program is another diversity-building effort. Serving to help female employees thrive in a wider range of job types and create new value through a broader diversity of perspectives, the program has made the on-site supervisor position—a job field in which men have been the majority—a capacity where women shine.

Enabling employees with disabilities to play larger, fuller roles

With the aim of employing at least one person with a disability at every worksite, the Sekisui House Group welcomes interns with disabilities and takes active part in joint-recruitment gatherings for people with disabilities.

Our efforts to give employees with disabilities broader professional opportunities extend into many areas. In addition to creating opportunities for people with disabilities to connect with each other on an area-to-area basis, thereby fostering a network that goes beyond organizational lines, we are also holding Diversity Exchange events to help employees share their thoughts and discuss issues openly.

To facilitate career development, we have established the Career Challenge System—a framework that makes it easier for employees with disabilities to transition from positions in administrative work, regional business, and production into regular positions with the potential for promotions. Everything comes together in a proactive commitment to enabling employees with disabilities to play fuller professional roles.

Employee testimonial

Building effective approaches around work-life balance

Yumiko Kawasaki

Director, Human Life R&D Institute, Comprehensive Housing R&D Institute



Yumiko Kawasaki, certified as a first-class registered architect, researches the intangibles concerning daily lifestyle at the Comprehensive Housing R&D Institute. After serving as a leader in the Lifestyle Research Development Group, she became the director of the Human Life R&D Institute in 2018. Her main interests include research on happy living.

In August 2018, I became the director of the new Human Life R&D Institute. In leading the organization, I focus on creating a working environment where team members can communicate, help each other, and operate as a supportive unit. That means establishing a fruitful work-life balance—and I have to embody my commitment to that ideal. I try to formulate thorough, detailed schedules that let me tackle work with plenty of breathing room, for example. Being open about my hobbies and interests helps people know who I am and what I do outside the office, meanwhile, helps team members embrace that part of their own lifestyles. In addition to emphasizing the importance of time performance, I want to see my team members make the “life” component—time with their families and inspirations from their individual interests—a valuable asset on the “work” side.

Employee testimonial

Taking steps to shorten working hours and boost efficiency

Toshiaki Hayashi

Design Section Team Leader, Osaka-Minami Sha Maison Regional Branch



After joining Sekisui House as a regional-business professional in 2002, Toshiaki Hayashi obtained certification as a first-class registered architect in 2008, secured a regular position with high recommendations from his worksite in 2013, and became a first-class building operation and management engineer in 2016. Last year, Hayashi won the grand prize at the ACE* Forum.

* Accessibility Consortium of Enterprises (ACE), a group of 33 member companies that seeks to establish a new, growth-driving employment model for people with disabilities

I have a functional impairment in my right arm. While that might make it harder to do day-to-day tasks, like drawing up plans, I do whatever I can to work as quickly and efficiently as possible so that I can share the same workload as my colleagues. People might say that a disability is “just another unique trait,” but that glosses over the fact that disabilities can be extremely hard to deal with. Without the kind, caring consideration of my supervisors, always willing to support me through the tough times, I would not be who I am today. In my current position as a Design Section Team Leader, I try to help the entire four-person group—myself included—make those kinds of supportive connections.

Key performance indicators (KPIs)

Indicator	Unit	FY2014	FY2015	FY2016	FY2017	FY2018	Evaluation	Target
Number of female personnel in managerial positions (group-wide)	People	101 (2.26%)	114 (2.43%)	141 (2.79%)	158 (2.94%)	176 (3.10%)	○	FY2020 200 in FY2020 (5%; 10% in the future)
Number of female personnel in sales managerial positions* (including office managers and office assistant managers)	People	12 (8/16 Sales Division)	18 (13/16 Sales Division)	22 (12/15 Sales Division)	33 (14/15 Sales Division)	34 (13/16 Sales Division)	○	At least 1 female salesperson or leader at each of our 16 sales administration headquarters
Employment rate of people with disabilities*	%	2.08	2.21	2.20	2.38	2.53	○	At least 1 person at every business office (legally mandated employment rate already met)

* On a nonconsolidated basis (Sekisui House only)

S

Social



Workstyle Reforms

Becoming the world's happiest company by creating *exciting workplaces*

Main stakeholders:

Customers, employees, students, and job applicants

Background

Accelerating efforts to make the “dynamic engagement of all citizens” a reality

Under the Work Style Reform Bill, which the Japanese government enacted in June 2018, a host of new policies—including limits (with penalties) on overtime hours and the principle of “equal pay for equal work” —took effect in April 2019. The new legal structure serves to address numerous issues, from Japan’s falling population and dwindling workforce size to improvements in corporate competitiveness and new

approaches to work-life balance in the “100-year life society.” To grow in a sustainable way, companies need to ameliorate patterns of long working hours, enable employees to balance work with family care, and create environments where a diverse mix of human resources can utilize their skills in a holistically healthy way. The need for workstyle reforms is clearer than ever—and vital to innovation.

Approach



Our goal

Providing happiness to customers depends on happy, healthy employees

With the “100-year life society” now dawning and values continuing to diversify, customers are looking for more than what the traditional approaches to product development and service delivery can offer. The Sekisui House Group knows that its ability to boost customer satisfaction and provide customers with happy homes hinges on the satisfaction and happiness of each and every employee. Meeting that need means fostering

exciting workplaces, environments where employees can find a fruitful, energizing work-life balance for optimal physical health and emotional wellbeing. As we work to offer customers happy homes at an even higher level of sophistication, we will continue to focus on the key elements of health, interpersonal connections, and family so that every employee can take full advantage of their unique experiences.

Action policies

Driving sustainable growth through “innovation and communication”

Innovation and communication are essential to ensuring sustainable growth for the Sekisui House Group. Open, effective workplace communication deepens mutual understanding and

enhances collaboration, which continues to foster an array of innovations—the drivers of workstyle reforms.

How our activities impact society

For years, the housing industry has adhered to a labor-intensive dynamic. The Sekisui House Group is breaking that mold, however. By pushing forward-thinking initiatives like IT-driven

“smart work” methods and health management, along with full-scale utilization of parental leave by male employees, we are blazing trails for workstyle reforms across society as a whole.

Progress

Activity report

Encouraging all male employees to take parental leave for at least one month

In September 2018, Sekisui House launched a special childcare-leave program that encourages male employees with children under the age of three to take at least one month off work to focus on childcare (*ikumen* leave). Leave is paid for the first month, and the system lets employees divide a month of leave up into as many as four separate portions to ensure an optimal fit with their individual circumstances. We are making a concerted effort to motivate all eligible male employees to take full advantage of the new system.

As of January 31, 2019, five months after the system went into effect, a significant segment of the company's roughly 1,400 eligible male employees have explored opportunities for *ikumen* leave: over 500 of more than 700 applicants have taken leave. Not only is the innovative program enriching communication both at home and on the job, but workplaces are developing a more cooperative environment and a stronger awareness of effective time management. Seeing as how it helps men experience childcare and housework firsthand, *ikumen* leave can also be important departure from the commonplace "solo parenting" mindset.

We will continue to gather feedback from employees coming off *ikumen* leave and look into how men's experiences in the childcare process might impact efforts to reform workstyles and encourage women to pursue career development. When those analyses are complete, we plan to make the results public for use in problem-solving initiatives around the globe.

Promoting health management for the entire workforce

To make sure that every employee gets the most out of life, the Sekisui House Group lays out health-management policies and makes efforts to reduce working hours, encourage employees to take paid leave, and promote better health overall.

Sound physical health and mental health are both vital to active, effective work. Aiming to deepen awareness of health on those two fronts, especially the mental side, we conduct training programs for managers and employees in their second and third years.

We also organize regular meetings of the CSR Committee, which includes four representative directors, other internal representatives, and two experts from outside the company. Under the CSR Committee is the Social Improvement Committee, a group that focuses on the "health management" component

The value and effects of "ikumen leave"

For the employee Family bonds, richer experiences, a broader base of intangible assets, new insights into work	For the company A "love of humanity" (the company's fundamental philosophy), stronger foundations for employees and their families, better employee recruitment, integration, and development
For the customer Better proposals(for two-income households and families raising children, etc.), home-building with a sense of security	For the workplace Structural reforms for better role sharing, a work climate that values mutual support, better team-management capabilities

Kids First Company

Employee testimonial

The liberating power of understanding and cooperation

Noboru Hosokawa
 Manager, Tokyo-Minami Regional Branch



Until I took "ikumen leave," I never thought a branch manager would be able to take a considerable amount of time off work. When I did, however, my colleagues and friends were extremely understanding and made up for my absence with aplomb. Not only did my subordinates make tremendous professional strides with the extra work they took on, but our branch won a Presidential Award for sales performance. The experience proved so rewarding, both personally and professionally.

At home, I gained a deeper appreciation of how hard my wife works and how incredible is to experience a child's formative growth firsthand. I look forward to the fulfilling days and years ahead—at home and on the job—as my family's bonds continue to grow deeper and happier.

by taking measures to encourage exercise, establish separate smoking areas, and discourage people from smoking, among other activities.

The Sekisui House Group's "happiness" health management

Health-management policy

The fundamental philosophy at the heart of the Sekisui House Group is a "love of humanity." In addition to cultivating systems and workplace climates that help employees find fuller happiness through physical and mental health, we embrace that core ideal by promoting workstyle reforms and strive to be a company where employees take the initiative in forming healthy lifestyles.



Key performance indicators (KPIs)

Indicator	Unit	FY2014	FY2015	FY2016	FY2017	FY2018	Target
Percentage of male employees taking parental leave	%	19 (119 People)	23 (162 People)	70 (436 People)	95 (597 People)	100 (818 People)	100% in FY2020
Percentage of employees taking annual paid leave	%	31.7	32.8	35.0	39.7	42.2	50% in FY2020
Total monthly work hours per person	hours	168.22	171.37	170.02	168.32	170.26	166.66 hours in FY2020 (2,000 hours/year)

* Number of employees taking parental leave/number of births; the value for FY2018 is 100% as the number of employees taking parental leave exceeded the number of births (555)

S

Social



Human-Resource Development

Creating value for customers and society through human resources
—an ongoing effort to nurture trailblazers

Main stakeholders:

Customers, employees, students, and job applicants

Background

Responding to rapid environmental changes

Japan continues to contend with falling birthrates and an aging population. Natural disasters are becoming more frequent and destructive. The 100-year life society is dawning. Artificial intelligence and the IoT are constantly expanding. The acronym VUCA* is quickly becoming part of the vernacular—and for good reason, given the myriad changes and unpredictable environmental shifts characterizing our modern-day reality.

Now, more than ever, we need to cultivate independent human resources: people who can think for themselves, make independent decisions, and give life to new value in the face of change.

* VUCA, which stands for volatility, uncertainty, complexity, and ambiguity, refers to today's increasingly chaotic socioeconomic climate.

Approach



Our goal

Developing independent human resources to grow as a sustainable, beneficial company

At the Sekisui House Group, we pour our energies into optimizing our personnel systems and helping employees develop their skills. The focus is on nurturing independent human resources—employees who can perceive customer needs and deliver high-

quality homes amid an ever-changing environment. As we emphasize that adaptability and work to tap into the full potential of every employee, we will keep our sights set on becoming a sustainable company that contributes to society as a whole.

Action policies

Using education to cultivate independent human resources capable of innovation and communication

We want our management-level employees to go beyond simply relying on their past experience. Incorporating new input helps broaden perspectives, which fosters new value standards, opportunities for self-improvement, and creative output. That ideal shapes our manager-education initiatives.

Our new Human Resources Development Office, which launched on February 1, 2019, systematically trains and selects human resources by formulating medium- and long-term human-resource portfolios around the group's management strategies.

While efforts for each employee need to account for individual roles and experiences, which affect the company's expectations of the corresponding employees, human-resource development operates on the same basic concepts as training at the management level. Where they differ is in the concrete activities: the focus is on innovation, communication, and autonomy through a foundation in OJT-based efforts, with career education and specialized, job-specific training adding other dimensions.

How our activities impact society

Our commitment to human-resource development helps us provide higher-quality homes and services, making the Sekisui

House Group a growth leader in the housing industry and a valuable contributor to society.

Progress

Activity report

Sekisui House Management Training: Locating the leaders of tomorrow and creating a brighter future

To train and select promising candidates to lead the Sekisui House Group forward as regional branch managers, we launched Sekisui House Management Training in November, 2018. Future approaches to regional branch management will have to go beyond simply relying on past experience; in today's world, where unprecedented change is common, creating new value entails embracing new perspectives and embarking on self-motivated personal transformations. Participants in the Sekisui House Management Training tackle Integrity Management, which involves nurturing a solid base of general knowledge and enriching individuality; Strategy Planning and Organizational Management, which fuses theory and practical case studies for insights into organizational leadership; and

New Value Creation and Innovation, where learners look to "create the future" by exploring problems with no clear-cut answers. Through these types of programs, learners have valuable opportunities to gain the knowledge, personal qualities, management skills, and leadership they need to guide regional branches into the future. Opportunities are just opportunities, of course; the learners are the ones responsible for making something out of those chances to reconstruct their value systems and produce results accordingly. The Sekisui House Group management team also works to optimize the program, which makes it possible to locate exceptional human resources from standpoints outside the field itself through direct, open dialogue.

Better construction capabilities through better training

To make the most of a team's construction capabilities, an onsite supervisor—the person responsible for organizing and managing construction worksites—has to collaborate with a wide range of different professionals and deal flexibly with whatever challenges might come along. In addition to issuing clear instructions for optimal management, onsite supervisors also need to balance that administrative side with leadership in facilitating the entire effort and steering everyone toward common goals.

Construction, Ltd. (a group company) a prerequisite for any aspiring design director (who heads up an architecture department). We are always working to bolster our collective construction capabilities through our connections with partner building contractors, as well.

At the Sekisui House Group, we use interactive training programs to propel innovation and communication and help employees hone the management skills so vital to collaborative efforts with partner building contractors. We have also created a system that makes practical experience at Sekiwa

In FY2018, we also fleshed out our training programs by complementing the existing level-based training with elective training—planned and developed based on issues and needs that people in the field have pinpointed. Elective training is open to all, regardless of service time or experience, and lets employees focus on the skills that they want to learn. Through training sessions on human error, owner relations, and more, learners can chart their own personal growth and gain capabilities that they can put into practice.

Helping onsite supervisors develop skills through level-based training

Lower level	Learn the roles and responsibilities of an onsite supervisor ● Establishing a strong understanding at Sekiwa Construction and partner building contractors, which provide valuable support for construction capabilities
Middle level	Hone unique individual skills (and make strides as a self-sufficient onsite supervisor) ● Using logical thinking to identify and solve problems
Upper level	Gain the trust of others to enroot construction capabilities in a stronger foundation ● Gaining facilitation and leadership skills
Design director	Get the most out of the team ● Gaining practical skills in developing human resources

Helping employees grow on their own initiative through "elective training"



Identifying issues and locating needs at the source (on-site) to design optimal training approaches

Key performance indicators (KPIs)

Indicator	Unit	FY2014	FY2015	FY2016	FY2017	FY2018	Target
Average annual hours of training per person*1	Hours	22.9	21.0	19.7	18.1	14.5	Training programs at the head office only (In FY2018, men and women attended averages of 13.6 and 17.7 hours of training, respectively.)
Training investment	Million Yen	692	734	704	873	848	Total expenses attributable to education and training costs
Total number of people obtaining qualifications*2	People	4,544	6,427	4,332	3,064	2,821	Totals include internal qualifications

*1 and 2 On a nonconsolidated basis (Sekisui House only)

*2 Total number of qualifications acquired within the corresponding fiscal year (Three qualifications obtained by an individual employee in a single fiscal year are counted as "3" qualifications.) The number for FY2015 is relatively high because we promoted the acquisition of certain qualifications through limited-time financial support and other systems over the course of the year.

Respect for Human Rights

The Sekisui House Group has addressed a variety of human rights issues, including those pertaining to the workplace inclusion of women, non-Japanese nationals, and people with disabilities, to create a corporate culture with zero tolerance for infringements on human rights.

The Sekisui House Group Corporate Code of Conduct and Corporate Ethics Guidelines—the explicit foundations of our corporate activities—spell out our commitment to respective human rights, as well. Always striving to stay in close compliance with international rules on human rights, such as the United Nations' Universal Declaration of Human Rights, the 10 principles of the UN Global Compact, and the SDGs, we seek to ingrain a corporate culture where employees recognize mutual human rights.



Basic policy on human rights

To create a corporate culture with zero tolerance for infringements on human rights, all of our employees need to have a solid, accurate grasp of the Sekisui House Group Corporate Code of Conduct and Corporate Ethics Guidelines. While we enhance our internal structures for sustaining the PDCA cycle so central to our basic policies, the Legal Department's Human Relations Office—which specializes in human rights—strives to create welcoming, comfortable workplace environments through annual Human Relations Training programs for all employees at all group companies, among other internal education efforts.

We also conduct field consultations on harassment and other human rights-oriented issues in collaboration with work locations.

We are also working to establish a mutually accepting, human rights-aware corporate culture through strict compliance with international rules on human rights, such as the United Nations' Universal Declaration of Human Rights, and a thorough understanding of the SDGs and the 10 principles of the UN Global Compact.

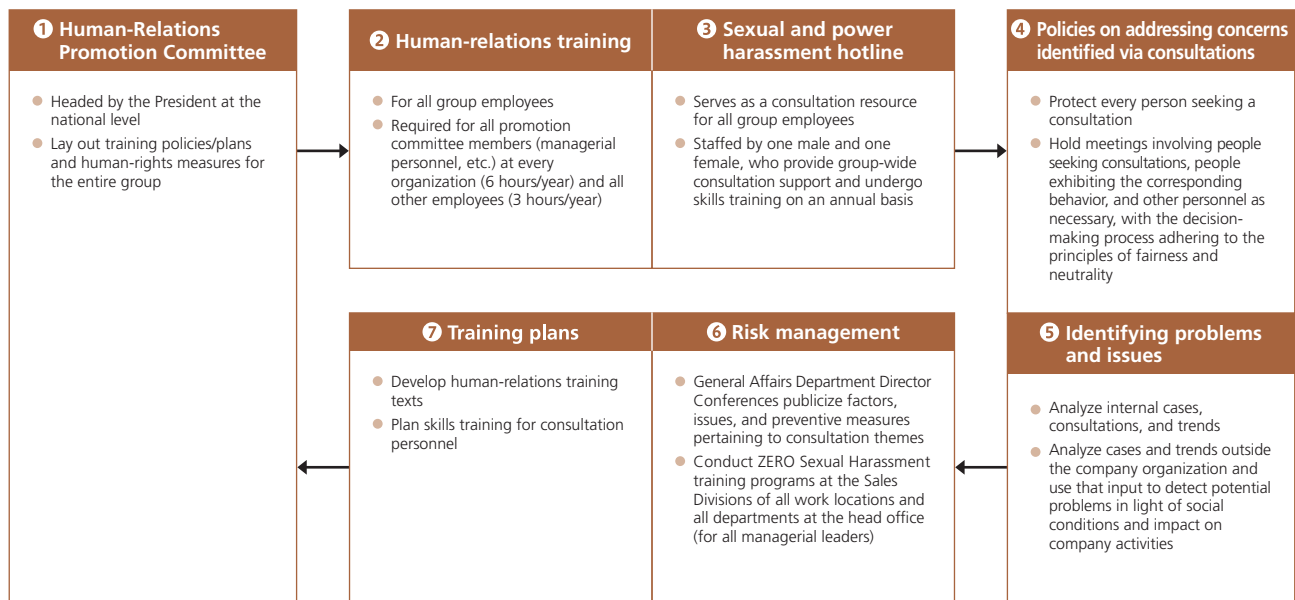


Enhancing the framework for internal consultations

The Sekisui House Group has established a sexual and power harassment hotline, which operates out of the Sekisui House Head Office. Fielding consultations on all types of harassment—from sexual harassment and power harassment to issues concerning pregnancy, childbirth, parental leave, and family-care leave—and a variety of input on optimizing working environments for people with disabilities, the hotline serves as an in-house hub for important solutions. The hotline handled 190

consultations (of which 81 dealt with harassment) in FY2018, which represents a year-on-year rise, but that increase may be due to a growing sense of reliability on using the hotline via consultation personnel positioned at all work locations across the group. Overall, the sexual and power harassment hotline is solidifying its position as a valuable, helpful resource that people can trust.

Human rights due diligence



Human rights-related stipulations in the Sekisui House Group Corporate Code of Conduct and Corporate Ethics Guidelines (excerpts)

Sekisui House Group Corporate Code of Conduct	Rooted in the group's fundamental philosophy of a love of humanity and the rest of its corporate philosophy, all the companies in the Sekisui House Group respect human rights, comply with all laws, abide by international rules and the spirit thereof, and take independent steps to build a sustainable, informed social foundation based on the following nine principles.
Sekisui House Group Corporate Ethics Guidelines	<p>5-1. Respect for Human Rights and Prohibition of Discrimination Always endeavoring to maintain a healthy work environment, we respect each individual's human rights and never engage in any type of discriminatory action in the employment of, treatment of, or any other matter concerning our employees. We also take thorough measures to prevent others from engaging in such discrimination.</p> <p>1. We do not discriminate by reason of origin, nationality, race, ethnicity, beliefs, religion, sex, sexual orientation, gender identity, age, disability, interests, academic qualifications, family, or any other irrational, arbitrary grounds.</p> <p>2. We do not act in infringe on the human rights of others by means of forcing others to carry out work, engaging in bullying, or spreading rumors through violence, verbal abuse, libel, slander, or intimidation.</p> <hr/> <p>Sections 5-2 (Sexual Harassment), 5-3 (Harassment Related to Pregnancy, Birth, and Childcare Leave, etc.), and 5-4 (Power Harassment) state that we do not engage in the corresponding types of harassment or any other conduct that may constitute such harassment.</p>

Note: The Sekisui House Group's Corporate Principles and Corporate Ethics Guidelines (full text) are accessible online at <https://www.sekisuihouse.co.jp/company/info/ethics.html>.

Governance Awareness Survey scores

The Sekisui House Group conducts annual Governance Awareness Surveys of all group employees in hopes of turning that feedback into better, more open working environments (see page 76). The surveys contain sections on human rights, whose scores for the last three years are in the table to the right.

Note: The figures in the table are averages calculated with scores of 100 points for Strongly agree, 75 points for Agree, 50 points for Neither agree nor disagree, 25 points for Disagree, and 0 points for Strongly disagree.

Trends in Governance Awareness Survey scores (on human rights-related topics)

	FY 2016	FY 2017	FY 2018
Anti-sexual harassment culture	84.5	83.5	85.1
Anti-power harassment culture	78.1	77.5	79.2
Anti-discriminatory culture	84.9	84.3	85.5

Monitoring human rights along the supply chain

In FY2015, the Sekisui House Group laid out CSR Procurement Standards in line with the eight procurement policies and uses it as the base for procurement of materials. The framework expanded in FY2017, when the group incorporated CSR evaluations into its supplier evaluations. These new components involve partner companies performing self-assessments of various items, including matters concerning human rights and labor, which we then tabulate, score, and evaluate.

If the evaluation results turn up evidence of potential issues at a given supplier, we visit the supplier and do the necessary

monitoring to assess the actual conditions. We have also created a Supplier Subcommittee under the CSR Committee, adding another piece to our ongoing efforts to establish a stronger awareness along the supply chain.

CSR Procurement Standards

Human rights and labor	Respect for human rights, abolition of discrimination, prohibition of child labor, prohibition of forced labor, wages, working hours, dialogue and consultation with employees, safe and healthy work environments, human resource development
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Upholding the human rights of non-Japanese nationals at construction worksites

In today's world, where the competition over high-caliber human resources is only bound to intensify, the Sekiwa Construction Group (a wholly owned subsidiary) and some of the partner building contractors affiliated with the Sekisui House Association are accepting non-Japanese workers in accordance with the government's Technical Intern Training Program.

We at Sekisui House have three educational training centers (in Ibaraki Prefecture, Shiga Prefecture, and Yamaguchi Prefecture), which offer early-stage development programs that help accepted workers gain the necessary technical skills at the request of their destination employers. Looking to provide initial acceptance training on a rolling, as-needed basis, we have also set up a dedicated section in the Sekisui House Construction Department to handle the planning effort. The Sekiwa Construction Group and partner building contractors submit

timely reports on non-Japanese workers, as well, to lay out a clear picture of acceptance status, wages, and other relevant details.

The Sekisui House Group will continue to conduct its corporate activities with respect for the human rights of non-Japanese workers, adhering to its Corporate Code of Conduct and Corporate Ethics Guidelines.

Employment of non-Japanese nationals (as of February 1, 2019)

	Technical trainees	Construction workers	Total
Sekiwa Construction Group	37	33	70
Partner building contractors	25	1	26
Total	62	34	96

Contributing to Society

The Sekisui House Group engages in businesses that touch people's lives and local communities. Therefore, we not only base our main business activities on our fundamental corporate philosophy of Love of humanity, but also refer to it in our efforts to contribute to society in various ways. As a member of the local community and society, we strive to create frameworks that enable every individual to act independently.

The four policies of social contribution activities

The group carries out our community-based activities, such as volunteer activities by employees, charity participation, cooperation with and support to NPOs and NGOs, and educational support in collaboration with educational institutions, based on the four pillars of training the next generation, environmentally conscious, housing culture improvement, and support for areas and people affected by disasters.



Eco-First and Kids-First initiatives

Environmental education programs and school visits

To promote prevention of global warming and other environmental conservation activities, we consider it important to raise awareness among children, the major players in the next generation. As an Eco-First company, we are committed to the three promises of reducing CO₂ emissions, restoring ecosystem networks, and resource recycling initiatives. Based on these promises, we hold elementary school visits, events and other activities, conducting three experiential education programs focused on the importance of saving energy in everyday life, preserving ecosystems, and effectively utilizing resources.

In one of our school visit programs, known as the House-cology seminar,



The House-cology seminar to learn about the insulation capabilities of houses

students learn about the relationship between global warming and lifestyle through experiments, quizzes, and other activities that enable them to experience the issues while enjoying a playful atmosphere. These activities use the familiar subject of housing to help them understand how they can lead an eco-friendly lifestyle and encourage them to think what actions they can take.

At the Sekisui House Eco First Park in Ibaraki's Koga City, children can learn about our environmental activities that are based on the three themes of the Eco-First Promise. Apart from that, they can also learn in a fun way the roles housing can play in protecting the global environment.



The Sekisui House Eco First Park (House of Wind)

The Shin-Satoyama initiative

Our head office is located in the Umeda Sky Building, the main attraction of Osaka's landmark and extremely popular Shin Umeda City building complex. On the north side of this building complex, we have built the *Shin-Satoyama* (about 8,000 m²), which recreates in the city center Japan's original *Satoyama* landscapes that are fast disappearing. Based on our *Gohon no ki* indigenous landscaping concept that shows our concern for ecosystems, we have recreated the landscapes of a wooded area, bamboo forest, rice terrace, vegetable farm and tea garden in the small area of the *Shin-Satoyama*. After its opening in 2006, it has become home to a large



The *Shin-Satoyama* viewed from the west side

variety of plants, birds, butterflies and other creatures, and is loved by residents and office workers alike as a place to feel the ecosystem.

We are also striving to support child-raising through our Kids-First initiative. In this program, we collaborate with elementary schools and kindergartens to enable children to experience rice planting and other agricultural activities at the *Shin-Satoyama*. Our efforts have been valued and we received the Prime Minister's Award at the 34th Green City Award*. *Shin-Satoyama* has also been recognized as a SEGES Urban Oasis*.



Elementary school students experiencing rice planting at the *Shin-Satoyama*

* Organized by the Organization for Landscape and Urban Green Infrastructure

Sekisui House Matching Program —support for NPOs and other organizations tasked with resolving social issues

Since FY2006, we have been implementing the Sekisui House Matching Program, under which the company matches employee donations (joined by approximately 5,200 employees) to NPOs and other organizations engaged in resolving social issues.

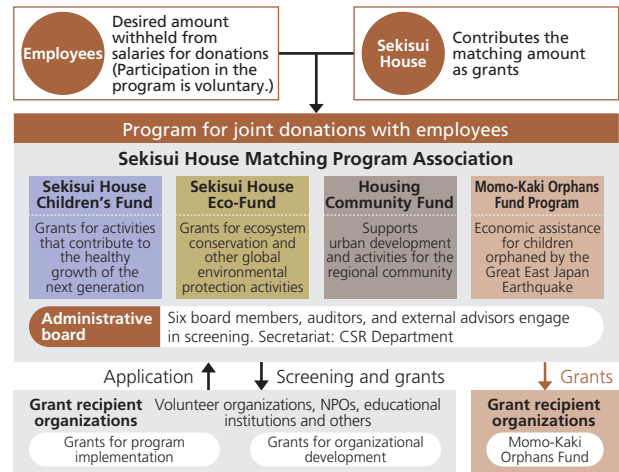
This system enables employees to have an amount of their choice (1 unit = 100 yen) withheld from their salaries for donations, and Sekisui House matches the donations and contributes an equal amount in the form of grants. We have established four funds: The Sekisui House Children’s Fund, the Sekisui House Eco-Fund, the Housing Community Fund and the Momo-Kaki Orphans Fund Program. An administrative board comprised of employee representatives selects the organizations to support.

In FY2019, ¥30.24 million from our Children’s Fund, Eco-Fund and Housing Community Fund was donated to a total of 31 organizations. In addition, the Momo-Kaki Orphans Fund Program donated ¥14.30 million (a cumulative total of ¥96.80 million) in FY2018 to the Momo-Kaki Orphans Fund (Chairman: Architect Tadao



Ando), which provides economic support for children orphaned by the Great East Japan Earthquake. Up to now, more than ¥300 million has been donated to 317 organizations by these four funds.

Sekisui House Matching Program



Project grants in FY2019 (grants for programs applied for by organizations)

Children’s Fund: 16 organizations, ¥16.90 million

- Asperger Society Japan
- Atopicco Network for Children of the Earth
- Education Sponsorship in Asia
- Ikawako
- Kansai NGO Council
- Parenting Mate Sakuranbo Club
- Kodomo Wakamono Matching
- CPAO
- Japan Hair Donation & Charity
- 3keys
- Nagomi Visit

- Japan Rescue Association
- Foodbank Yamanashi
- Family House
- Miyagi-Sendai Kodomo-no-oka
- Mori no Manabiya Shizen Gakko

Eco-Fund: 12 organizations, ¥11.10 million

- Conference of Earth Environment from Akita
- HUTAN Group
- Environment TOKUSHIMA Network
- Groundwork Daisen Hiruzen
- Sansonjuku

Note: In addition, we provided organizational development grants to help selected organizations build infrastructure and improve the quality of their activities in anticipation of their future development.

- Renewable Energy Shinshu-net
- Eco Future Fund
- Together
- FAIR +
- Maniwa Isan Kenkyukai
- Midorinodam Kitasagami
- The Lifestyle Research Institute of Forests

Housing Community Fund: 2 organizations, ¥2.10 million

- Asaza Fund
- PACT

Collaborations with the recipients of the Sekisui House Matching Program grants

We hold a grant presentation ceremony (for a specified area nearby) every year for organizations supported by the Sekisui House Matching Program. We introduce the recipient organization’s activities at our office near it and strive to spread

recognition of its work. We also actively promote initiatives undertaken jointly with the organization, seeking to contribute to regional revitalization by executing projects of mutual interest and working for the betterment of society and the region.

Comments from recipient organizations

Children’s Fund

Grant description: Dispatching therapy dogs to the Osaka Women’s and Children’s Hospital

Japan Rescue Association (Planning and PR: Ms. Masako Imai)

Due to this grant, we can now send therapy dogs to the hospital twice a month instead of once in two months. This has enabled more children to receive visits by therapy dogs. Our goal is to have children receive the constant company of therapy dogs, so we shall push forward and do whatever we can to make this happen.



Example of collaboration with recipient organization

Eco-Fund

Grant description: Chikyu Hakase Tanjo Project Conference of Earth Environment from Akita

We held the 3rd My Dream House is the Future Eco-House experiential session under the Chikyu Hakase Tanjo Project in collaboration with the recipient organization during the children’s summer holidays. We used the AKT Model Homes in our Akita Sales Office as the venue.

At the event, parents and children living in Akita City tried out latest eco-houses. Our sales and design staff took on the role of guides. The event was a huge success, with elementary school students asking clever questions on insulation and other issues unexpected of their age.



A base for spreading housing culture and art

Sekisui House - House of Dialog, a collaborative program with Dialogue in the Dark (DID)

We have been periodically organizing the House of Dialog program at Sumufumulab (Grand Front Osaka), our base for spreading information. This program, held in collaboration with Dialogue in the Dark (DID), welcomed its fifth year in 2018, with Sumufumulab serving as DID's the only permanent venue in the Kansai region.



The concept of DID was founded by German philosopher Dr. Andreas Heinecke in 1988. It is a social entertainment program that has been held in over 41 countries around the



Sumufumulab where DID is held

world and experienced by more than 8 million people. Participants are guided in groups through different settings in absolute darkness by visually impaired guides, and make discoveries and learn a different way of communication—something they do not experience in their everyday life.

In 2013, we built the House of Dialog, the only program in the world that is based on the theme of house and family. Ever since, it has been offering original programs focused on the family and its lifestyle in different seasons and has been experienced by more than 18,000 people in these five years. We have received a lot of feedback from the participants about the warmth of the human voice, the importance of communication and the feeling of comfort that is nurtured by senses other than vision. Some people said that they would like to convey the experience of talking with their heart to others as well. The initiative is highly popular, with over 80% of the visitors who responded to our survey saying that they would like to visit again.

Under our concept of lifelong housing, through research on smart universal design and more, we will continue to provide platforms for people to experience this form of communication through DID. We also hope to expand the reach of such valuable experiences for society for us to foster a revival of relationships, a recognition for diversity, and in people, the ability to feel.



(QR code)
House of Dialog by
Dialogue in the Dark

Koji Kinutani Tenku Art Museum, a new base for art and culture

We opened the Koji Kinutani Tenku Art Museum in Umeda Sky Building (West Tower 27F), where our headquarters is located, to exhibit the artworks of world famous western-style painter and Japan's top classic fresco painter Koji Kinutani. The museum, which seeks to contribute to society by promoting art and culture, completed two years in December 2018. It incorporates the world's first attempt at allowing the viewer to delve into the artwork through the use of 3D visuals in addition to numerous colorful frescos and mixed-media



Powerful 3D visuals



Experiencing classic fresco painting by plastering a brick to create a wall-like surface and painting on it

paintings and sculptures by Kinutani.

In FY2018, we focused on spreading art education. We held art appreciation lessons in cooperation with elementary schools in the neighborhood and organized fresco painting workshops once a month to help numerous children gain deeper understanding into Kinutani's works and feel invigorated through art.

We also held special exhibitions at the museum three times. Each special exhibition comprised artworks that were displayed for the first time and attracted 61,407 visitors in total, far exceeding the numbers from the previous fiscal year.



Flying dragon frolicking around the Sky Building (Sculpture)

Special exhibitions (FY2018)

- Special Exhibition: A Message for Peace – Passion, Vitality, Prayer
- A Special Exhibition Celebrating the 25th Anniversary of the Umeda Sky Building
Tenku Fantasy – The Amazing Floating Garden Experience
- 2nd Anniversary Special Exhibition
The Power to Dream - Grand Theater of the Imagination -

Post-disaster restoration and reconstruction

Being a business that promotes strategies focused on protecting the life, properties and lifestyles of homeowners, the Sekisui House Group recognizes its social responsibility to prevent and minimize damage from natural disasters.

Prompt initial response to natural disasters in each region

Japan faced various natural disasters in 2018, including typhoons, heavy rains and earthquakes. On June 18, an earthquake of a seismic intensity of lower 6 occurred, with the northern parts of Osaka as the epicenter. Then, from June 28 to July 8, western Japan struggled with heavy rains and Typhoon No. 21 raged in September. These and other natural disasters caused extensive damage across the country.

Although houses built by our company were neither totally nor partially damaged by the earthquake in northern Osaka, many employees had trouble reaching their workplaces because the earthquake occurred during commuting hours. We promptly set up a relief line* after the earthquake took place and made phone calls to the affected regions from our Customer Service Centers to check the safety of homeowners and the conditions of the buildings. We devoted ourselves to recovery activities, including inspection and repairs, with the Customer Service Centers in Kansai region in the forefront and support from centers in other regions.

During the heavy rainfalls in western Japan, flooding above and below floors was experienced at many Sekisui House homes in Chugoku and Shikoku, Kyushu and other areas. Many homeowners were forced to evacuate. To cope with the situation, we set up a relief line to make phone calls from the Customer Service Centers and conducted home visits. We helped in recovery activities by removing furniture from the houses, cleaning below the floors, dismantling the interiors and other

We also consider it necessary, as housing makers, to act promptly in the event of a natural disaster to confirm the safety of the victims and establish a support system.

ways. More than 2,400 employees from the entire group joined hands to repair and remove mud from houses that had suffered flooding above and below floors and other damage. We worked hard to ensure that normal life could be restored to our customers at the earliest.

Even in the Kinki Region, which suffered significant damage from Typhoon No. 21, we rushed in aid from all parts of the country and helped recovery by conducting inspections and repairing roofs.

* The relief line is a telephone service provided for customers by Customer Service Centers before and after natural disasters to make advance arrangements, offer advice and confirm current conditions.



We rushed support in from various parts of the country to help relief activities, such as removing mud from houses (Hiroshima)

Participation in reconstruction support activities in disaster-stricken areas by all new employees

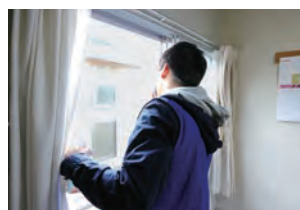
Since the year after the Great East Japan Earthquake, all new employees at Sekisui House go to disaster-stricken areas to assist in reconstruction work. Aside from providing the affected areas with needed assistance, the goal of this reconstruction effort is to deepen our employees' understanding of the significance of the housing business and have them think and act from other people's perspectives based on the Sekisui House Group corporate philosophy and code of conduct. A total of 3,021 people have participated in the activities over these seven years and about 460 are estimated to participate in 2019.

Employees work with NPOs active in areas affected by the disaster, listening to needs for support and taking action after considering what they can do to make local residents happy.

In the Tohoku region, we assisted with the relocation of the Ogatsu Rose Factory Garden and conducted cleanup activities at temporary housing and public housing for disaster victims. From FY2017, we have also been carrying out similar activities in areas affected by the Kumamoto Earthquake. After the earthquake, we cleaned the trains of the Minami-Aso Railways, which had suspended operations, and cleaned the fans, tables and windows in the coaches. We used the old gymnasium of the Tateno Elementary School, which was closed from before the earthquake, as an evacuation center, and cleaned its windows, walls, and floors to ensure that it can continue to be used during emergencies.



Relocation of the Ogatsu Rose Factory Garden



Cleaning in temporary housing



Cleaning the trains of Minami-Aso Railways



Cleaning the old gymnasium of the Tateno Elementary School