



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)

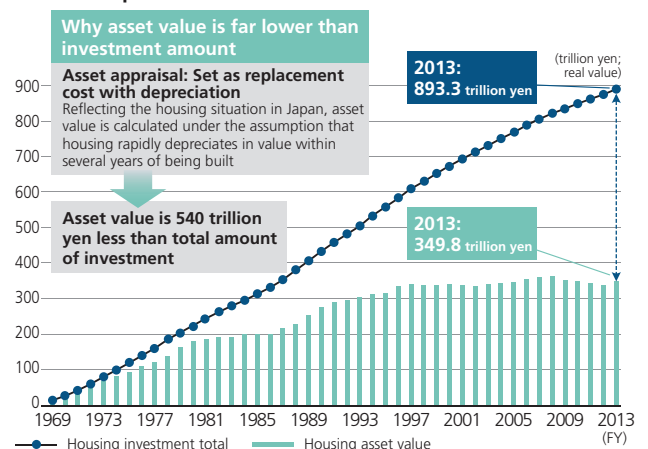
Backdrop

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



Source: FY2013 "Roundtable on Stimulating the Resale Housing Market" Report, Ministry of Land, Infrastructure, Transport, and Tourism

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 appropriate remodeling and renovation enables long-term utilization of houses as social assets, leading to reductions in resource inputs and 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 each life stage, Sekisui House Group companies flexibly collaborate to propose maintenance optimized for individual customers.

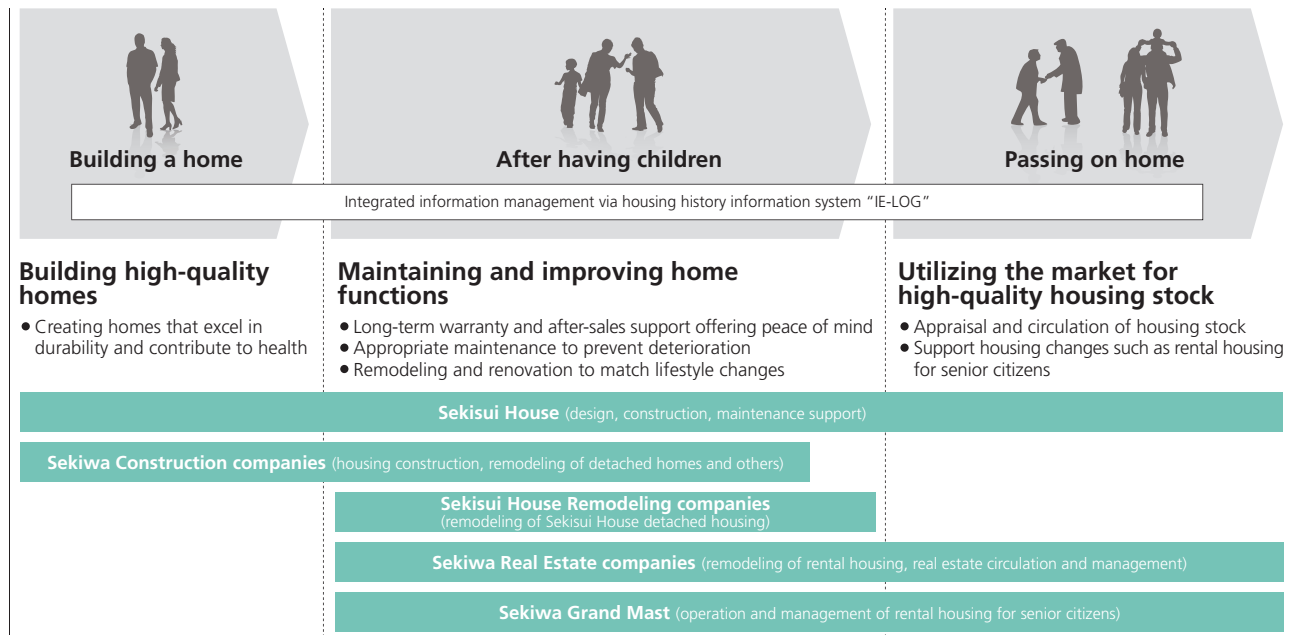
Going beyond repairs, facility renewals, and remodeling for improved comfort and convenience, we conduct renovations involving large-scale transformations and changes in use that correspond to customer needs, providing an extremely high level of safety, security, and comfort that heightens customer satisfaction.

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

We are reducing 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 recycling waste and reducing emissions to zero as the result of promoting 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 the elderly can cover living expenses, enable younger people to choose homes from a wide range of options in the housing market in line with their stage in life, and support

an ample lifestyle for homeowners.

Also, long-term support will maintain and strengthen our 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 a 5.1% share in the domestic newly built home market, there is still room for Sekisui House to grow. 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

About 10% of Sekisui House Employees Dedicated to After-Sales Service

As housing is used over the long-term, providing a quality support system after move-in is crucial. Sekisui House employs 1,450 people—accounting for about 10% of all employees—as dedicated staff in our Customer Center. They support the lifestyles of customers living in 780,000 detached homes and

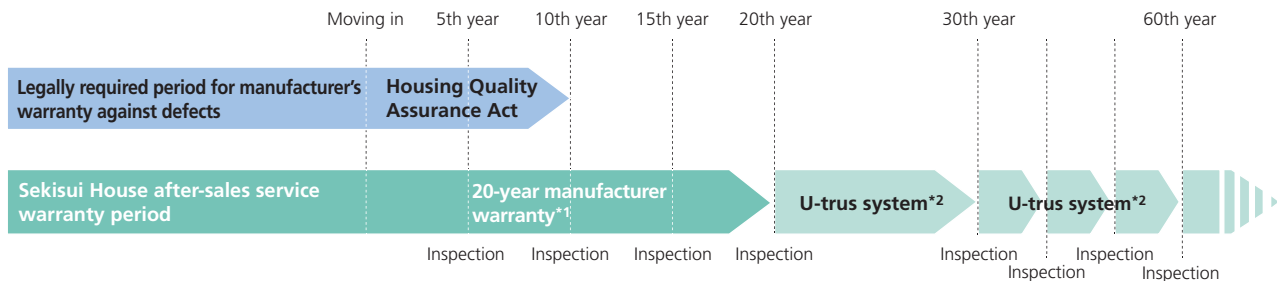
220,000 rental housing units such as by assisting with daily repairs and remodeling consultations. Our unique organizational structure enables us to quickly reflect customer feedback into our product development and management structure.

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

For structural frames and rainwater-proofing components, we offer a 20-year warranty, which provides an additional 10 years to the 10-year liability period required under the law promoting housing quality. In addition, all other components are under warranty for a specified period of time. Even after the warranty period has expired, homeowners can take advantage of our U-trus system to extend warranties in 10-year intervals.

We operate “IE-LOG,” which shares each property’s various building component information and other data in digital form, based on the Long-Term Quality Housing Certification Program in Japan, which aims to build up a stock of high quality housing that can be used in the long term. Group companies utilize IE-LOG historical data to make remodeling and renovation proposals.

The 20-Year Warranty System and the U-trus System



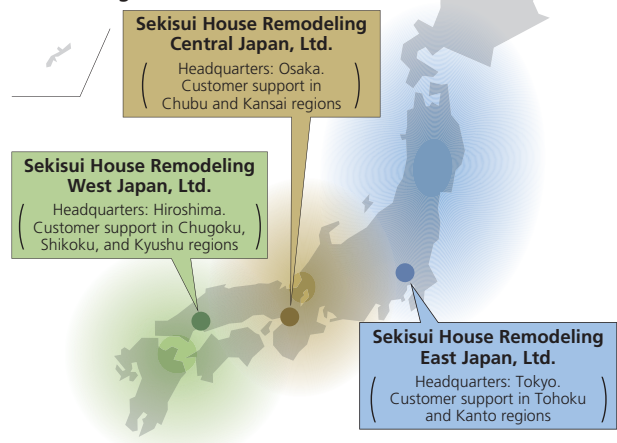
*1 At Sekisui House, a 20-year manufacturer warranty is applied to structural frames and rainwater-proofing components (rainwater-proofing components are covered by an initial 10-year warranty plus another 10-year warranty) on condition that free inspections be conducted and maintenance/repairs be made 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 Split into Three Companies to Strengthen Capabilities to Make Proposals Suited to Local Communities

Sekisui House Remodeling Co., Ltd., which handles Sekisui House's remodeling business for detached and other housing, has actively promoted maintenance-type remodeling to maintain and improve the asset value of homes over the long term.

In 2016, the company was split into three companies in East, Central, and West Japan. The aim was to work with Group companies in each area, and further strengthen the capability to make proposals suited to local communities. Through initiatives such as setting up remodeling and renovation corners in our hands-on learning center *Yume no koja*, we aim to bolster our after-sales follow up and further expand lifestyle proposal-type renovations.

New structure for Sekisui House Remodeling



Proposing Remodeling That Enhances Comfort and Convenience to Wider Society

Expanding Sekiwa Construction's "Re:QUEST"

For general detached housing and condominiums, the Sekisui House Group responds to customers' various needs, from small-scale remodeling to large-scale renovations. The 19 companies of Group company Sekiwa Construction conduct remodeling and renovation nationwide under one brand, "Re:QUEST." "Re:QUEST" has three themes to inspire customers to remodel.



Three Themes of Re:QUEST

Re:QUEST STAGE

Rebuilding spaces in line with customer life stages

Re:QUEST STYLE

Restructuring lifestyles

Re:QUEST VALUE

Rediscovering value for homeowners

Launched Condominium Renovations, RENOVETTA

As part of efforts to strengthen the condominium renovation business of Sekiwa Construction, in April 2016 we launched RENOVETTA* in collaboration with product designer Toshiyuki Kita.

Condominiums are generally divided into small floorplans of 2DK (two bedrooms + dining and kitchen space) or 3LDK (three bedrooms + large living room, with separate dining and kitchen) units, but problems arise, such as an overflow of things when the number of residents changes. RENOVETTA

proposes an improved lifestyle through the use of functional, multi-purpose spaces, removing the existing divisions until just the skeleton remains, and placing the kitchen and dining areas in the center of the home as a gathering place. In addition, it proposes spaces that change in line with residents' life stages and lifestyles, for example, a foldable Japanese-style room or wall storage, which are Mr. Kita's original designs.

* RENOVETTA is a registered trademark of Kita Toshiyuki Design Research Lab.

VOICE

I'm satisfied with my open and stylish LDK after RENOVETTA

Our kitchen used to be closed off from the rest of the house, so when my wife prepared dinner, she could not see what the kids were up to. At that time, I learned about RENOVETTA, the collaboration between global designer Mr. Kita and Sekiwa Construction, and spoke with a sales representative. Hearing that Mr. Kita would even choose the interior design and furniture, I thought that he may be able to create something interesting, and requested that he remodel our house.

After the remodeling, our LDK feels so much more open: we can see what our children are doing and the opportunities to communicate have increased. Thanks to the total color coordination of Mr. Kita, everything matches and the place seems quite stylish.

Mr. K (Fukuoka Prefecture)



TOPICS

Supporting the transfer of valuable assets through an integrated housing inheritance system

Sekiwa Construction offers restoration of old houses, and based on the wishes of our customers, we support the handing down of housing under an integrated system that spans repair planning through construction and transfer.

In addition to restoring a property as a home, we also help find other uses as a lodging facility or shop. We suggest renovations appropriate for each objective and use, and maintain the culture and design of old Japanese houses that will also speak to future generations.

Before



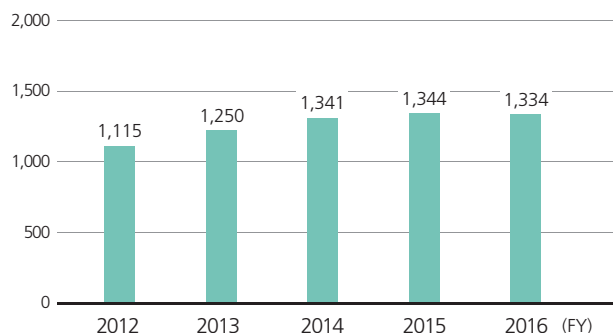
After



Key Performance Indicators (KPIs)

Indicator	Unit	FY2012	FY2013	FY2014	FY2015	FY2016	Definition and remarks
Long-Term Quality Housing certification acquisition rate	%	92.1	92.1	92.1	92.0	90.5	System of certification issued by the Japanese government for houses that meet prescribed criteria, including durability, seismic resistance, ease of maintenance and remodeling, and versatility
Ratio of "very satisfied" customers in survey	%	39.6	41.0	41.9	42.0	43.3	Ratio of "very satisfied" in seven-rank assessment

Remodeling Business Net Sales (hundreds of millions of yen)



Evaluation

Sekisui House maintains a high ratio of housing certified under the Long-Term Quality Housing Certification Program. With respect to customer satisfaction surveys, the success of steadfast activities such as sharing details on initiatives aimed at improving satisfaction and resolving issues in each survey-result area and targeted activity has led to a steady increase in customers indicating they are "very satisfied." Sales in the remodeling business were on par with the previous year because solid sales of rental house remodeling were not enough to offset the negative impact of lower purchase prices in solar remodeling.

Future Initiatives

Deepening the Platinum Business, Which Supports Societies with Increased Longevity

Sekisui House Group's Platinum Business is a totally different concept from simply building infrastructure. We anticipate that this business will spread as a solution to societal challenges, through a community design that facilitates multi-generational interactions in line with a region's needs, not only energizing active seniors but also contributing to stimulating local communities.

September 2016, we completed construction of and opened Grand Mast Sengencho Yokohama. The building has 76 assisted-living units for the elderly on the second through tenth floors, and the first floor has multi-purpose spaces that can be used by local community members with shared interests

and child-raising groups. We are also building a café. On the second floor is a community house with a collection of about 28,000 books provided by the Nishi-ku Youth Library. There are study rooms and an area for reading out loud to children, making this a space where multiple generations can gather.



Community cafe, popular with local community members



Multi-purpose room used by child-raising groups and others

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

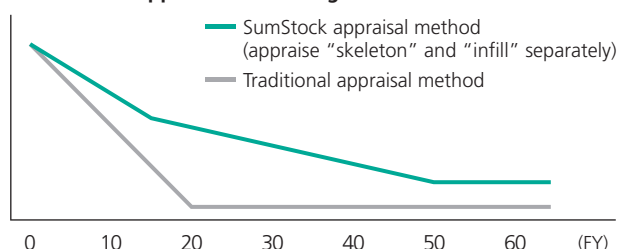
Activities Report

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," which we are striving to expand. The Sekisui House Group is also promoting SumStock proposals using IE-LOG. We worked to spread the SumStock brand, such as by participating in a 10 different housing exhibitions held in Kansai in November 2016.



"SumStock" Appraisal of Housing Stock



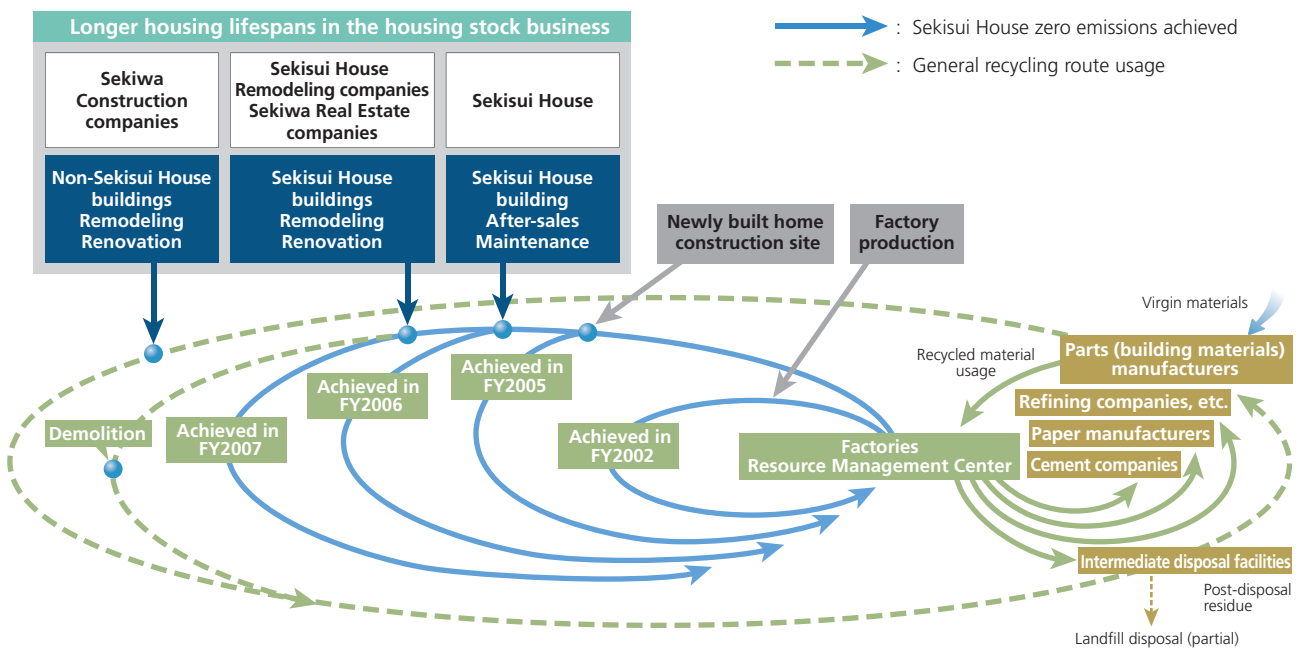
Strengthening Governance of Waste Recycling in Line with the Expansion of Remodeling and Renovation

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 21 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 achieving zero waste emissions at each stage from production, new home construction, and after-sales maintenance to remodeling.

In FY2016, we upgraded our electronic management system

for waste control, developed at the same time as acquiring the Wide-Area Certification, to a cloud-based system. In this way, we responded to today's needs of improved functionality of electronic waste management systems. For renovations including demolition work, to ensure the separation of individual items such as wood and tiles, we apply guidelines to define waste disposal operator selection criteria. 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



Key Performance Indicators (KPIs)

Indicator	Unit	FY2012	FY2013	FY2014	FY2015	FY2016	Definition and remarks
Total resource input	Thousands of tons	1,112	1,286	1,079	1,109	1,098	Amount used at our factories
Volume of waste generated*	Thousands of tons	311	362	728	753	725	Waste from new construction, remodeling, and demolition
Volume of waste generated at new construction sites	Kg/house	1,441	1,449	1,485	1,506	1,476	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, falling by nearly 60% compared to waste generated per house in FY1999.

In recent years, we have entered into a stage of more modest reductions, and the amount of waste generated per house is progressing at about the same level. This is partly due to the impact from an increase in the ratio of sales of three- and four-story rental housing, which generate a comparably larger amount of waste.

Future Initiatives

We will continue working to ensure that waste from newly built home construction sites can be disposed of through recycling, as well as streamline construction and reduce surplus materials.

With the expansion of the supplied housing business including remodeling and renovation, waste from the demolition process is expected to increase. We aim to create a system to collaborate with partner companies and industry organizations to be able to further streamline recycling.



Promoting diversity and developing human resources

Main stakeholders:

Customers, employees, investors, students and job applicants

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

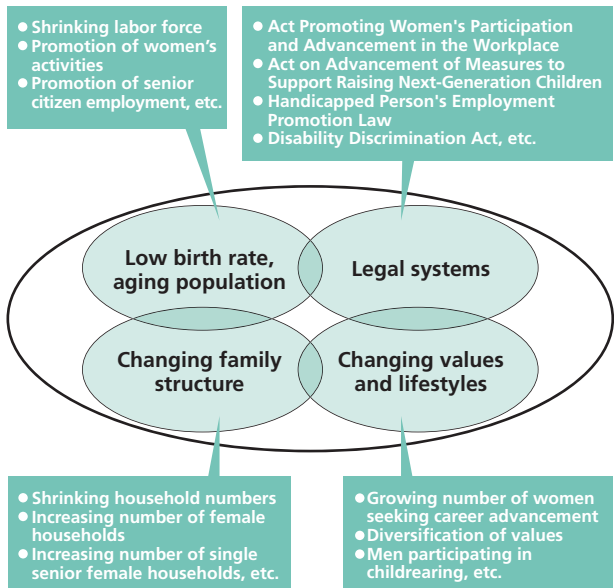
Backdrop

Diverse Perspectives Support Sustainable Corporate Growth

Today, all corporations are urgently compelled to respect and accept diversity in the form of gender, age, physical abilities, race and nationality, as symbolized by the Act Promoting Women's Participation and Advancement in the Workplace implemented in April 2016. The aggressive promotion of diversity and expansion of areas where diverse individuals are able to participate actively is extremely important to corporate sustainable growth. Proactively making use of these "differences" in business will enable us to effectively respond to a constantly changing business environment and diversifying needs.

In the housing industry, customer needs are diversifying amid 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 housing and lifestyle proposals that flexibly incorporate a variety of perspectives and ways of thinking. In response to these changes, even the housing industry has begun to engage in workstyle innovations aimed at work environments able to leverage the maximum capabilities of human resource diversity represented by women, people with disabilities, senior citizens and foreigners.

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 makes an effort to increase employee satisfaction in order to become a corporate Group that meets its responsibilities to its stakeholders with sincerity. 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 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.

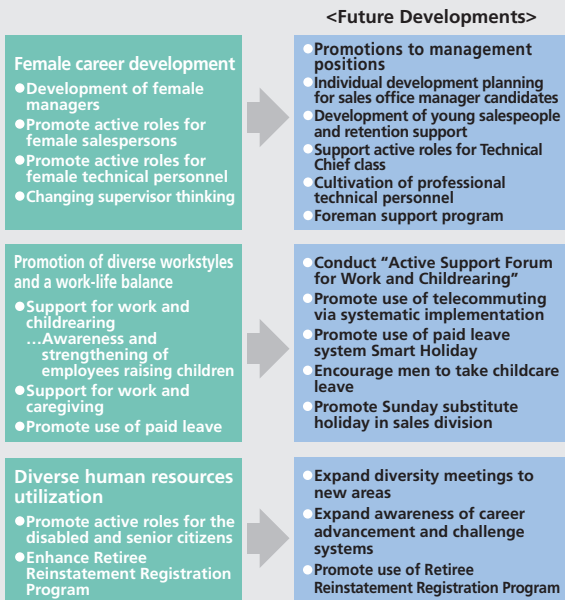
Going forward, we will continue aiming to become a corporate Group necessary for global society by generating high added value in workplaces of mutual respect where all employees are able to maximize their capabilities.

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 promote measures based on three priority themes: contributing to women's career development, promoting workstyle diversity and a work-life balance.

In light of the Act Promoting Women's Participation and Advancement in the Workplace implemented in 2016, the Sekisui House Group formulated an action plan for the promotion of active participation by women and is engaged in the creation of mechanisms and an environment enabling all employees to enjoy a lively social life.



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)	
Nationwide housing hands-on educational programs	Ground and foundation training Foreman basic training Interior finishing practice	Administration foundational training (e-learning)
Second year training	Self-control training	Administration foundational training (e-learning)
Hospitality 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 with male and female employees 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 offices 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, Accelerating Career Advancement Initiatives

Development of Female Managers

In 2014, we established the Sekisui House Women's College for management candidate training to develop female employees that will be able to become managers in the future. Female employees throughout Japan nominated for management positions are sent to this college to acquire business skills and

study workplace issue resolution during a two-year curriculum aimed at systematically providing candidates with a suitable education. In the inaugural class of FY 2016, 20 women completed the Women's College curriculum. Playing an active role in a wider range of areas, female managers are appearing one after the other in management ranks as design chiefs and superintendents, and in terms of female sales staff, as branch managers and office managers. Furthermore, an increasing number of female managers are married or raising children, becoming an important force in the housing business domain.

VOICE

The Women's College increases job satisfaction

Michiyo Akiyama
Chiba Sha Maison Branch



Having attended the Women's College has provided me with more opportunities to give lectures within and outside the Company, enabling me to engage in work from a branch or head office perspective rather than only focusing on my own duties. It also provided me with an opportunity to rethink my work in terms of speedy decision-making in operations and cost awareness in terms of time spent working. This has made work more meaningful and satisfying, enabling me to enjoy work. From now, promoting ZEH in Sha Maison rental housing, a topic raised at the Women's College, I am able to make proactive proposals that will delight owners and occupants.

Support for Career Advancement Corresponding to Level and Position

In support of female employee education and career advancement, we conduct a variety of ongoing training and networking events based on level, position and location. Since 2007, we have regularly held special personnel meetings for female sales staff that are also established as a subcommittee aimed at developing young people and training office managers.

We also hold meetings for female technical staff and nationwide construction superintendent meetings to cultivate leaders and enhance skills as specialists, which is linked to the development of core personnel and improved proposal capabilities.

Workstyle Innovations That Promote Diverse Workstyles and a Work-Life Balance

As one part of our attempt to create a corporate culture supporting men and women both in their work and home life and childrearing, we engage in regular consultation between employees who are pregnant or on maternity leave and their supervisors, facilitating a smooth return to the workplace. To make the most of capabilities during a variety of life events, in 2013 we introduced a telecommute trial program, and after

creating individualized plans corresponding to conditions faced by each participating employee, we formally launched a system for telecommuting in February 2017. This system enables employees with limited working hours to flexibly use time and location to raise children or provide nursing care by permitting employees to work from home 1–2 days per week or providing extra time to work after they return home. We also hold a Work and Childrearing Forum at seven locations across Japan for employees raising children while working or on childcare leave and their supervisors, to encourage autonomy among child caregivers and raise awareness among supervisors.

In addition, we are promoting the introduction of diverse workstyles including parental leave for men and tele-work. In 2016, we introduced a paid leave system called "Smart Holiday" and are promoting a targeted 80% usage rate.

Smart Holidays are named according to their purpose, such as grandchild leave, self-improvement leave, healthcare leave and volunteer leave, a device that makes it easier for employees to take time off.

VOICE

Promoting the systematic acquisition of Smart Holidays (paid leave)

Kenichi Yamazaki
Chubu No. 2 Sales Administration Headquarters



In addition to promoting workstyle innovations, we must transform consciousness, reform operations and increase operational efficiency. Our division calls for employees to sign up for three or more days of Smart Holidays every six months. Regular use of this system will result in work enthusiasm (transforming consciousness), the elimination of operational waste (reforming operations) and the sharing of work details (increasing operational efficiency).

When planning which days to take off, employees coordinate with office and section members, confirm work schedules of related divisions and consult with family and friends, leading to stronger communication within and between branches.



Poster promoting the use of paid leave

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 is engaged in the employment of disabled people through the acceptance of internships and proactive participation in nationwide joint recruitment events. Support for active participation of those enrolled includes the introduction of the Career Challenge system, which enables employees in region-specific positions to transition into career track positions, and diversity meetings held with the aim of creating relationships enabling mutual consultations among disabled employees from different worksites. We have participated in the Accessibility Consortium of Enterprises (ACE) since its founding in 2013 and we hold career development seminars for disabled students and school officials.

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 of experience accumulated in each workplace and job.

With regard to employment of the elderly, in light of Japanese labor policies, in FY2015 the retirement age was extended to 65 years old throughout the Company to proactively support active participation by older employees. With respect to the employment of foreigners, we are proactively promoting the employment of local hires in our overseas business, while at

the same time promoting human resource development aimed at the future management class by inviting these workers to visit Japan and deepen their understanding of Sekisui House Group management policies.

VOICE

Being entrusted with work involving more responsibilities than ever before as a career track employee

Yasutaka Abe

Tokyo Special Construction Branch



I joined Sekisui House because out of food, clothing and housing, which are indispensable for daily life, I wanted to be involved in the housing field to be able to provide customers with the most added value. I am mainly responsible for accounting and delivery operations. I want to expand my work duties and prove that I am able to actively participate despite my disability, so I signed up for Career Challenge. From this year, I am working as a career track employee. Becoming a career track employee, I am entrusted with work involving more responsibilities than ever before, making my work feel more meaningful on a daily basis.

Going forward, my aim is to work as a Sekisui House employee with responsibilities rather than simply as a disabled worker. I want to become a driving force enabling people with disabilities to work in a comfortable working environment.

Key Performance Indicators (KPIs)

Indicator	Unit	FY2013	FY2014	FY2015	FY2016	Evaluation	Target
Number of female personnel in managerial positions (Group-wide)	People	65 (1.52%)	101 (2.26%)	114 (2.43%)	141 (2.79%)	○	FY2020 200 (5%; 10% in the future)
Number of female office managers*1 (Includes office sub-managers from FY2015)	People	7 (6/16 Sales Division)	12 (8/16 Sales Division)	18 (13/16 Sales Division)	22 (12/15 Sales Division)	○	Minimum 1 female office manager (or at least office sub-manager) at each of our 15 sales administration Headquarters
Employment rate of people with disabilities*1	%	1.97	2.08	2.21	2.20	○	Minimum 1 person at every business office
Proportion of male employees who took parental leave	%	3 (16 People)	19 (119 People)	23 (162 People)	70*2 (436 People)	△	FY2020 80%

*1 Sekisui House, Ltd. only

*2 From FY2016, the count was changed from number of people to number of times used.

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 2017 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 this is the fourth time we have been selected. In FY2016, we were also selected by the Ministry of Economy, Trade and Industry for inclusion in the New Diversity Management Selection 100. Furthermore, we were selected as the top company in the construction and real estate industry in the "100 Best Companies Where Women Play an Active Part" ranking for FY2016 sponsored by Nikkei WOMAN magazine.



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, the Sekisui House Group will strengthen its promotion of diversity through the achievement of its action plan based on the Act Promoting Women's Participation and Advancement in the Workplace implemented in April 2016 and other efforts.

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 onsite foreman positions.

Activities Report

Education Program Enabling All Young Technical Personnel to Gain Design and Onsite Foreman Work Experience

In 2013, we introduced the young technical personnel training program to develop and improve all employees in technical positions through experience in our human resource development system (job rotation) born from the idea that "superior technical staff involved in housing need the perspectives of both design and onsite supervision."

Under this program, after joining the Company and working in design, second-year employees work as an onsite supervisor for six months to gain experience in both design and onsite supervision. In addition to the training of technical personnel with a broad range of knowledge and perspectives, this also provides an opportunity for employees and their superiors to reconsider their aptitude. During the onsite supervisor experience, employees interact with a multitude of construction-related personnel onsite through on-the-job training (OJT), learn the phases of construction and listen to lectures on various laws and regulations as well as the experiences of senior employees during onsite supervisor

experience start training. We also conduct follow-up training to reflect on onsite supervisor training.

Overview of onsite supervisor training system according to on experience level

6 or more years of onsite supervisor experience	Advanced training for onsite supervisors: team building		
3-5 years	Intermediate training for onsite supervisors: work improvement skills	Inaugural training for new safety managers	Onsite supervisor construction training: soil reinforcement supervisor training
1-2 years	Onsite supervisor beginning training: basic knowledge	Onsite supervisor communication skills training	Inspector certification training: e-learning, OJT
Education program	Onsite supervisor experience Start training Follow-up training		Onsite supervisor work experience via the young technical personnel training program

Various Onsite Supervisor Training Programs Aimed at Strengthening Management Capabilities

In FY2013, we restructured our onsite supervisor training system with the aim of enhancing management capabilities, which are a critical skill for onsite supervision, strengthening alliances with construction partner companies and raising construction capabilities. We conduct a variety of level-based beginner, intermediate and advanced training to clarify the required skills and desired stature for onsite supervisors.

Advanced training is intended to inculcate the leadership skills necessary to promote smooth daily operations such as construction site management, manage construction site teams and instill a

management perspective facilitating growth along with construction partner companies. Through this training, we make an effort to cultivate team leaders able to conduct a high level of onsite supervision while coordinating with a large number of related personnel.

In addition, each year we hold a workshop where architect chiefs from each area in four nationwide blocks meet to learn about human resource development and organizational management. This is an opportunity to expand the scope of work through the bolstering of networks going beyond branch offices and the sharing of various approaches and initiatives.

Certifying Excellent Onsite Supervisors as Chief Constructors

In FY2012, we introduced a "chief constructor" certification system for particularly excellent onsite supervisors with the aim increasing our brand power and productivity and developing a multitude of talented onsite supervisors. Onsite supervisors recommended from each branch undergo a primary review to assess their contribution to customer satisfaction and confidence as well as the degree to which partner construction companies, after-sales service staff and branch colleagues consider them to be reliable. After the secondary review, which assess candidates quantitatively in terms of number of homes completed and sales figures in a calendar year, as well as qualitatively in terms of superior efforts regarding onsite construction management capabilities and work-related issues, the chief constructor certification committee makes its determination based on a final review.

As of April 2017, Sekisui House had certified 124 chief constructors. This qualification is effective for two years, after

which a follow-up review is conducted to determine whether or not to renew the certification.

VOICE

I want to contribute to advancing all aspects of onsite supervision

Masaru Hirota
Kobe Branch



Regardless of the degree of difficulty, as a chief constructor I make every effort on all construction sites and always do my utmost to thoroughly read drawings before anyone else when starting construction. Currently, we are creating a mechanism whereby an iPad is used to view examples of onsite responses by chief constructors that can be put into practical use by inexperienced onsite supervisors. I want to raise the level of onsite supervisors overall by providing opportunities such as these for attaining internal qualifications.

Female Onsite Supervisor Support Program Aims to Expand Occupational Field Enabling Active Participation by Women

Sekisui House aims to expand active participation by women in the occupational field of onsite supervisors, the majority of whom formerly were men and to create new value from the perspective of diversity. In support of this goal, the female onsite supervisor support program was launched in 2015. Under this program, the head office, division headquarters and branch offices coordinate to systematically appoint and provide support to individual female onsite supervisors to enable their growth without feelings of isolation. We also attempt to increase motivation and the sharing of information through events including networking events attended by female supervisors from across Japan. At the same time, we provide construction sites with temporary facilities for women such as the "Orihime" mobile toilet, a toilet just for the ladies, tools, helmets and other equipment made for women and even a guide for women working while pregnant to promote the creation of environments and systems enabling women to continue working with peace of mind. We also encourage overall organizational growth by incorporating a woman's point of view into health and safety checks and decisions related to specification uniformity.

Going forward, we



Female onsite supervisors playing an active role on construction sites

will promote the progressive appointment of female technical staff as the key choice for career development and expand the sphere of their active participation throughout Japan.



Guide for working during pregnancy

VOICE

Creating collaborative relationships is important

Asuka Yamazaki
Saitama-Minami Branch



Since returning to work after taking childcare leave, I am working as an onsite supervisor. Everyone pitched in to help me out when my child was hospitalized. Receiving this support from the people around me touched my heart. The job of an onsite supervisor is not solitary, it is supported by the efforts of everyone. This makes it easy to arrange my time, and I am confident that if something comes up, most of my work can be done by sharing information on an iPad.

I know I shouldn't rely on others so much, but I think it is important to communicate regularly with building contractor partners and colleagues in my section and build collaborative relationships.

Key Performance Indicators (KPIs)

Indicator	Unit	FY2012	FY2013	FY2014	FY2015	FY2016	Definition and remarks
Average hours of annual training per person*1	hours	21.2	18.9	22.9	21.0	19.7	Training held at head office only
Training investment amount	Tens of thousands of yen	58,344	64,917	69,202	73,425	70,368	Total amount of expenses attributed to education and training costs
Total number of people obtaining qualifications*2	People	3,984	4,596	4,544	6,427	4,332	Includes internal qualifications

*1 Sekisui House, Ltd. only

*2 Total number of certifications acquired within each fiscal year (when one employee acquires three certifications in a single fiscal year it is counted as "3"). The number of people in FY2015 is prominent because we promoted the acquisition of some qualifications through limited time financial support and other systems.

Comments from a Director in Charge of Technical Personnel

Making an effort to further enhance the skills of onsite technical personnel to provide each customer with optimal solutions

Compared to other companies in the industrialized housing industry, Sekisui House is distinctive for offering a high degree of freedom. Rather than houses built 100% by a factory system, for many years we have promoted the creation of homes meeting needs flexibly by conducting 50% of design and construction conducted onsite. This is based on the concept that houses should be products that provide individual customers with optimal solutions. In addition to providing stable and high-quality industrial production, we provide optimal solutions through design and construction meticulously supporting the various wishes of each individual user. Above all, this approach emphasizes development of technical personnel onsite capabilities and skill enhancement.

For the onsite supervisors, management capabilities are the most important skill set. This is the aim of the chief constructor system, and by clarifying the management capabilities required of onsite supervisors as a positive example, we attempt to achieve bottom-up improvements throughout the entire organization.

Active participation by women is expanding even in the technical occupation fields. At present, women have increased to account for 40% of new employees in technical occupations, but there are still only a few female onsite supervisors, thus it is our policy to raise this ratio to the same level throughout the organization. Female onsite supervisors are highly regarded for their ability to communicate with members of construction partner companies and their sensitive consideration for customers. Sales divisions, branches and sales offices are working in conjunction to support the growth of female employees to provide female onsite supervisors with a comfortable workplace and work that provides them with significant meaning and purpose.

Tetsuo Iku

Executive Vice President & Director





Developing overseas business

Main stakeholders:

Local developers,
overseas customers

Contributing to the preservation of the environment and safe, secure and comfortable global lifestyles by going beyond housing to create environmental technologies and sustainable housing environments

www.sekisuihouse-global.com

Backdrop

Developing Business in accordance with Local Needs Employing Advanced Environmental Technologies and Initiatives

The Paris Agreement went into effect in 2016 based on the recognition that abnormal weather is occurring throughout the world and global warming is a worldwide risk. There is a shared sense of risk that, if rising temperatures are not held in check, the business environment will worsen and corporate activities will falter. As construction plays a significant role in terms of greenhouse gas emissions throughout the world, Japanese energy-saving technologies and other environmental technologies that are highly compatible with the environment are considered to be of a high global standard.

Japan is a country plagued by earthquakes, thus we have also

made progress in the development of disaster-resistant housing technologies. Based on the concept of lifelong housing, the Sekisui House Group provides safe, secure and comfortable housing incorporating advanced environmental technologies and superior basic performance including earthquake resistance, insulation and the use of universal design. These technologies are necessary in all countries throughout the world. We are able to contribute to development in countries and regions throughout the world and protect the environment through the proposal and provision of business customizations bringing advanced technologies and initiatives developed in Japan to other countries.

Approach

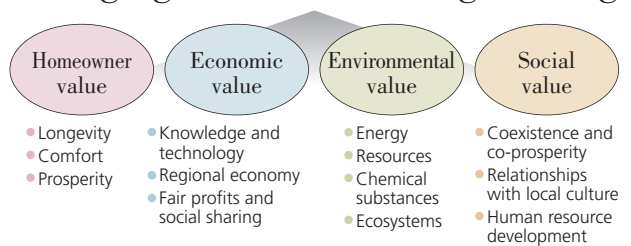
Our Goal

Contributing to Sustainable Development in Every Nation from the Perspective of the Four Values

To realize sustainable societies, we view housing value from a variety of perspectives, known as the four values: environmental, economic, social and homeowner, and make an effort to increase the value of each. Always considering customer lifestyles, we adopt a "customer first" corporate stance as we proceed with sustainable development that becomes an asset for the people living in each country and region.

When developing business overseas, we thoroughly research climate, natural features, culture and lifestyles in each country. With an understanding of demands pertaining to sustainable housing and the creation of ideal communities, we respect the unchanging universal value of housing while responding to the needs of changing times with advanced technologies. Going forward, we will propose high-quality, safe, secure and comfortable lifestyles throughout the world and contribute to sustainable development in all nations through the creation of our four values.

Changing the World Through Living



- Ascertain current conditions of local housing and housing environment, provide housing that realizes lifestyles with a high degree of safety, security and comfort
- Based on the customer first principle, build long-lasting relationships of trust through not only sales but also after-sales services
- Rather than simply making investments, aim to create a sustainable corporate entity by establish roots in local markets, earning trust and securing fair profits
- Contribute to markets and regional economies through the provision of housing that offers cutting-edge knowledge and technologies at a reasonable price range
- Solve local environmental problems, reduce global CO₂ emissions and preserve ecosystems

Action Policies

Global Development of Sekisui House Product Quality Based on Environmental Technologies Cultivated in Japan

We aim to provide housing that brings customers a high degree of satisfaction through comfort commensurate with the culture and lifestyle habits of individual countries as well as consideration for economic and environmental factors. In particular, we attempt to expand business opportunities from the perspective of creating communities that take into consideration *Gohon no ki* planning and ecosystems as well as environmental technologies that contribute to the effective use of CO₂ emissions and energy. We also build relationships of trust with local blue-chip partners and engage in business localization by developing talented local human resources who understand Sekisui House philosophy and concepts.

United States

In the United States, we develop two businesses: residences (communities) and urban rental apartments (multi-family housing) through collaborations with local blue-chip partners. We are promoting development incorporating Sekisui House concepts while meeting local needs. In 2017, we will also enter the home sales business as a new business area.



Spring Street in Los Angeles

Australia

In Australia, we are engaged in condominium and residential land development and detached housing construction adapted to the local environment and culture. We have sold over 3,000 units in the bay area around Sydney and are currently engaged in the large-scale mixed use urban development of approximately 8,000 units. All of these projects have achieved a high level of customer satisfaction, leading to sustainable growth.



Savannah at The Address in Sydney

China

We are developing low-rise housing and the condominium business under the "Yuqin" brand in the cities of Taicang, Suzhou and Wuxi on the outskirts of Shanghai and in the northeastern city of Shenyang. We aim to further increase brand penetration by enhancing differentiation factors including high-quality construction, environmental technologies and after-sales service systems developed in Japan.



Yuqin Residence in Wuxi

Singapore

We are promoting projects centered on condominium developments and mixed use development including retail mall in collaboration with leading local developers. We are also currently engaged in office development projects. We will propose new value to the area by sharing Sekisui House concepts with local partners.



Punggol Watertown retail mall

Impact of These Activities on Society

Leveraging strengths cultivated in Japan, we are able to contribute to local housing environment improvements and environmental conservation through the development of communities in light of country and regional conditions. We not only provide homeowners

with high added value housing environments, our Group business activities also create value for society and communities, which is regarded highly in each region leading to the enhancement of our Group brand value in Japan.

Risk Management

Risk 1 Diverse local needs different from Japan

Our response 1 We collaborate with local blue-chip partners and strive to ascertain needs in all regions. We share Sekisui House concepts and values with local partners and promote each development project based on shared principles and problem awareness.

Risk 2 Compliance with 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 formulate 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 of overseas subsidiaries

Our response 3 Leveraging the autonomy of overseas subsidiaries, to enhance control and collaborations with specialists in each country and 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.

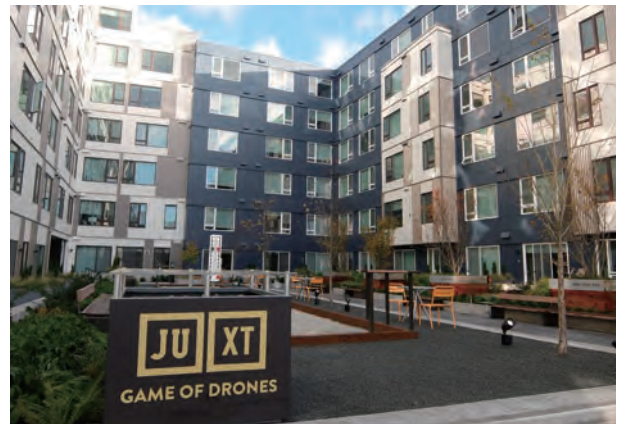
State of Progress

Activities Report

United States: The JUXT Project, Luxury Rental Housing Incorporating *Gohon no ki* Planning

The JUXT project in Seattle, which began occupancy in June 2016, is urban rental housing (seven stories, 361 units) built by Sekisui House and the Holland Partner Group.

We determined that there is a need for leafy, comfortable and relaxed luxury rental housing in Seattle and the surrounding area, where a large percentage of IT workers live. *Gohon no ki* planning is embodied as symbolic trees in the courtyard consisting of five containers of vine maple, which are indigenous to this area. We enhance occupant comfort with inventive ideas in a variety of places, including bicycle parking for tenants who commute by bicycle, an area for washing pets, snack vending machines, and a lounge designed like a quaint tavern.



JUXT in Seattle

Australia: The Hermitage Project, Proposing a Local Version of SHAWOOD

The Hermitage, a large-scale residential land sales project developed in suburban Sydney in 2014, preserves as many cultural heritage buildings and existing plants as possible, developing land for homes while maintaining the existing topography, and at the same time, expands proposals for Sekisui House SHAWOOD wooden-frame detached homes arranged for local conditions to create an Australian version of SHAWOOD.

Differing from the two-by-four and brick wall construction typical in Australia, SHAWOOD's distinctive raked ceilings and open-ceilinged spaces are gaining a reputation as evolved housing, causing sales to increase. In 2017, we aim to begin construction on 140 new units.



The Hermitage in suburban Sydney

VOICE

To ensure the delivery of Sekisui House's unique customer service

We put priority on improving customer satisfaction to ensure that a purchaser's journey is a memorable experience. We tirelessly practice on how we treat customers in a consistently pleasant manner and how we better showcase our point of difference in SHAWOOD products, striving to deliver the highest of standards in providing Sekisui House's customer service.

Craig Barnes and
Melanie Primrose
Sekisui House Australia



China: The Yuqin Project, Providing Sekisui House High Quality with Interior Decorated Condominiums

Based on the idea that housing with interior decorations are essential for high-quality housing, we propose the Yuqin brand as housing that comes equipped with high-quality interior decorations and storage installations.

The Yuqin Residence, built in Suzhou located on the west side of Shanghai offer refined interior decoration and user-friendly installations, as well as enhanced environmental quality including safe and secure interior materials that exceed local standards, PM2.5 countermeasures and landscaping based on *Gohon no ki* planning, which has led to robust sales.



Yuqin Residence in Suzhou

Singapore: The Hillsta Project, Proposing New Value Locally Using the Satoyama Concept

Hillsta, a residential development completed in 2016 through joint development with local developer, is the embodiment of Satoyama, Sekisui House fundamental concept for community development based on green and water symbiosis which was realized by a collaborative effort with the head office design team.

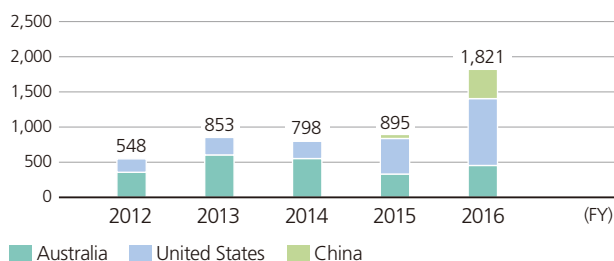
Abundant greenery has been incorporated into the site, even greenery on the building walls, the pool was made to look like terraced rice fields to maintain harmony with the sloped topography and the spa was created to evoke a Kyoto *kawayuka* (riverside deck for cool summer dining), among other distinctive landscape elements comprising a new value proposal.



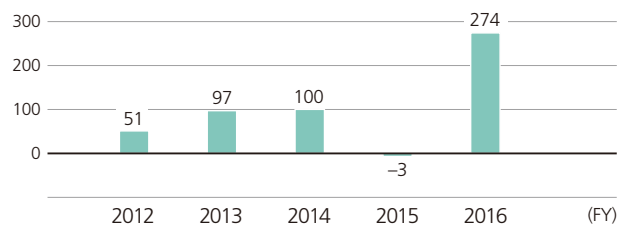
Hillsta in the Choa Chu Kang district

Key Performance Indicators (KPIs)

International Business Net Sales (hundreds of millions of yen)



International Business Ordinary Income (hundreds of millions of yen)



Evaluation

As a result of promoting the sustainable development of community assets in various countries and regions in line with local needs, U.S. residential land sales and Australia and China condominium sales are strong. In Singapore, contract rates are high across all properties, and in FY2016, business developed in all four of these countries was profitable.

Future Initiatives

Sekisui House will collaborate with local developers and other partners 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. We will make efforts to provide local residents with safe, secure and comfortable lifestyles and protect the environment as a company that creates living environments.