



CSV Strategy

4

Extend lifespan of houses and enhance after-sales support

Long-term support of customer lifestyles through Group company collaborations. Link to improved value of housing and resource recycling

Main stakeholders: Customers and business partners (materials manufacturers, Sekisui House Association, intermediate disposal operators, dismantlers)

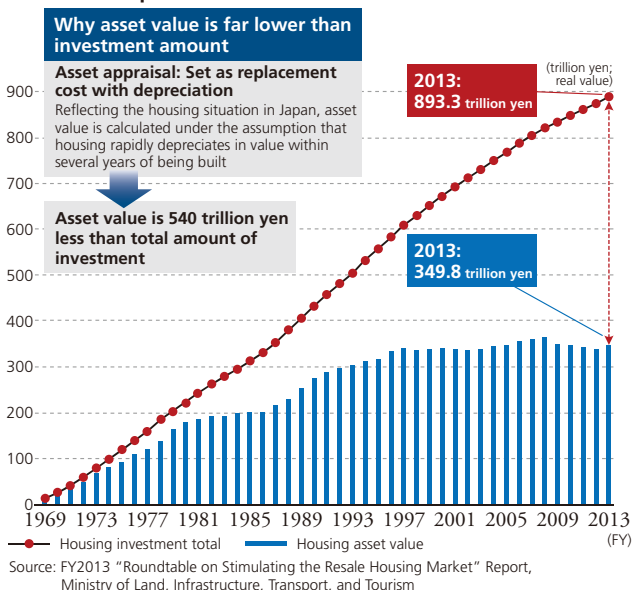
Backdrop

Japanese Home Asset Value is Lower Compared to Europe and the United States

The cumulative amount of housing investment in Japan from 1969 to 2013 was approximately ¥893 trillion. The total appraisal value of housing stock assets in 2013 was about ¥350 trillion, ¥540 trillion less than the housing investment figure. This is because in Japan, homes rapidly lose asset value as they get older, meaning housing assets do not accumulate as stock. Given that housing is typically the cornerstone of household assets, the low asset value of houses in Japan represents major losses not only in macrosocial and macroeconomic terms, but also in the way it significantly impacts people's economic lives.

On the other hand, in Europe and the United States, homes tend to maintain high value over a long period of time, accumulating as shared assets of society. Performing adequate home maintenance creates a housing culture that passes safe, secure and comfortable homes on to future generations. This leads to the improvement of home asset values.

Total amount of housing investment and housing asset value in Japan



Approach

Our goal

Maintaining Homes as Long-Lasting Quality Assets for Customers and Society

The Sekisui House Group aims to cultivate housing as long-lasting quality asset. In addition to developing and providing homes that can be lived in for a long time offering excellent basic qualities, including high durability and comfort, we will attempt to maintain and improve housing stock asset value by proactively promoting housing stock remodeling and renovation through Group collaborations and the long-term support of comfortable customer lifestyles.

Furthermore, the creation of high-quality housing and long-term utilization as social assets via appropriate remodeling and renovation enables reductions in resource allocation leading to the effective use of resources. We will contribute to the realization of a recycling-oriented society by creating a market in which homes are shared as social assets, promoting the reuse of waste (zero emissions) and limiting adverse impacts on the environment.

Action policies

① Provide Long-Term Support for Customer Lifestyles, Maintain and Improve Housing Asset Value

Aiming to create homes that can continue to be lived in beyond the life stage, Sekisui House and its Group companies flexibly collaborate to propose maintenance optimized for individual customers.

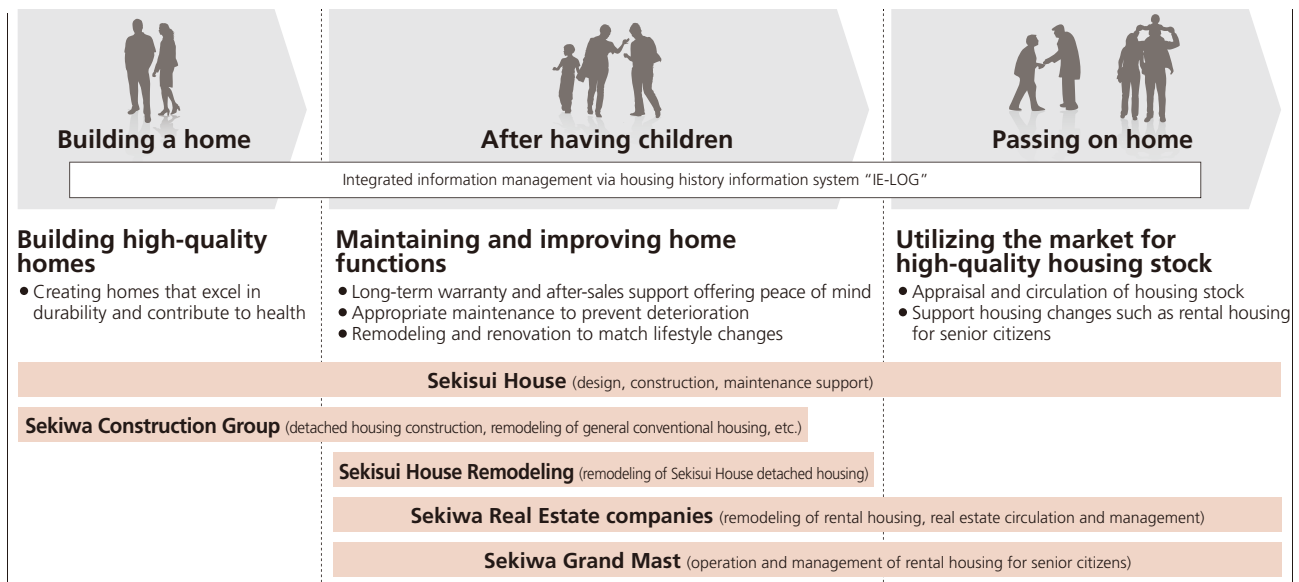
Going beyond usual remodeling aimed at repairs and improved comfort and convenience, we conduct renovations in accordance with large-scale transformations and utilitarian changes that correspond to customer needs, providing an extremely high level of safety, security and comfort that heighten customer satisfaction.

② Contribute to the Creation of a Recycling-Oriented Society through the Effective Use of Resources Related to Housing

We will reduce the loss of social assets through the vigorous circulation of properly assessed quality housing stock abundant in society while conducting appropriate maintenance to lengthen the life of housing, leading to resource conservation.

Furthermore, we will contribute to the formation of a recycling-oriented society through the effective use of limited resources by focusing efforts on the increasing waste and emissions resulting from the promotion of remodeling and renovation.

■ Engaging in Group Collaborations to Provide Peace of Mind throughout the Customer Life Stage



Impact of These Activities on the Company

If homes can be circulated while maintaining their asset value, this will ensure living expenses for the elderly in old age, expand housing options in line with the life stage of younger people in the housing stock market and support an ample

lifestyle for homeowners.

Also, long-term support will maintain and strengthen relationships with customers, leading to increased Group brand value.

Risk management

Risk 1

Long-life housing causes the newly built home market to shrink

Our response 1

With more than a 5% share in the domestic newly built home market, there is still room for Sekisui House to grow further. We will expand our market share and enhance our brand power through the provision of high-quality homes and comprehensive after-sales support.

Risk 2

Intensifying competition due to expansion in the remodeling market

Our response 2

We will attempt to differentiate ourselves in the market with remodeling and renovation proposals demonstrating a strong commitment making use of business innovations in the newly built home market and timely proposals based on housing history information system "IE-LOG."

State of Progress

① Provide Long-Term Support for Customer Lifestyles, Maintain and Improve Housing Asset Value

Activities Report

Long-Term Support for Customer Housing through Group Collaboration

Comprehensive Full-Time Maintenance Support System
As housing is used over the long-term, we believe in the importance of providing a quality support system after move-in. Sekisui House employs approximately 1,400 people—accounting for nearly 10% of all employees—as dedicated staff in our Customer Center. They support the lifestyles of customers living in 770,000 detached homes and 220,000 rental housing units through assistance with daily repairs and remodeling consultations. Our unique organizational structure enables us to quickly reflect customer feedback into our product development and management structure.

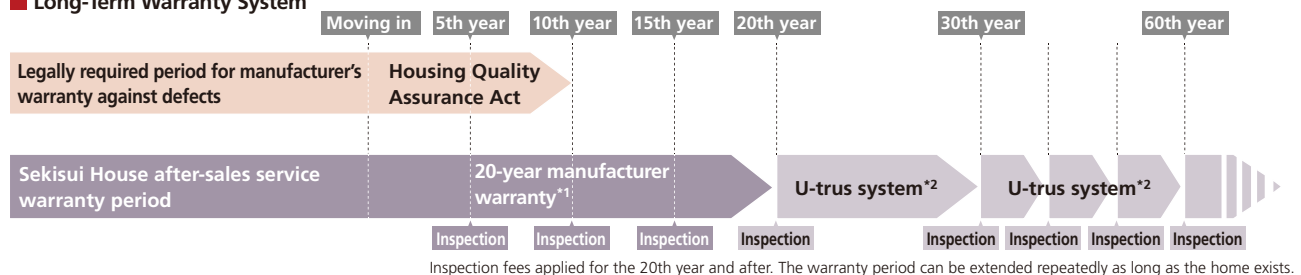
Long-Term Warranties and Housing History Information System “IE-LOG”

We offer a long-term warranty system that includes a 20-year warranty applicable to structural frames, along with other

warranties that apply to each housing component for a specified period of time. Owners of houses whose after-sales service warranty period has expired can take advantage of our U-trus system. This provides extended warranties at 10-year intervals, on the condition that required inspections, maintenance, and repairs are conducted at the homeowner’s expense.

A house is composed of tens of thousands of components. To keep track of them all, the Sekisui House Group operates “IE-LOG,” a housing history information system that corresponds to the Long-Term Quality Housing Certification Program in Japan, which shares construction information and other data in digital form. Group companies nationwide utilize IE-LOG historical data to propose everyday repairs, energy conservation and remodeling aimed at heightening comfort and convenience, as well as renovations in line with large-scale transformations and utilitarian changes.

■ Long-Term Warranty System



*1 At Sekisui House, a 20-year manufacturer warranty is applied to structural frames and rainwater-proofing components (rainwater-proofing components are covered by an initial 10-year warranty plus another 10-year warranty) on condition that free inspections be conducted and maintenance/repairs be made at the homeowner’s expense upon expiration of the first 10 years.
*2 The U-trus system provides extended warranty at 10-year intervals, subject to required inspections and with maintenance/repairs to be completed at the homeowner’s expense.

Sekisui House Remodeling Realizes Modern Comfort

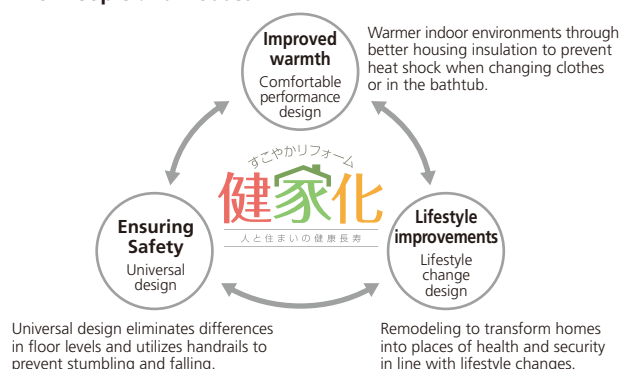
With respect to housing used by more than one generation, the elements and technologies required for comfort and convenience are changing due to homeowner lifestyles and contemporary trends. Regarding existing homes, Sekisui House Remodeling makes use of synergy effects only possible through collaboration with Group companies to propose appropriate remodeling and renovation based on the integrated management of building specifications and past interactions with customers. We have created a Group-wide structure enabling a wide-range of support for customer needs.

In particular, we aggressively promote “Sukoyaka remodeling” to create housing that contributes to healthy life expectancy by preventing sudden heat shock due to indoor temperature differences and domestic accidents, such as stumbling or falling, which are an increasing risk for the elderly.

Sekisui House contributes to the healthy life expectancies of both people and homes by providing a diverse array of remodeling options in response to changes in lifestyle, including

better insulation and warmer indoor environments to prevent heat shock and the adoption of universal designs to prevent stumbling and falling.

■ Sukoyaka Remodeling for the Healthy Life Expectancies of People and Houses



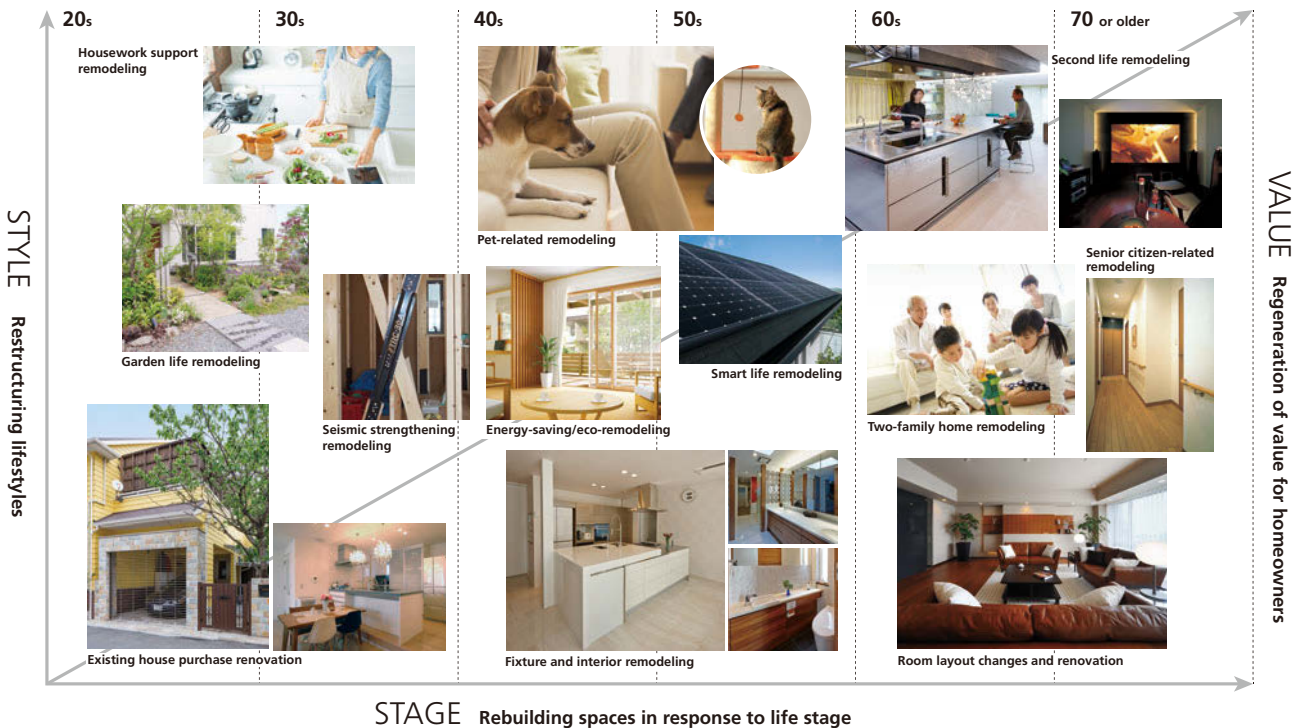
Proposing Remodeling that Enhances Comfort and Convenience to Wider Society

Meeting a Wide-Range of Needs with Sekiwa Construction's "Re:QUEST"

In line with the maturing of society, the creation of a market for housing stock focused on the maintenance and improvement of quality housing stock—not just Sekisui House homes, but all buildings in general—is becoming an extremely important issue for Japanese housing policy.

In light of these conditions, Group company Sekiwa Construction created "Re:QUEST" in FY2015, a new integrated remodeling business brand. Re:QUEST makes proposals in line

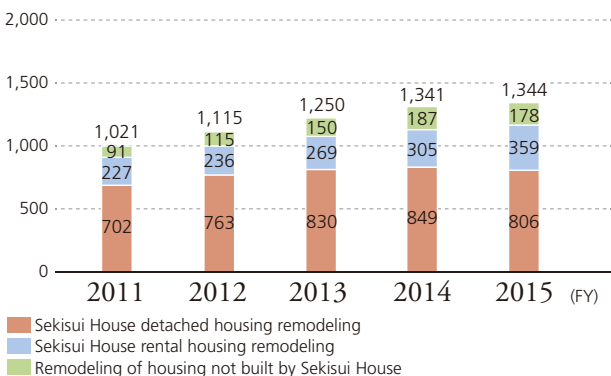
with customer needs, from major renovations and remodeling consultation to small-scale remodeling packages, incorporating remodeling technologies and expertise accumulated up to now targeting housing, stores and condominiums not built by Sekisui House. We will contribute to the effective utilization of existing housing by preparing a diverse lineup to satisfy a wide-range of ages, from younger people to senior citizens.



Key performance indicators (KPIs)

Indicator	Unit	FY2011	FY2012	FY2013	FY2014	FY2015	Definition and remarks
Long-Term Quality Housing certification acquisition rate	%	90.9	92.1	92.1	92.1	92.0	
Ratio of "very satisfied" customers in survey	%	39.2	39.6	41.0	41.9	43.0	Ratio of "very satisfied" in seven-rank assessment

Remodeling Business Net Sales (hundreds of millions of yen)



Evaluation

Sekisui House maintains a high rate of certification issued by the Japanese government to houses that meet prescribed criteria regarding various home features, including durability, seismic resistance, ease of maintenance and remodeling, barrier-free design, and energy-saving performance.

Similarly, with respect to customer satisfaction surveys, the success of repeated and steadfast activities such as the sharing of details on initiatives aimed at satisfaction and improving issues in each survey result area and targeted activity has led to an increase in customers indicating they are "very satisfied."

Future Initiatives

The Platinum Business Provides Living Environments in which the Elderly Can Live with Peace of Mind

Expansion of Platinum Business for the elderly

As the elderly segment grows, housing manufacturers play a vital role in providing housing and an array of support services that enable the elderly to live with peace of mind. Sekisui House promotes the Platinum Business, which promotes secure living environments to provide the elderly with an independent lifestyle they can call their own.

Grand Mast, developed as part of this business, is assisted-living housing for the elderly that enables lifestyles with peace of mind to healthy seniors as well as those who require care. Group company Grand Mast Ltd., works with rental housing owners to provide total operational and management support in the form of building management, subleasing, management consulting, and the coordination of various service providers.

Revitalizing Multi-Generational Interaction, From Seniors to Families

In May 2015, we completed Mast Clarion Kagurazaka, Located in Tokyo's Shinjuku Ward, this multigenerational rental apartment complex offers housing for senior citizens, families and newlyweds. This 10-story rental apartment building

contains 45 assisted-living units for the elderly, and 71 units for couples or families with children, enabling natural interaction among various age groups and operating as a "community bond" enabling everyone to live with peace of mind.

Many seniors have needs in terms of apartment size, comfort and enjoyable communities, desiring to live in elderly care housing that provides monitoring and caregiving services. Mast Clarion Kagurazaka assisted-living elderly care housing apartments range from 52–86 square meters in size, large enough to accommodate a spouse. Also, the rooftop garden and library lounge provide spaces for those raising children to interact. These popular amenities make life here more enjoyable.



Mast Clarion Kagurazaka

② Contribute to the Creation of a Recycling-Oriented Society through the Effective Use of Resources Related to Housing

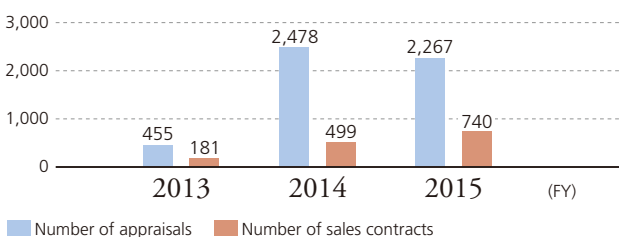
Activities Report

Spread of "SumStock" Quality Housing Stock

Aiming to invigorate the circulation of quality housing stock and create an appropriate market, 10 major housing manufacturers including Sekisui House operate the Provision of Quality Housing Stock Association. Salespeople certified by the Association appraise a house's basic structure ("skeleton") and its interior furnishings and facilities ("infill") separately. The value of the building and the land are indicated separately in our proprietary circulation system "SumStock," the adoption of which we are striving to expand. The Sekisui House Group companies are also expanding SumStock housing proposals using IE-LOG.



■ SumStock Appraisals and Sales Contracts



VOICE

I Was Able to Sell at a Fair Price and the Move to a New House Went Smoothly

Mrs. K
Saitama Prefecture



I both sold and bought homes using "SumStock" through Sekiwa Real Estate. Both were Sekisui House homes. They appraised the beloved home I had been living in at an asset value based on clear standards, enabling me to sell my home at a fair price.

I was also able to quickly find a new house to move into. Before the previous residents moved, they remodeled the home. I was surprised at how beautiful it looks. It's hard to believe it is 25 years old. The Customer Center provides peace of mind by keeping a watchful eye on Sekisui House homes, including the meticulous recording of housing history data and maintenance and repair systems offering of more than 50 years of long-term care. When I think about decorating the atrium in the wide entrance with a favorite painting and my embroidery I can't wait to enjoy life in my new home.

Promoting the Recycling of Waste Increasing in Line with Remodeling and Renovation Group-wide

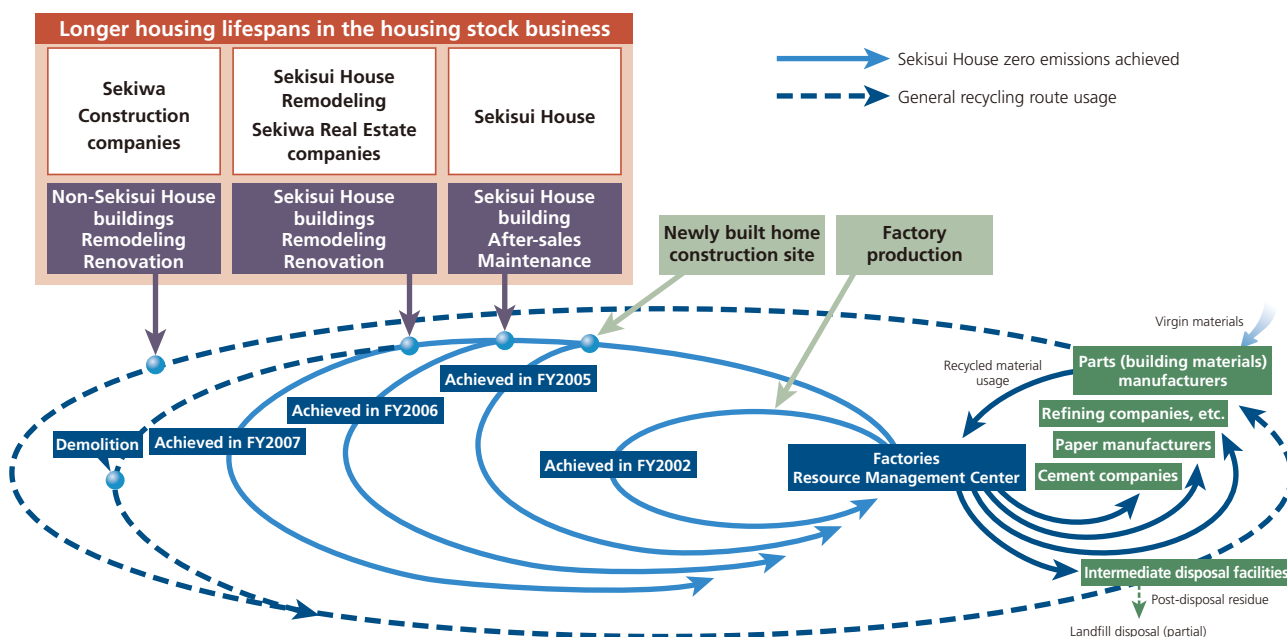
The Sekisui House, which aims to make effective use of limited resources, engages in initiatives that extend housing life and focuses efforts on the recycling of waste created by remodeling and renovation. Up to now, we have promoted industry-leading initiatives including the operation of our own waste disposal system centered on 19 recycling centers throughout Japan. We were also the first in our industry to acquire certification by the Wide-Area Certification System under the Waste Management and Public Cleansing Law. We are striving to achieve and maintain zero waste emissions at all levels of production, new

home construction, after-sales maintenance and remodeling.

In renovations including demolition work, to ensure strict adherence to the separation of individual items such as wood and tiles, we created guidelines to define waste disposal operator selection criteria that are managed internally. In addition, we are also focusing efforts on environmental education for Group company employees involved in remodeling and renovation to create a system for working with partner companies to ensure the appropriate handling and recycling of waste.

■ Zero Emissions Structure and Status of Support for Remodeling and Recycling

Sekisui House supports expanding new remodeling and renovation projects utilizing a recycling system through alliances with partner companies based on a zero emissions system created in-house and a unique and strict selection criteria.



Key performance indicators (KPIs)

Indicator	Unit	FY2011	FY2012	FY2013	FY2014	FY2015	Definition and remarks
Total resource input	Thousands of tons	1,096	1,112	1,286	1,079	1,109	Amount used at our factories
Volume of waste generated*	Thousands of tons	309	311	362	728	753	Waste from new construction, remodeling, and demolition
Volume of waste generated at new construction sites	Kg/house	1,396	1,441	1,449	1,485	1,506	Amount per house (per 145 m ²)

Note: From FY2014, includes waste from affiliated companies and waste from demolition of buildings.

Evaluation

Waste from newly built home construction has been substantially reduced by nearly 60% compared to waste generated per house in FY1999. In recent years, we have entered into a stage of more modest reductions.

This fiscal year, the amount of waste generated per house was at about the same level as last fiscal year. This was due to the impact from an increase in the ratio of sales of three- to four-story rental housing, which generate a comparably larger amount of waste.

Future Initiatives

With regard to newly built home construction site waste, Sekisui House sets target values for each model and aims to maintain an acceptable volume of waste through optimized construction management and the elimination of surplus materials.

We will also promote the creation of a structure to ensure appropriate disposal and clarify recycling implementation in conjunction with our partner companies to further ensure waste recycling in line with housing stock business expansion, including demolition work.



CSV Strategy

5

Promoting diversity and developing human resources

Aim to become a sustainable corporate group generating high added value while encouraging diverse employees to realize their potential and respect one another

Main stakeholders: Customers, employees, investors, students and job applicants

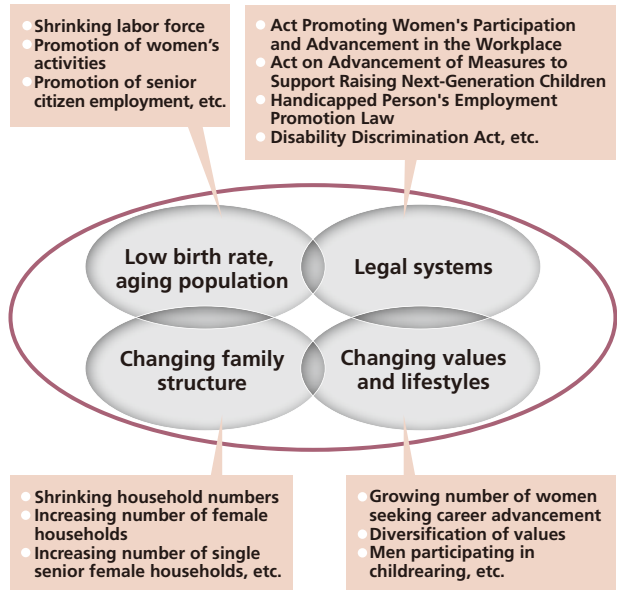
Backdrop

A Call for Diverse Perspectives to Respond to Customer Needs

Incorporating diversity—various genders, age groups, physical abilities and nationalities—and creating a corporate culture enabling individuals to make the most of their skills is extremely important in terms of achieving sustainable corporate growth. In Japan, where the labor force continues to shrink, promoting the employment of a diverse array of people, including women, the disabled, senior citizens and foreigners and creating an environment that brings out their full potential is a core issue for companies.

In the housing industry, customer needs are diversifying in accordance with low birth rates and the aging of society, changes to the family structure, women in the workplace and a variety of other lifestyle changes. For this reason, there is a demand for new lifestyle proposals incorporating flexible thinking from the perspective of women and a variety of other angles.

Social Context Underpinning “Diverse Needs”



Approach

Our goal

Creating High Added Value Making Use of Diverse Employee Skills to Become a Corporate Group Necessary to Global Society

The Sekisui House Group believes increased employee satisfaction is indispensable to becoming a corporate Group that meets its responsibilities to its stakeholders with sincerity.

To this end, in 2006 we announced the Declaration for Human Resource Sustainability as our basic personnel policy. The declaration comprises three basic policies: encouraging female employees to pursue their career development; promoting a diversity of human resources; and supporting a

work-life balance. We are engaged in the creation of a rewarding workplace environment facilitating a diverse range of employee workstyles as well as the creation of mechanisms and an environment that enable employees to grow sustainably along with the Company.

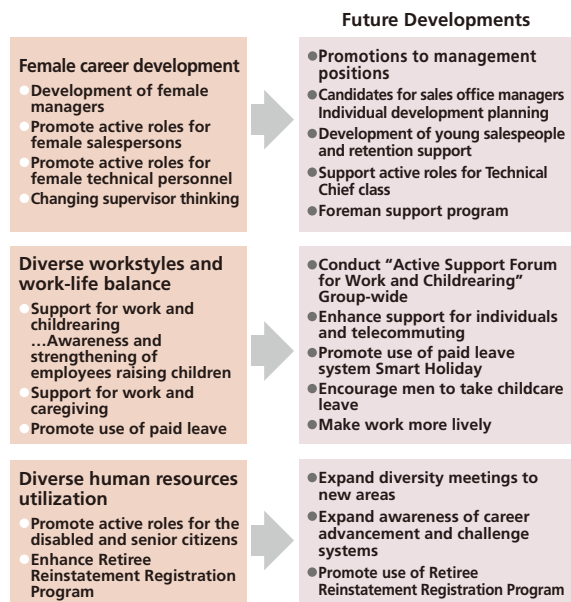
We aim to become a corporate group necessary for global society by generating high added value in workplaces of mutual respect where all employees are able to maximize their capabilities.

Action policies

① Promoting Diversity

In February 2014 we reorganized the Diversity Development Team, established the same year we announced the Declaration for Human Resource Sustainability, to create the Diversity and Inclusion Promoting Office to strengthen measures based on the human resource sustainability focus themes of contributing to women's career development, promoting workstyle diversity and a work-life balance.

We respect employee workstyles and engage in the creation of mechanisms and environments that enable each employee to lead an active life in society.



② Develop Professionals With a Deep Sense of Humanity

To incorporate customer hopes into the houses Sekisui House builds, we are focusing efforts on employee skills development and the establishment of various human resource systems able to realize the development of professionals with a deep sense of humanity.

In terms of employee development, we systematically conduct a variety of level- and position-based training targeting salespeople, technicians and administration. In an attempt to improve motivation among individual employees, we aim to foster the career development of autonomous human resources by linking development and evaluation to a professional duties interview system incorporating the PDCA cycle.

■ Level-Based and Position-Based Training

Level-based training	Mid-career training (45 years old)	
Level-based training	Self-managed career course (seventh year of employment)	
(Sales Division/individual branch menu)	Position-based training (From entry-level to advanced training for design employees, site foreman and managers)	Administration manager training Administration practical training
Level-based training	Self-esteem improvement seminars (third year employees)	
	Ground and foundation training	
	Foreman basic training	
Nationwide housing hands-on educational programs	Interior finishing practice	
	Planning seminar	
Second year training	Self-control training	Administration foundational training
Communication training	PSS seminar	
Newly hired employee sales training	Technical-related newly-hired employee training	New administrative manager training
Level-based training	Newly hired employee introductory training	
Sales	Technology	Administration

Impact of These Activities on the Company

In addition to promoting the active participation of women, our human resources are engaged in a variety of workstyles, which enables us to make proposals from a variety of lifestyle perspectives. In particular, this enables us to make use of technological developments and universal design proposals based on the perspectives, feelings and experiences of disabled people.

In addition, the development of human resources embodying a love for humanity, the core of our corporate philosophy, will earn the trust of society and lead to the resolution of social issues as well as create conditions that support sustainable corporate growth.

Risk management

Risk 1

Operations are adversely affected by an increase in the percentage of employees engaged in childrearing and caregiving

Our response 1

We will promote the creation of individual career visions and establish systems that support a diverse array of workstyles. Also, we will share information pertaining to working while raising children or caregiving and share workplace conditions in an effort to create an environment that facilitates career advancement while raising children or caregiving.

Risk 2

Inhibited human resource development due to the lack of effective training

Our response 2

At the end of training we conduct a practical level check test and provide feedback on the results to the participants and the division where they are assigned. In addition, we look at all the results of participant questionnaires to confirm that the expected outcomes have been achieved in an effort to improve training content.

State of Progress

① Promoting Diversity

Activities Report

Proactively Promoting Active Participation by Women and Supporting Career Advancement in Sales and Technical Positions

Development of Female Managers

In 2014, we established the Sekisui House Women's College to develop future female managers. Female employees throughout Japan are nominated for management positions and sent to this college for systematic and suitable development based on a two-year curriculum. Up to now, 40 women have studied business skills and workplace issue resolution.

■ Overview of Sekisui House Women's College



Women's College first graduating class

Development of Office Managers and Young Employees in Sales Positions

Sekisui House develops young employees able to engage confidently in sales that make use of women's special qualities. We also established a development plan for female office manager candidates and promote initiatives including the provision of opportunities to engage in discussions with talented office managers.

As of January 31, 2016, there were 258 female managers working at Sekisui House throughout Japan (on a non-consolidated basis). At Sekisui House Remodeling, 58% of all sales positions (remodeling advisors) are held by women (638 people) and two of the corporate directors are women.

Expanding the Range of Technical Positions

We are engaged in expanding the range of activities in exemplary and other positions through the systematic allocation of women as chief constructor*1 and foreman, positions held primarily by men up to now, as well as the development of women leaders, including design chiefs and team leaders responsible for management. In addition, we are attempting to increase our customer proposal capabilities through the use of female professionals in each area, including as chief architects*2, Platinum specialist and structural planning specialists*2.

*1. In-house qualification certified on the basis of trustworthiness and high operational execution skills in overall construction management and administration.
*2. See page 47.

Promoting a Variety of Workstyles and Work-Life Balance for Male Employees Participating in Childrearing and Caregiving

In addition to offering support for working from home, telecommuting and a variety of other workstyles, Sekisui House introduces and promotes the use of several systems including "Hello Papa Paid Leave," a four-day childcare leave system for men whose spouses have given birth. In FY2015, we held the Active Support Forum for Work and Childrearing seven times across Japan for employees raising children, employees returning to work after childcare leave and their supervisors. We also encourage use of the Smart Holiday paid vacation system to increase family communication and opportunities for refreshment.

■ Support for Work and Childrearing

	Women employees raising children		Supervisors	Male employees raising children
	Maternity/childcare leave	After returning to work		
Communication	<ul style="list-style-type: none"> ● Guide supporting work and childrearing ● Informational magazine for preparing to resume work and career support ● Intranet 			
Network	<ul style="list-style-type: none"> ● Career Mama Salon (SNS) ● Active Support Forum for Work and Childrearing 	<ul style="list-style-type: none"> ● Women's network 		
Personal support	<ul style="list-style-type: none"> ● Dual support career consultation ● Working from home ● Telecommuting ● Individual support 			
System	<ul style="list-style-type: none"> ● Reduced work hours 	<ul style="list-style-type: none"> ● Flextime 		<ul style="list-style-type: none"> ● Hello Papa Paid Leave

VOICE

Utilizing Internal Systems to Realize a Work-Life Balance

Hideaki Tanioka
Nara Branch



When my wife returned to work after her maternity leave, I sensed that the combination of her job, housework and childrearing was becoming a significant burden, so I applied for reduced working hours. Now, I drop the kids off at nursery school every morning. This increases communication with my kids and enables me to watch them grow every day. In terms of work, as a result of participating in childrearing, I have a lot more in common to talk with my wife about and I frequently feel a strong affinity with my wife as a parent. In terms of utilizing this system, without the cooperation of my branch manager, office manager and team members, none of this would have been possible. I deeply appreciate all of them. Going forward, without having to focus on my rights only, even while achieving sales results, men participating in childcare can also lead to the success of women. I'd like to be part of creating an environment in which employees can work enthusiastically.

Promoting the Employment of Disabled People and Expanding Opportunities for a Diverse Array of Human Resources

With the goal of employing one or more disabled people at each worksite, Sekisui House promotes the employment of disabled people through the acceptance of internships and proactive participation in nationwide joint recruitment events. Furthermore, we introduced the Career Challenge system enabling employees in region-specific positions to transition into career track positions to promote the active participation of those enrolled. Up to now, three disabled employees have transitioned into career track positions and engage in their work with a high degree of motivation.

Since December 2015, we have been holding diversity meetings aimed at creating relationships enabling mutual consultations among disabled employees from different worksites. One participant noted the meetings are “very productive in terms of facilitating the sharing of skills related to work and interpersonal relationships.”

Recognizing this as a good opportunity to revise the Handicapped Person's Employment Promotion Law and implement the Disability Discrimination Act, we will move forward with the establishment of structures for consultation and promote the employment, retention and active participation of disabled people through the provision of different types of training and the sharing and review of various experiences accumulated in each workplace and job.

With regard to the elderly, in light of revisions to the Law Concerning Stabilization of Employment of Older Persons and

the raising of the age at which national pension payments begin, we are aggressively promoting the active participation of the elderly with the April 2015 introduction of a Group-wide system for retirement at the age of 65 years old.

VOICE

Working Together to Create a Workplace Where Everyone Can Work Comfortably

Manabu Yamamoto
Osaka Design Office



Before joining the company, I wanted a job where I could utilize the CAD skills I learned at a vocational education school for the disabled, so I took a job at Sekisui House. I am mainly responsible for design work using CAD tools and in the future I want to get involved in planning and development using 3D modeling. I was born deaf in both ears and have no sight in my left eye, but I obtained the numerous qualifications necessary for application to the Career Challenge system and at present, am working in a career track position.

I thought it would be nice if there were a place for employees working with some of the same disabilities as myself to meet and discuss job and workplace-related issues, so I am involved in the planning and operation of the diversity meetings. Going forward, we will establish a network for disabled employees to create a workplace where everyone can work together comfortably.

Key performance indicators (KPIs)

Indicator	Unit	FY2013	FY2014	FY2015	Evaluation	Target
Number of female personnel in managerial positions (group-wide)	People	65 (1.52%)	101 (2.26%)	114 (2.43%)	○	FY2020 200 (5%; 10% in the future)
Number of female office managers*	People	7 (6/16 Sales Division)	12 (8/16 Sales Division)	18 (13/16 Sales Division)	○	Minimum 1 female office manager (or at least office sub-manager) at each of our 16 sales administration headquarters
Employment rate of people with disabilities*	%	1.97	2.08	2.21	○	Minimum 1 person at every business office
Proportion of male employees who took parental leave	%	3 (16 People)	19 (119 People)	23 (162 People)	△	FY2020 50%

*Sekisui House, Ltd. only

Evaluation

In recognition of the promotion of active participation by women as our basic human resource policy, Sekisui House was chosen by the Ministry of Economy, Trade, and Industry and the Tokyo Stock Exchange for inclusion on the Nadeshiko 2016 list of companies that empower women and their careers. We were the first in the housing and construction industry to be included on the Nadeshiko 2013 list, and in addition to our inclusion on the Nadeshiko 2015 list, this is the third time we have been selected. Also, we promote improved operational efficiency and shortened working hours through the use of iPads to encourage highly productive workstyles among employees. In 2015, these efforts were recognized with our inclusion on the Offensive IT Productivity list.



Future Initiatives

With an organization that enables a diverse array of employees to make the most of their creativity and ingenuity, Sekisui House aims to realize innovation through business by concentrating employee energy toward common goals as they live active lives as members of society.

We are engaged in housing, a job intimately connected to people's lives. From housework to childrearing and caregiving, homes are places where each person has a wide variety of experiences and perspectives. Going forward, we will continue to aggressively promote diversity to achieve our action plan based on the Act Promoting Women's Participation and Advancement in the Workplace enacted in April 2016.

② Develop Professionals With a Deep Sense of Humanity

Sekisui House systematically conducts position- and level-based training for salespeople, technical and administrative personnel with the aim of developing professionals with a deep sense of

humanity to understand and realize the customer's concept of their home. In this section, we focus on technical (design) positions.

Activities Report

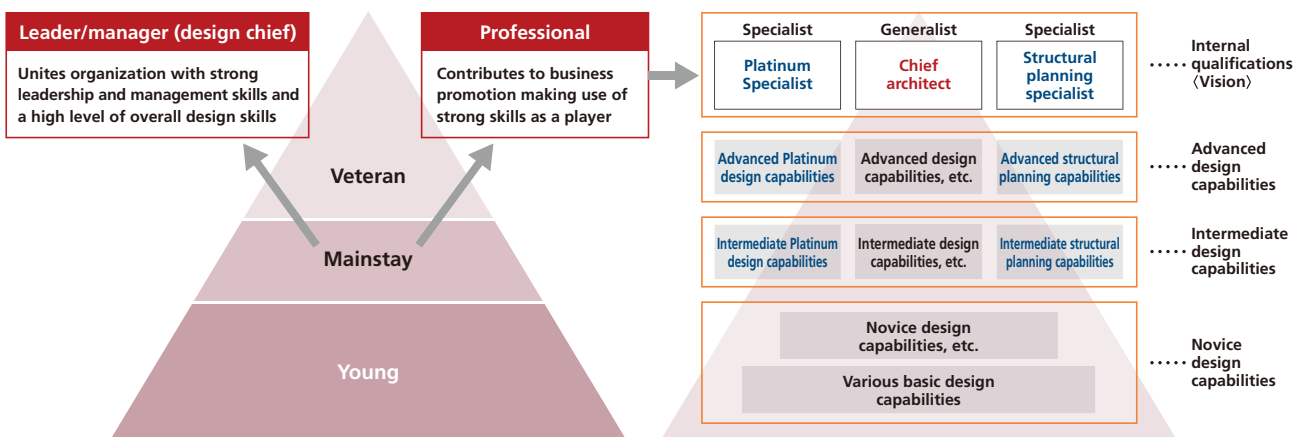
Creating an Education and Training System for Technical Personnel and Defining Our "Targeted Vision" to Strengthen Proposal Capabilities

Among the various tasks involved in building houses, we position the period from new hire to the end of onsite foreman experience as the "young technical personnel training program" for employees in technical positions (design staff), which demand a high degree of specialization. We create a detailed training system to facilitate learning, from basic knowledge to specialized design skills, through training and practice. For design personnel with a few years of experience in design work, we assign a future "vision" as "Leaders/Managers (Design Chiefs)" able to unify the organization with strong leadership and management

skills, as well as "Professionals" who contribute to business promotion as highly skilled players. Furthermore, design skills are roughly categorized into three levels: novice, intermediate and advanced, and a curriculum is developed for each category to provide the necessary knowledge and skills. Skills are assessed at each level to clarify that goals have been achieved.

We strive to increase customer satisfaction through the development of human resources with a high degree of specialization while attempting to strengthen design quality and proposal capabilities.

■ Vision targeted by Technical Personnel (Design Staff)



Creating Internal Qualification Systems for Technical Personnel

Sekisui House establishes various internal qualification systems aimed at developing technical personnel. The number of technical personnel certified as "chief architects" increases every year. Personnel with strong overall capabilities in design are designated as "generalists." In FY2015, we established two new qualifications, "Platinum specialist" and "structural planning specialist," in response to the demand for even higher specialization.

Chief Architects, Possessing Strong Overall Design Capabilities

We judge and certify employees with high-quality, in-depth design capabilities whose talents are an example to other designers based on individual and multifaceted assessments (certification period: 2 years). In April 2016, 110 employees were certified, with a total of 224 people playing active roles.



Chief architect certification ceremony (above) and certification badge (right)

Platinum Specialists: Senior Housing Professionals

We created a new system (certification period: 3 years) for employees with proven experience as design staff possessing excellent design skills who qualify to be certified as Platinum specialists handling elderly care housing and general welfare facilities (nursing homes, assisted-living complexes for senior citizens, group homes, etc.). In 2016, 12 employees were certified (with a total of 25 people playing active roles).

Structural Planning Specialists: Safe and Highly Economical Structure, Foundation and Frame Professionals

We created a new structural planning specialist certification system (certification period: 3 years) to develop designers who play a leadership role in offices related to structural planning and the realization of advanced planning in response to customer needs. Employees are judged and certified based on their specialized knowledge and experience with respect to building structures overall, their ability to execute structural planning and the degree to which they understand Sekisui House structural frames. In 2016, 13 employees were certified (with a total of 29 people playing active roles).

Enhancing Design Staff Skills and Motivation with Chief Architect Training

The certification period for chief architects, who are required to maintain a high level of skills as overall design staff, is limited to two years, thus they must constantly improve their skills. To this end, we launched Chief Architect Training for chief architects and certification candidates to instill more specialized design knowledge and practical capabilities enabling flexible support. A design competition is held twice annually in the first and second halves of the certification period involving chief architects active throughout Japan. Pre-screened submissions are presented by design staff, public inspections and group

discussions are conducted by participants and external lecturers are invited to critique the design contest submissions.

Participants commented that “the contest’s atmosphere of friendly competition provides positive stimulation,” which leads to increasing the motivation of design staff.

In December 2015, we added a page to our website that introduces case studies involving chief architects. These include pictures of each and every house built in conjunction with customers.



Group internal presentations



Participants view submitted items



Case study presented on the Sekisui House website

Key performance indicators (KPIs)

Indicator	Unit	FY2011	FY2012	FY2013	FY2014	FY2015	Definition and remarks
Average hours of annual training per person*	Hours	15.3	21.2	18.9	22.9	21.0	Training held at head office only
Training investment amount	Tens of thousands of yen	39,729	58,344	64,917	69,202	73,425	Total amount of expenses attributed to education and training costs
Total number of people obtaining qualifications*	People	4,086	3,984	4,596	4,544	6,427	Includes internal qualifications

*Sekisui House, Ltd. only

Comment from the Director of Human Resources

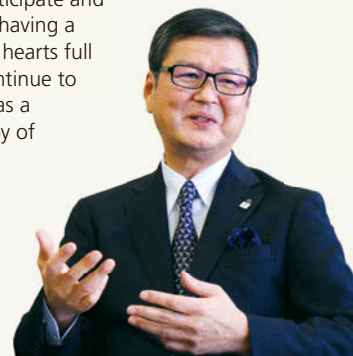
Promoting the Creation of People and Workplaces Based on Our Corporate Philosophy “Love of Humanity”

Since the Declaration for Human Resource Sustainability in 2006, Sekisui House has been proactively engaged in promoting the active participation of women and a diverse array of human resources. In recent years, “diversity” has become somewhat of a ubiquitous buzzword, but for Sekisui House, our corporate philosophy espousing a “love of humanity”—respecting the individuality of each and every employee—is a very natural way of thinking. As a product, housing supports various values and lifestyles. In this way, providing customers with highly satisfying housing means that we ourselves must have compassion in our hearts and adopt diverse points of view.

The same is true for employee training. While skills and knowledge are of course a necessary part of work, the most important aspect of housing design and proposal is a workforce possessing an extensive education, honesty and sincerity. Sekisui House implements a variety of educational training aimed at enhancing its human resources, such as newly hired employee

participation in recovery support activities in areas affected by the Great East Japan Earthquake and liberal arts education to provide exposure to philosophy and art as a respite from work. At the root of all these activities is a love for humanity. Going forward, we will strive to create workplaces where all employees can actively participate and cultivate human resources having a diverse array of values and hearts full of compassion. We will continue to target sustainable growth as a Company that treats the joy of customers as our own.

Takashi Uchida,
Human Resources Director
Director,
Senior Managing Officer





CSV
Strategy

6 Developing overseas business

Contribute to the preservation of the environment and the promotion of safe, secure and comfortable global lifestyles through the expansion of high-quality and sustainable housing and urban development

Main stakeholders: Local developers, overseas customers

Backdrop

Japan's Industrialized Housing Offers the World's Highest Standard

Housing in Japan has evolved significantly over the past half century. In particular, companies that propose and supply industrialized housing assembled onsite using factory-produced materials with consistently high-quality have amassed a variety of expertise in urban development incorporating environmental, energy-saving and earthquake-resistant technologies that become assets for regional residents. These technologies and expertise are considered to be of the highest global standard. Environmental and energy conservation issues are not problems

faced by Japan only. Engaging in the development of eco-friendly and energy-saving technologies focused overseas is also a strong driving force behind Japan's growth strategy.

At the same time, housing strongly reflects the lifestyles of those who live there. We must develop products, technologies and services carefully crafted to the culture and lifestyle in the countries and regions where we operate. When we begin to achieve this, we will be able to improve global housing standards and contribute to environmental conservation.

Approach

Our goal

Changing the World through the Realization of "Living Comfort" with Technologies and Expertise that Creates Housing and Communities

Having established the International Business Department in 2008, Sekisui House promotes the sustainable development of assets in the countries and regions where it operates based on the concept of sustainable urban development. Utilizing high-quality housing technologies accumulated for over half a century as the industrialized housing frontrunner and leveraging a "customer first" corporate stance, we always place the customer lifestyle first. When developing business overseas, we thoroughly research climate, culture and lifestyles in each country. With an understanding of demands pertaining to sustainable housing and the creation of ideal communities, we aim to provide quality housing that is safe, secure and comfortable.

The overseas deployment of urban development that contributes to ecosystems and the creation of housing that makes full use of Sekisui House energy-saving technologies is extremely significant in terms of environmental conservation. To convey this idea to the rest of the world, we formulated a global corporate message (right) and created a global website to disseminate it.

What Homes Can Bring to the World

We at SEKISUI HOUSE not only continue to build houses, but create homes and communities that become essential assets to society while constantly considering the global environment and high quality community development.

Needs for homes and communities change over time. Through our advanced technologies that achieve better "health," "safety" and "security," and comprehensive researches to understand the ways of living in each country and region, particularly in "culture," "generation" and "lifestyle," we will continue to make today's comfort even better for tomorrow. Our creativity to freely design every home differently to fulfill and exceed the desires in living according to each customer. Our ability to build homes with superior standards in performance and quality by developing housing materials that leverage leading edge technologies at our local factories, so the highest level of living comfort can be delivered to our customers around the world. These innovations are integrated into every SEKISUI HOUSE. For a lasting relationship with and further satisfaction for our customers through homes, we will leverage our proven expertise and knowledge cultivated over half a century in Japan to evolve even further as a leading innovator in home and community development. We will continue to build on our performance through our conviction that high quality homes will be essential assets to society. We are committed to continually provide higher levels of living comfort for today and tomorrow.

Changing the World through Living

Note: Sekisui House provides information pertaining to our corporate stance, initiatives, business development and other aspects related to global business, including performance and evaluations in Japan and overseas. <http://www.sekisuihouse-global.com/>

Action policies

Deployment of Quality Housing and Urban Development in Countries and Regions Where We Can Leverage Our Strengths

At present, Sekisui House develops international business in four countries: the United States, Australia, China and Singapore. As housing demand is expected to expand steadily in all of these countries, we will leverage strengths accumulated up to now to provide quality housing for the middle and upper class population segments.

We will contribute to the creation of comfortable customer lifestyles in each of these countries and promote “business localization” while collaborating with local blue-chip partner companies and drawing on our industrialized housing and environmental technologies, comprehensive proposal capabilities and meticulous service capabilities.

United States

Housing demand continues to be vigorous in the United States, where we are promoting two development businesses: Residences (communities) targeting suburban residents who commute 30-40 minutes to work by car, and urban rental apartments (multi-family housing) for people who walk or use public transportation to get to work.

China

In vast China, we are developing business in the cities of Suzhou, Wuxi and Taicang on the outskirts of Shanghai and in the northeastern city of Shenyang. The economies and populations in each of these areas are expected to continue growing steadily in the future. Sekisui House promotes the development of condominiums, townhouses and commercial facilities corresponding to the climates and lifestyles in each region under the Yuqin brand.

Australia

In Australia, where housing demand is expanding in line with population growth, we are engaged in a wide range of development mainly in cities located along the country's eastern seaboard, from condominium and community developments comprising several thousand lots, to housing built using local conventional construction methods and Sekisui House Shalwood wooden-frame detached housing. We attempt to differentiate ourselves through development and high-quality products and services that contribute to sustainability.

Singapore

In the densely populated island nation of Singapore, we are engaged in property sales of mainly condominiums developed in cooperation with local developers and the development of commercial facilities and other building complex projects. In 2014, we began office sales development projects.

Impact of These Activities on the Company

Sekisui House believes formulating business strategies in light of conditions in countries and regions while making use of housing technologies and expertise accumulated in Japan will enable us to contribute to improving local housing

environments and environmental conservation. The global high regard for Sekisui House technological and proposal capabilities will lead to enhanced brand value both in Japan and overseas.

Risk management

Risk 1 Diverse local needs different from Japan

Our response 1 We strive to ascertain needs in each region through collaborations with local partner companies. We approach each development project in conjunction with local partners who share our principles and values based on a common philosophy and awareness of issues.

Risk 2 The laws, regulations and political affairs of each country

Our response 2 We are focusing efforts on local, environmentally-friendly procurement, production and construction, while at the same time strengthening our global compliance structure to ensure laws and regulations are adhered to in all countries and regions where operate.

Furthermore, we maintain risk management manuals for employees on international business trips or on assignment overseas and created the Sekisui House Group Overseas Risk Management Guidelines for managers at worksites where employees are assigned or sent on business.

Risk 3 Management and control of overseas subsidiaries

Our response 3 To enhance control and collaborations with specialists in each country mainly at overseas subsidiaries and in the International Business Department, we established the International Internal Control Promotion Office as a head office organization to conduct localized training overseas and enhance the level of various initiatives.

State of Progress

Deployment of Quality Housing and Urban Development in Countries and Regions Where We Can Leverage Our Strengths

Activities Report

United States: High Marks for Our Creation of Eco-Friendly Communities

Since 2010, we have participated in the planning of more than 30 suburban residential land development projects in the United States as a community developer. Five of these projects were ranked among the top 50 best-selling master-planned communities in the U.S. In addition, we have been working with Holland Partner Group since 2013 on multiple development projects in the urban rental housing area.

Wendell Falls, a suburban residential land project developed in North Carolina in 2013, features ecoSelect housing that offers high insulation and water-saving benefits that improve indoor air environments. This community is 38% more energy efficient than the U.S. national average for housing and has been certified by the HERS Index, the U.S. standard for home energy efficiency.



Wendell Falls featuring ecoSelect housing

VOICE

Working Together with a Common Purpose to Realize High-Quality Developments

Clyde P. Holland, Jr.
Chief Executive Officer
Holland Partner Group



Our relationship with Sekisui House began in 2013 with a shared objective of creating a meaningful platform for achieving economic and social responsibility goals. Together we are working to protect human health and the surrounding environment through the creation of high quality, thoughtfully considered multifamily and mixed-use developments that connect people with places where they can live, work, and comfortably enjoy life. Our urban core portfolio, concentrated in top cities in the western and northwestern United States, includes the transformation of former industrial sites into sustainable and highly desirable built environments.

We appreciate the thoughtfulness Sekisui House provided in establishing common goals for the joint venture between our companies, their disciplined yet creative approach working with us to evaluate new development opportunities, and their confidence to work with us to deliver exceptional assets with optimized risk adjusted returns.

Australia: Encouraging Community Cultivation with *Satoyama*

In Australia, where we launched our first overseas business in 2008, we are engaged in detached housing construction and develop condominiums and residential land adapted to the local environment and culture. Up to now, we have entered into contracts with more than 8,000 customers.

Conventional residential land development in Australia typically involves first cutting down all trees in a given area. At The Hermitage, Sekisui House's large-scale community development project in the suburbs of Sydney, we took a different approach. We first conducted a detailed survey of the landform and the native flora and then we planned the housing lots, roads, and parks so as to preserve as much of the original nature as possible.

Based on the concept of "communities that grow increasingly attractive over time*1," we employed the *satoyama* design approach to conserve the local ecosystem and the landscape and to facilitate interactions among residents from a



Maintaining existing landscapes and flora at The Hermitage

wide range of generations in a natural setting. This utilization of *satoyama* to encourage the cultivation of communities has been well received, leading to robust sales.

The Waterfront condominiums, completed in 2012 and located along Sydney Harbor, introduce universal design elements, including the elimination of differences in floor level between rooms and easily operated wide switches. We also strive to provide meticulous support through after-sales services.

*1 Communities that grow increasingly attractive over time: A community creation concept in which an area becomes increasingly beautiful with each passing year through the creation of scenery incorporating the surrounding natural environment and utilization of the original landscape.



Savannah at The Waterfront

China: Promoting Development that Contributes to Urban Advancement and the Sharing of Values with Local Staff

In China, culture and lifestyle habits vary substantially from one region to the next, so local bases are established for each project. To be able to provide Japanese quality and Japanese-style service to customers while respecting local customs, Japanese Sekisui House employees working in China exchange opinions with local Chinese staff to promote business built on a closely collaborative structure.

In October 2015, construction of The Yuqin Residence urban high-rise condominiums was completed in the heart of Shenyang. Located amid a high concentration of commercial facilities, this building's stylish design has made it Shenyang's newest landmark and contributes to enhancing the city's overall image.

We are also engaged in the Yuqin Gardens project in Taicang, consisting of 11 buildings housing a total of 511 condominiums

spread out over approximately seven hectares. The entire property incorporates the Sekisui House Gohon no ki planning*2 concept based on maintaining the natural scenery. This development project involves the planting of native trees and the creation of a walking path enabling residents to interact with nature.



Tree planting based on the Gohon no ki project (Taicang Yuqin Project)

Singapore: Creating a Rich, Green and Intimate Space within an Urban Lifestyle

In Singapore, we are collaborating with a major local developer on eight different projects aimed at realizing a richer life in a densely populated urban area.

In terms of condominium development, we support community development and rich resident lifestyles by designing shared spaces infused with nature, including verdant walking paths with trees planted strategically throughout the property incorporating the Gohon no ki planning*2 concept. These projects include eCO, scheduled for completion in 2017, and Hillsta, constructed in 2016.

We are also engaged in the creation of workplaces that create new value, replete with open spaces that facilitate communication

surrounded by relaxing greenery in accordance with the "intimate green office" concept. This includes Woods Square, an office sales development project launched in 2014.

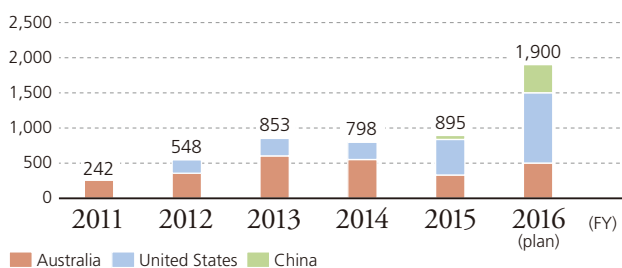


Hillsta offers shared spaces infused with nature

*2 Gohon no ki planning: The model from which "satoyama" was born, this Sekisui House original garden creation proposal protects biodiversity by planting native tree species that have a high potential for use by local fauna. We are also incorporating this basic concept into our overseas business.

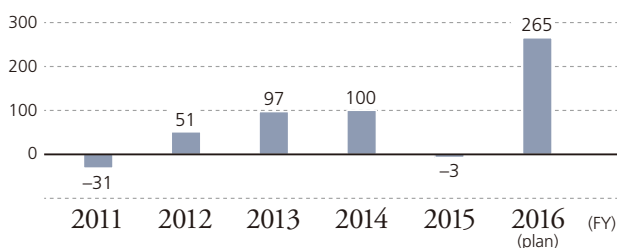
Key performance indicators (KPIs)

International business net sales (Hundreds of millions of yen)



Note: Singapore is accounted for under the equity method, thus only income is reflected.

International business ordinary income (Hundreds of millions of yen)



Evaluation

Residential property in the United States and condominium sales in Australia are favorable, and residents have begun to move in to condominiums in China. Singapore contract rates are high across all properties. In FY2015, revised asset valuations in a portion of projects in China led to the recording of a loss, but the business itself remains on track.

Future Initiatives

Sekisui House will collaborate with local developers while assessing business compatibility and housing market conditions in each area. We will promote urban development and housing construction and sales while ensuring business profitability. Also, we will make efforts to improve local housing environments and culture as a company that creates living environments.