

CSR Policies and the ESG Management Framework

Positioning ESG management as a foundation of company operations, in line with its corporate philosophy and CSR policies, the Sekisui House Group pursues its goal of becoming a leading company in ESG management through its everyday business activities.

The group’s concrete action plans take shape through the efforts of the CSR Committee and its three subordinate ESG committees.

The CSR Committee includes four representative directors from within the company organization and two outside experts (outside members) to enrich the relevant initiatives from a diversity of perspectives.

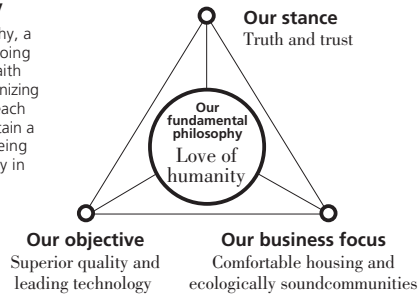
Operating under the CSR Committee, three ESG committees and various CSR department subcommittees serve to help initiatives take root within the company structure.

Corporate philosophy and CSR policies

At the core of the Sekisui House Group’s corporate philosophy is a love of humanity: a fervent hope for the wellbeing of others and a sense of joy in others’ joy, doing whatever we do in good faith and a spirit of service. That philosophy took root in 1989 with the unanimous approval of every group employee. Striving to ensure the wellbeing of all of our stakeholders—customers, employees, and shareholders—we pursue a CSR policy that focuses on maximizing customer satisfaction (CS), employee satisfaction (ES), and shareholder satisfaction (SS) in harmony with our corporate philosophy.

Corporate philosophy

Our fundamental philosophy, a love of humanity, means doing whatever we do in good faith and a spirit of service. Recognizing the irreplaceable value in each and every person, we maintain a fervent hope for the wellbeing of others and a sense of joy in others’ joy.



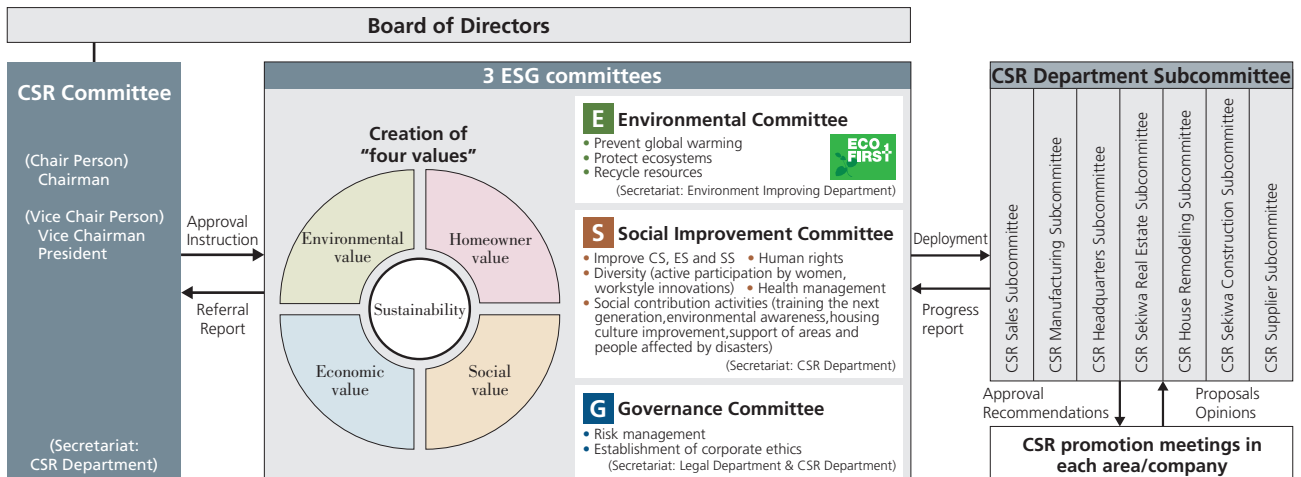
The framework for the CSR Committee and promoting ESG management

The Sekisui House Group CSR Committee, comprising members appointed via resolutions by the Board of Directors, meets regularly. The CSR Committee formulates effective action policies by discussing how well the group’s ESG management and other CSR initiatives align with social norms and expectations, for example, and how the group’s business activities are contributing toward solutions to social issues.

The CSR Committee fuses inside and outside perspectives. On the internal side are the Chairman and Representative Director, serving as Committee Chair, and the Vice Chairman and Representative Director and the President and Representative Director, acting as Vice Committee Chairs. The outside perspective comes from two experts: Haruo Tsuji (former president of Sharp Corporation) and Hiroya Masuda (former Minister of Internal Affairs and Communications and former governor of Iwate Prefecture).

Three ESG committees operate under the CSR Committee to develop action policies, promote activities, and help efforts take root. The framework also features subcommittees, which meet on a department-specific basis and serve to enhance awareness and implementation of the initiatives at business locations across the group. We also assign CSR-promotion representatives to each business location to promote activities with site managers, thereby embedding the elements of ESG management in the workforce on an employee-to-employee basis.

ESG management promotion structure



Identifying Material Topics

The Sekisui House Group is committed to fostering sustainable development with a focus on fulfilling ESG management through our core business and creating value—all while living up the expectations of stakeholders and society in accordance with its CSR policies.

To us, value creation is all about molding our activities around what matters to stakeholders and society.

Identifying material topics with stakeholders and social impact in mind

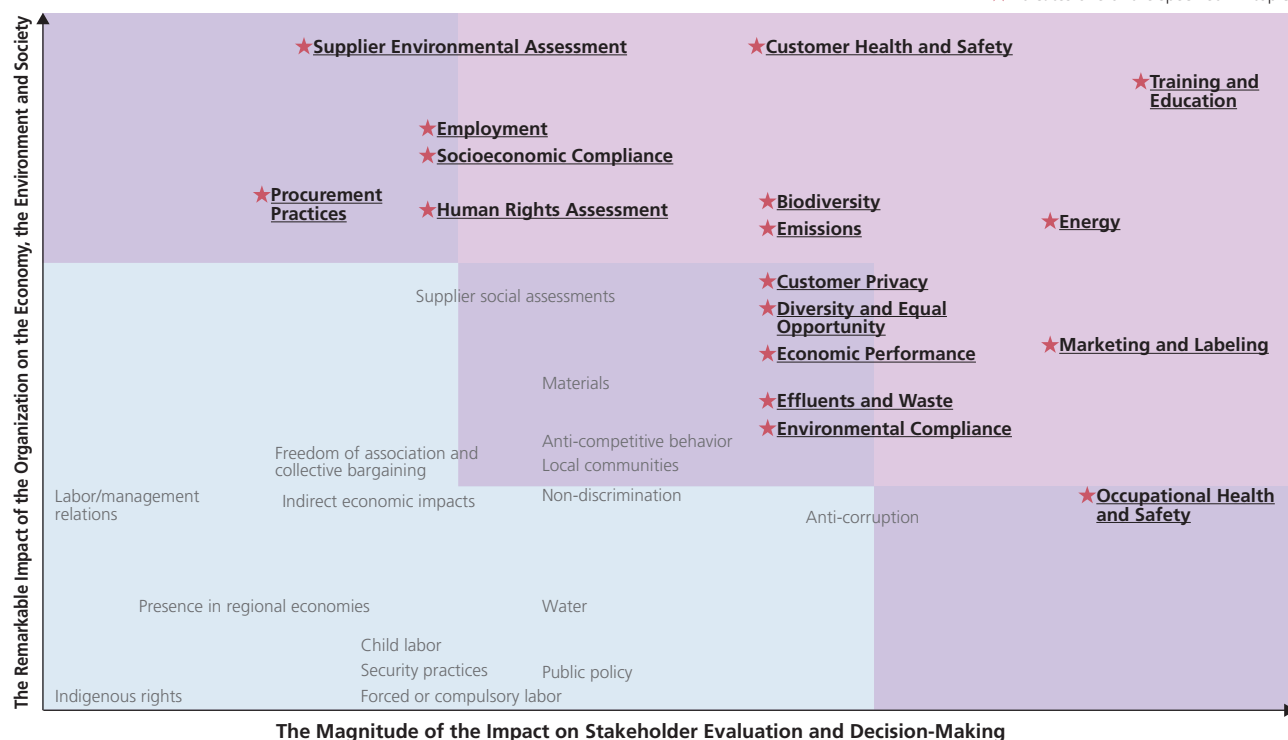
In 2015, we selected 30 of the 46 Specific Standard Disclosure items in the GRI Sustainability Reporting Guidelines (G4) as material aspects. The CSR Committee, on which representative directors serve as Committee Chair and Vice Committee Chairs, validates the selection process. To reflect changing social conditions, needs, and other factors, we then prioritized the material aspects the following year by reanalyzing their impact on stakeholder assessments and decision-making and also the

company's impact in economic, environmental, and social contexts.

As a result of that reanalysis, the group identified 19 topics as material aspects. Subsequent examinations in 2017 brought that list to 17 material topics, bringing the topics into compliance with GRI Standards (see the chart below). We will continue to address the material topics, which represent vital elements of our ESG management, in FY2018 and beyond.

Material Topics (Critical Issues) as Seen from Effects on Stakeholders and Impacts on Society

★ Indicates one of the specified 17 topics



Boundaries of the 17 Material Topics

Economic Performance	Sekisui House Group, Customers, Employees, Shareholders and investors, Supplier companies	Employment	Sekisui House Group, Employees, Regional communities
Procurement Practices	Sekisui House Group, Employees, Shareholders and investors, Supplier companies, Regional communities	Occupational Health and Safety	Sekisui House Group, Employees, Supplier companies
Energy	Sekisui House Group, Employees, Shareholders and investors, Supplier companies	Training and Education	Sekisui House Group, Employees, Supplier companies
Biodiversity	Sekisui House Group, Customers, Employees, Supplier companies, Regional communities	Diversity and Equal Opportunity	Sekisui House Group, Employees, Regional communities
Emissions	Sekisui House Group, Customers, Employees, Shareholders and investors, Supplier companies, Regional communities	Human Rights Assessment	Sekisui House Group, Employees, Shareholders and investors, Supplier companies, Regional communities
Effluents and Waste	Sekisui House Group, Employees, Supplier companies, Regional communities	Customer Health and Safety	Sekisui House Group, Customers, Consumers, Regional communities
Marketing and Labeling	Sekisui House Group, Customers, Employees, Shareholders and investors, Consumers, Supplier companies, Regional communities	Customer Privacy	Sekisui House Group, Customers, Employees, Consumers, Supplier companies
Environmental Compliance	Sekisui House Group, Customers, Employees, Shareholders and investors, Consumers, Supplier companies, Regional communities	Socioeconomic Compliance	Sekisui House Group, Customers, Employees, Shareholders and investors, Consumers, Supplier companies, Regional communities
Supplier Environmental Assessment	Sekisui House Group, Shareholders and investors, Supplier companies		

Stakeholder Engagement

The Sekisui House Group's main stakeholders include customers, consumers, business partners, employees, shareholders, investors, and communities.

Through dialogues with all of our stakeholders, we work to address issues and meet expectations—an effort that hinges on staying connected and engaged through meaningful, active communication.

Main stakeholders and overview of actions

Main stakeholders and overview of actions	Actions	Examples of proposed themes	Response for such themes	Refer to
Customers (owners) We maintain communications with customers under our "customer first" policy in order to ensure that their valuable assets (their homes, for example) have long, cherished lives.	<ul style="list-style-type: none"> Customer surveys Communication through newsletters and publications <i>Kizuna</i> (Detached homes / semiannual), <i>Maisowner</i> (Rentals / semiannual), <i>gm</i> (Condominiums / three issues per year) Net Owners Club website 	<ul style="list-style-type: none"> Extending the lifespan of houses and increasing homeowner value Enhancing after-sales support Proposing and constructing exteriors that are easy to maintain and use 	<ul style="list-style-type: none"> Operating "Commons," a townscape-assessment system Strengthening group-wide collaborations to nurture the exterior business Pursuing customer satisfaction through our value chain (Sustainability Report: Social) 	Pages 53–60 WEB
Consumers (potential customers) We proactively disclose information to build trusting relationships with the aim of "creating comfortable housing and ecologically sound communities."	Consumer dialogues via: <ul style="list-style-type: none"> Comprehensive Housing R&D Institute Sumufumulab Housing Dream Factories Sekisui House Eco First Park Housing seminars Life Literacy Book 	<ul style="list-style-type: none"> Disclosing housing manufacturing processes and sites Visualizing methods of environmental problem solving through housing 	<ul style="list-style-type: none"> Recruiting Sumufumulab research members and holding workshops Opening research facilities to the public Conducting workshops and events for parents and children at the Sekisui House Eco First Park 	Page 50 Page 56 WEB
Business partners We strive to conduct transactions on a fair, equal basis and foster amicable partnerships, always working to promote mutual growth and deliver customer satisfaction.	<ul style="list-style-type: none"> Integrated network of Sekisui House Association and Sekisui House Partners' Association Policy briefings (annual) Supplier evaluations CSR Supplier Subcommittee SDG-based procurement 	<ul style="list-style-type: none"> Improving worksite environments (via labor-saving measures and measures to deal with aging construction technicians, for example) Improving delivery-date accuracy (materials and parts delivery) 	<ul style="list-style-type: none"> Improving indications of parts and promoting the use of combined, pre-cut, and pre-set parts Sharing process charts online with manufacturers and making information as thorough as possible Pursuing customer satisfaction through our value chain (Sustainability Report: Social) 	Pages 53–60 Pages 67–68 Page 83 WEB
Employees We respect the diverse individuality of our employees to ensure that they can flourish in their professional capacities and achieve creative growth through meaningful work. To make good on that commitment, we develop workplace environments and programs that nurture employees and ensure fair treatment, thereby enhancing employee satisfaction (ES).	<ul style="list-style-type: none"> Internal open recruitment Internal qualification system Human-relations training (annual) Governance-awareness survey (annual) Occupational health and safety management system Sekisui House Group internal magazine (six issues per year) 	<ul style="list-style-type: none"> Contributing to women's career development Pursuing workstyle reforms Supporting healthy work-life balance Promoting employment of the disabled Creating open workplaces Respect for Human Rights Health management 	<ul style="list-style-type: none"> Promoting diversity, encouraging workstyle reforms, training human resources, and respecting human rights (Sustainability Report: Social) Operating the Sekisui House Women's College, a training program for management candidates Organizing Diversity Exchange events Offering the <i>ikumen</i> leave program Formulating a health-management policy 	Pages 61–68 WEB
Shareholders and investors We ensure fair and transparent corporate management to maintain our value in society, aiming to enhance our corporate value by achieving healthy growth and returning fair profits to our shareholders.	<ul style="list-style-type: none"> Basic policy on information disclosure General shareholders' meeting Shareholder preferential gift programs Business Report (semiannual) and Annual Report (annual) Online IR newsletter 	<ul style="list-style-type: none"> Disclosing management strategies and plans in a clear, straightforward manner 	<ul style="list-style-type: none"> Holding management briefings and releasing Q-and-A summaries Offering tours of factories and other facilities Conducting one-on-one interviews and ESG dialogues Sustainability Report: Value Creation Vision and Strategy 	Pages 05-34 Page 76 WEB
Communities We make an effort to cooperate and participate toward social returns, leveraging our strengths as a housing company to nurture rich local cultures and realize abundant and humane lifestyles for all people while protecting the environment.	<ul style="list-style-type: none"> Sekisui House Matching Program, a company-employee joint donation system Collaborative relationships with non-profit organizations like Kids Design Association and Uzo Nishiyama Memorial Library The Kobe Machizukuri Rokko Island Fund charitable trust 	<ul style="list-style-type: none"> Promoting safe lifestyles that provide peace of mind Pursuing community development that prevents crime and damage from disasters Training the next generations Helping disaster victims and disabled persons develop self-reliance 	<ul style="list-style-type: none"> Helping build communities through neighborhood bonds Creating recovery support systems when natural disasters strike Implementing the Disaster Risk Reduction Factory of the Future plan Enlisting the help of newly hired employees in reconstruction efforts in disaster areas Supporting companies affected by disasters and workers with disabilities by purchasing their products 	Pages 69-72 WEB
All stakeholders	<ul style="list-style-type: none"> Ensuring full compliance, eco-friendly practices, and accountability 			Pages 05-08 Pages 50-52 Pages 79-82 WEB

Comments from External Members of the CSR Committee

The CSR Committee meets regularly to develop and promote important CSR policies and verify the relevancy and effectiveness of current CSR activities.

During these meetings, two external members are asked to share their opinions, which provide the basis for discussion among Committee members.

Fiscal 2018 CSR Committee recommendations are as follows.

CSR Committee recommendations

- Sekisui House seeks to become the leading company in ESG management. With this vision at the helm and the strength of a high ZEH ratio, the company should devise ways to break through various constraints and aim for greater heights.
- It is important to convey the company's painstaking efforts to the customers. The company should further promote the cutting-edge initiatives it takes for the environment because common people are yet unaware of them.
- As a company, it is essential to display a stance of making improvements in work hours and acquisition rate for paid leaves. Although the people working on-site understand the company's stance, they have their own difficulties. Therefore, monthly follow-ups are important.
- Stakeholders are focused on the company's actions in the "year one" of governance reforms. Fiscal 2019 is crucial and it is important to tackle it with a solid PDCA cycle.
- It is important to properly manage overseas subsidiaries and deal with cyber-attacks. The company must set up and strengthen mechanisms for this purpose.
- The middle management feels stuck between its superiors and subordinates. This is a challenging issue that the management must resolve. The company also needs the strength of young employees to take on challenges in new domains. It is important from the viewpoint of governance for the middle management to listen to the opinions of young employees.
- The company must consider how it can harness IT, IoT and AI in management to raise productivity.



Haruo Tsuji
Former President
Sharp Corporation

CSR Committee recommendations

- Japan's position in the field of environment has started to lag behind at the global level.
- The "E" in ESG is changing fast. For instance, cars are shifting to electric power and investors are avoiding thermal power stations, forcing the market to shrink. Companies that do not promote eco-friendly business activities will not be able to survive as this public opinion grows stronger.
- "Quality" will be crucial, including a change from procurement based on CSR to that based on SDGs. It is important to flexibly incorporate new technology with a view to constantly improving quality, rather than continuing with existing ways of thinking.
- I am the chairman of an expert panel on regional revitalization and I feel that the company must work on two focal points: SDGs and Society 5.0. Speed is key to these two fields, and it is important to consider how to effectively incorporate these into regional revitalization. The company should also consider this point in its corporate management.
- The company needs to increase its value by raising issues on various fields in society, such as paid childcare leaves for men. Activities that generate high level of sympathy can connect to the future vision of the company and help social development. If the paid childcare leaves for men prove effective, it will also lead to self-reliance and growth of subordinates and workstyle reforms. The company should conduct surveys on employees, their families and colleagues to consider future actions. It is a progressive system and I would like to introduce it in a meeting of government officials also.



Hiroya Masuda
Former Minister of Internal Affairs
and Communications
Former Governor of Iwate Prefecture

Independent Third-Party Assurance Report

KPMG AZSA Sustainability Co., Ltd. was engaged to provide assurance on Sekisui House, Ltd.'s Sustainability Report 2019 and verify that the report provides reliable information on the company's energy consumption, waste and greenhouse gas emissions volumes, water used in factor production and social reporting (frequency of accidents resulting in lost worktime and occupational illnesses).

This is an English translation of the "Independent Assurance Report" dated May 9, 2019 originally issued in Japanese by KPMG AZSA Sustainability Co., Ltd. for the "Sustainability Report 2019" published in Japanese by Sekisui House, Ltd.

Independent Assurance Report

Sekisui House, Ltd.
Mr. Toshinori Abe, the Chairman & Representative Director,
Mr. Yoshihiro Nakai, the President & Representative Director

We were engaged by Sekisui House, Ltd. (the "Company") to undertake a limited assurance engagement of the environmental and social performance indicators and greenhouse gas indicators listed below for the period from February 1, 2018 to January 31, 2019 (the "Indicators") included in its Sustainability Report 2019 (the "Report") for the fiscal year ended January 31, 2019, and the completeness of material greenhouse gas information in the Report.

Indicators and pages in the Report

Indicators	pages
Energy (total amount and itemized details by energy source) and Water supply, Industrial-use water and Groundwater of "Factory production" in "Resource input"	51, 52
Amount of CO ₂ emissions and Waste (total amount and itemized details by waste category) in "Waste/CO ₂ emission output"	51, 52
Amount of CO ₂ emissions of "Scope 1, 2 emissions", "Occupancy", "Raw materials", "Office waste", "Disposal of waste products" and "Transportation" and "Scope 1", and "Scope 2" in "FY2018 CO ₂ emissions (Scope 1-3)"	51, 52
Accidents resulting in lost worktime and occupational-illness frequency rates	83

The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the Company's web site.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information', the 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements' issued by the International Auditing and Assurance Standards Board, and the 'Practical Guidelines for the Assurance of Sustainability Information' of J-SUS. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company's responsible personnel to obtain an understanding of its policy for preparing the Report and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and recalculating the Indicators.
- Visiting one of the Company's factories selected on the basis of a risk analysis.
- Evaluating the overall presentation of the Indicators.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Company's web site.

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

KPMG AZSA Sustainability Co., Ltd.
Osaka, Japan
May 9, 2019

GRI Content Index for “In Accordance” Items

The Sekisui House Sustainability Report 2019 has been prepared in accordance with the Core options of the Global Reporting Initiative's (GRI) Sustainability Reporting Standards (GRI Standards).

General disclosures

Disclosure		Refer to	External assurance
Organizational profile			
102-1	Name of the organization	Page 9 [WEB] Corporate Profile	
102-2	Activities, brands, products, and services	Page 9-20 [WEB] Corporate Profile	
102-3	Location of headquarters	Page 9 [WEB] Corporate Profile	
102-4	Location of operations	Page 9 [WEB] Corporate Profile	
102-5	Ownership and legal form	Page 9 [WEB] Corporate Profile	
102-6	Markets served	Pages 9-20 [WEB] Corporate Profile	
102-7	Scale of the organization	Pages 9-20, 27-28 [WEB] Corporate Profile	
102-8	Information on employees and other workers	Page 9 [WEB] Corporate Profile	
102-9	Supply chain	Pages 47-49, 53-60	
102-10	Significant changes to the organization and its supply chain	N/A	
102-11	Precautionary Principle or approach	Pages 67, 79-84 [WEB] Prevention of pollution from harmful chemical substances	
102-12	External initiatives	Pages 21-22, 34-36, 50, 57, 91 [WEB] Kids Design Association	
102-13	Membership of associations	[WEB] Industry Proposals	
Strategy			
102-14	Statement from senior decision-maker	Pages 5-8	
Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	Pages 1,29-30,57,79-80,84 [WEB] Corporate Philosophy & Ethics Guidelines	
Governance			
102-18	Governance structure	Pages 73-76 [WEB] Corporate Governance	
Stakeholder engagement			
102-40	List of stakeholder groups	Page 86 [WEB] Stakeholder Engagement	
102-41	Collective bargaining agreements	N/A	
102-42	Identifying and selecting stakeholders	Page 86 [WEB] Stakeholder Engagement	
102-43	Approach to stakeholder engagement	Page 86 [WEB] Stakeholder Engagement	
102-44	Key topics and concerns raised	Pages 86, 87 [WEB] Stakeholder Engagement	
Reporting practice			
102-45	Entities included in the consolidated financial statements	Pages 3-4, 9 Securities Report	
102-46	Defining report content and topic Boundaries	Pages 3-4, 85	
102-47	List of material topics	Page 85	
102-48	Restatements of information	N/A	
102-49	Changes in reporting	N/A	
102-50	Reporting period	Pages 3-4	
102-51	Date of most recent report	Pages 3-4	
102-52	Reporting cycle	Pages 3-4	
102-53	Contact point for questions regarding the report	Pages 3-4	
102-54	Claims of reporting in accordance with the GRI Standards	Pages 3, 89-90	
102-55	GRI content index	Pages 89-90	
102-56	External assurance	Page 88	

Management approach

Disclosure		Refer to	External assurance
Management approach			
103-1	Explanation of the material topic and its Boundary	Pages 33-34, 85, 89-90	
103-2	The management approach and its components	Pages 33-34, 57, 73-76, 79-84	
103-3	Evaluation of the management approach	Pages 77-78	

General disclosures

Disclosure		Refer to	External assurance
Economy			
Economic performance			
201-1	Direct economic value generated and distributed	Pages 9-10, 11, 14, 15, 17, 25-26, 27-28 Securities Report / Financial Results Summary Pages 66, 70 (Community Investment)	
201-2	Financial implications and other risks and opportunities due to climate change	Pages 21-22, 35-42	
201-3	Defined benefit plan obligations and other retirement plans	Securities Report	
Procurement practices			
204-1	Proportion of spending on local suppliers	[WEB] Communicating with Business Partners	
Environment			
Energy			
302-1	Energy consumption within the organization	Pages 51-52 [WEB] Material balance	●(Page 88)
302-2	Energy consumption outside of the organization	Pages 51-52 [WEB] Material balance	
302-3	Energy intensity	[WEB] Material balance	
302-4	Reduction of energy consumption	Pages 51-52 [WEB] Energy consumed during production/transportation [WEB] Material balance	
302-5	Reduction in energy requirements of products and services	Pages 51-52 [WEB] Energy consumed during production [WEB] Material balance	
Biodiversity			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A	
Emissions			
305-1	Direct (Scope 1) GHG emissions	Pages 51-52 [WEB] Material balance	●(Page 88)
305-2	Energy indirect (Scope 2) GHG emissions	Pages 51-52 [WEB] Material balance	●(Page 88)
305-3	Other indirect (Scope 3) GHG emissions	Pages 51-52 [WEB] Material balance	●(Page 88)
305-4	GHG emissions intensity	[WEB] Material Balance [WEB] Energy consumed during production	
305-5	Reduction of GHG emissions	Pages 37-38, 40, 42, 51-52	
Effluents and waste			
306-1	Water discharge by quality and destination	[WEB] Amount of water used by the group	
306-2	Waste by type and disposal method	Pages 47, 49, 51-52 [WEB] Material Balance	●(Page 88)
306-3	Significant spills	Page 52 [WEB] Material Balance	
Environmental compliance			
307-1	Non-compliance with environmental laws and regulations	Pages 52, 80 [WEB] Material Balance	
Supplier environmental assessment			
308-1	New suppliers that were screened using environmental criteria	Page 57 [WEB] Communicating with Business Partners	
Society			
Employment			
401-1	New employee hires and employee turnover	[WEB] Initiatives for new graduate hires	
401-3	Parental leave	Pages 63-64 [WEB] Support for Work and Childrearing	
Occupational health and safety			
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Page 83	●(Page 88)
Training and education			
404-1	Average hours of training per year per employee	Page 66	
404-2	Programs for upgrading employee skills and transition assistance programs	Pages 65-66 [WEB] Information on recruitment of fresh graduates	
Diversity and equal opportunity			
405-1	Diversity of governance bodies and employees	Pages 28, 61-62, 74	
Human rights assessment			
412-2	Employee training on human rights policies or procedures	Pages 67-68 [WEB] Human Relations Training	
Customer health and safety			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Page 80	
Marketing and labeling			
417-1	Requirements for product and service information and labeling	Pages 35-49, 53-60	
417-2	Incidents of non-compliance concerning product and service information and labeling	N/A	
417-3	Incidents of non-compliance concerning marketing communications	N/A	
Customer privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 80	
Socioeconomic compliance			
419-1	Non-compliance with laws and regulations in the social and economic area	Page 80	

FY2018 Accolades and Achievements

Environment

- The “Higashi-Matsushima, Disaster-Ready Smart Eco-Town” project, an environmentally friendly, resilient community revitalization initiative

February 2018

27th Grand Prize for the Global Environment Award

Organizer: Fujisankei Communications Group



- 3R activities at small-scale construction sites through coordinated efforts with clients/outstanding waste-disposal operators and proprietary checklists

October 2018

FY 2018 3Rs (Reduce, Reuse, and Recycle) Promotion Merit Awards MLIT Minister’s Prize

Organizer: 3Rs Promotion Council

* Joint entry with Kumagai Gumi Co., Ltd.

- Reductions in CO₂ emissions from commercial-use vehicles: Using telematics to promote safe, eco-friendly operations

December 2018

2018 Environment Minister’s Award for Global Warming Prevention Activity (Implementation of Countermeasures Category)

Organizer: Ministry of the Environment



- Greenhouse gas-reduction objectives

April 2018

Company targets validated by the Science Based Targets (SBT) Initiative



- Activities to combat climate change

January 2019

Included in CDP Climate Change A List



Community building and landscape

- Community-building efforts in Teriha, Island City, Fukuoka

October 2018

Asian Townscape Awards

Organizer: UN-HABITAT Regional Office for Asia and the Pacific – Fukuoka, Asian Habitat Society, Fukuoka Asian Urban Research Center, Asia Townscape Design Society

* Joint entry with Fukuoka City and related organizations



- Grand Maison Misonoza Tower

December 2018

Prize winner at the Chubu Architecture Awards (General Category)

Organizer: Chubu Architecture Awards Conference



Products and technology

- Otona HOUSE “awai”

March 2018

IAUD Award 2017

IAUD Award (Housing and Architecture Category)

Organizer: International Association for Universal Design



- Sekisui House constructed in 1963 Yamazaki house and Usui Family Villa (Sekisui House Model A)

June 2018

Karuizawa Blue Plaque certification

Organizer: Karuizawa, Kitasaku District, Nagano Prefecture



Kids Design Awards

(Designs to support comfortable child-rearing)
Grand Prize (Minister of State for Measures for Declining Birthrate Award)

● **Berry Bear Fukagawafuyuki (Daycare center)**

* Joint entry with NESS Corporation



Honorable Mention (Kids Design Association Award)

● **TOMOIE: Houses for dual-income families**

● **“cocotas” Multi-cassette-type air conditioner for small spaces (Smart patrol+)**

* Joint entry with Daikin Industries, Ltd.

(Designs that develop children’s creativity and shape their future)

● **Ease Handle**

* Joint entry with Fujisash Co., Ltd.

September 2018

Organizer: NPO Kids Design Association

Good Design Award

● **Condominium [Minato-Ku Kaigan 2-chome Project]**

* Joint win with Sakakura Associates architects and engineers



● **Condominium [TAICANG YUQIN GARDEN] in China**

* Joint win with Sakakura Associates architects and engineers

October 2018

Organizer: Japan Institute of Design Promotion



Wood Design Award

(Lifestyle Design Category: Technology and Research)
Honorable Mention (Award Committee Chair Award)

● **Research on wood bond-durability assessments for longer-lasting housing**

* Joint entry with Shizuoka University



(Social Design Category: Communication)

● **Wood-procurement guidelines, a product of collaboration with suppliers**

November 2018

Organizer: Wood Design Award Secretariat



JAPAN WOOD DESIGN AWARD 2018

CSR and other initiatives

● **Sekisui House Limited**

March 2018

Selected as a “Nadeshiko Brand 2018” company by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange



September 2018

Selected by U.S. S&P Dow Jones Indices and Swiss RobecoSAM for inclusion in the Dow Jones Sustainability World Index (DJSI World) and the Dow Jones Sustainability Asia Pacific Index (DJSI Asia Pacific)



October 2018

Included in all four ESG indices* selected by the Government Pension Investment Fund (GPIF)

* FTSE Blossom Japan Index, MSCI Japan ESG Select Leaders Index, MSCI Japan Empowering Women Index (WIN), and S&P/JPX Carbon Efficient Index



2018 Constituent MSCI ジャパンESG セレクト・リーダーズ指数
2018 Constituent MSCI日本株 女性活躍指数 (WIN)



October 2018

Gold Award in work with Pride’s “PRIDE Index 2018,” a system for evaluating companies’ LGBT-related initiatives

Organizer: work with Pride



February 2019

Selected by RobecoSAM as “Silver Class” in the homebuilding category in the RobecoSAM Sustainability Award 2019



● **Sustainability Report 2018**

February 2019

22nd Environmental Communication Awards
Environmental Report Category
Award of Excellence
(Global Environmental Forum Chairman’s Award)

Organizer: Ministry of the Environment and Global Environmental Forum



Summary of Initiatives

Environmental management

There was hardly a day in 2018 when we did not see the icons for Sustainable Development Goals (SDGs) in the media. This shows that incorporating SDGs in corporate management was not a passing trend among a large number of companies, but a sign that minimizing negative impact on the environment and society and growing sustainably had become essential for them.

Additionally, even institutional investors are evaluating the response to SDGs through ESG management to determine where to invest. Response to the Task Force on Climate-Related Financial Disclosures (TCFD) on climate change is considered particularly important. The Sekisui House Group has already implemented net-zero energy house (ZEH) in a high 79% of its newly constructed detached houses and is working actively toward achieving the SDGs. In FY2018, the company became part of the highest ranking A List in CDP Climate Change, which rates companies for ESG.

We are aware that we must not stop at delivering houses with improved environmental performance, but also maintain a balance between building a roadmap to ensure corporate growth that

incorporates climate change and other issues in our business model and ensuring happiness for our customers and society, so that we can remain a company the society needs.

Our Sekisui House Owner Denki proposal, under which we purchase excess electricity from customers whose specified time for selling renewable energy has expired, is part of our lifelong support to customers who have bought houses from our company. At the same time, using the renewable energy purchased from them helps make the company's operations more eco-friendly, leading to co-creation of value.

In FY2019 too, we will continue to work on new proposals to improve sustainability in society.



Toshiharu Miura
Director and Managing Officer
In Charge of Technical Divisions

Improvement in sociability

Improvement in sociability is an important factor for becoming a leading company in ESG management. We are engaged in various activities with the objective to contribute to building a happy 100-year-life society. To build a happy society and provide houses to our customers where they can be happiest in the world, the Sekisui House Group must become a company where employees are happiest in the world. To achieve this, we wish to continue focusing on promoting diversity, reforming workstyle and developing human resources, while working on health management as well. In FY2018, we steadily increased the number of women managers in the effort to promote diversity, declared that male employees must take more than one month off for childcare and gradually raised their number to aid workstyle reform. In the field of health management, we started a "walking challenge" to encourage employees to improve their health by making conscious effort to walk. These activities meant to make employees aware of health

management, also lead to improved productivity and sustained growth of the company.

We also continue to hold activities for the community under our Sekisui House Matching Program and for environmental education of children, who are the major players of the next generation, under our Eco-First and Kids-First concepts. We believe that steady efforts such as these will help achieve SDGs, improve the company's brand value and build a happy society.

We will continue to listen to our stakeholders' opinions and intensify activities to become a company the society needs.



Takashi Uchida
Executive Vice President
and Representative Director
Management of Administration
Division

Governance

We positioned 2018 as "year one" of governance reforms, adopting six items for strengthening our corporate governance system. We have also started new initiatives for strengthening governance in 2019 and are considering the direction for 2020, while working to spread the governance reforms throughout the group.

We think that creating positive, open workplaces is important to strengthen the governance system. For this, we are working top-down with the Governance Committee under the CSR Committee, middle-up-down with managerial positions and leaders, and bottom-up with young employees to ensure a three-directional approach. We have started a blog by the top management on our internal website and a system of "proposal emails" to receive constructive opinions with the objective to create a positive, open workplace. We have included "integrity" to the training curriculum for managerial positions (leaders). We would like to repeatedly convey the importance of raised awareness of governance among

leaders on-site and take steps to formulate the next plan of action by monitoring employees with a view to building a happy workplace.

Additionally, as the leader of the Investor Relations Division, I would like to keep enhancing the transparency and timeliness of information disclosure and explain to various stakeholders in an easy-to-understand manner how the Sekisui House Group's financial and non-financial information as well as initiatives for ESG and SDGs are connected to the sustainable development of the enterprise.



Shiro Inagaki
Vice Chairman and
Representative Director
Management of Investor
Relations Division