

ESG Information

Value Creation Foundation

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Governance

Corporate Governance

Sekisui House positions corporate governance as a critical issue for enhancing stakeholder trust.

Two external board members and three external Audit & Supervisory Board members are in place to ensure management transparency and provide a timely and appropriate monitoring function.

We also introduced an executive officer system to clarify management responsibilities and ensure the smooth execution of duties.

Basic Concept

Corporate governance is the aggregate of corporate governance frameworks that are necessary to increase corporate value sustainably and earn the trust of all stakeholders. In line with our corporate philosophy based on a "Love of Humanity" that embraces "Truth and Trust," "Superior Quality and Leading Technology" and "Comfortable Housing and Ecologically Sound Communities," the Sekisui House Group has put in place a system that enables expeditious management rooted in integrity.

For details, please refer to the Sekisui House Basic Policy on Corporate Governance.

(URL:http://www.sekisuihouse.co.jp/english/info/Governance_Guideline_E.pdf)

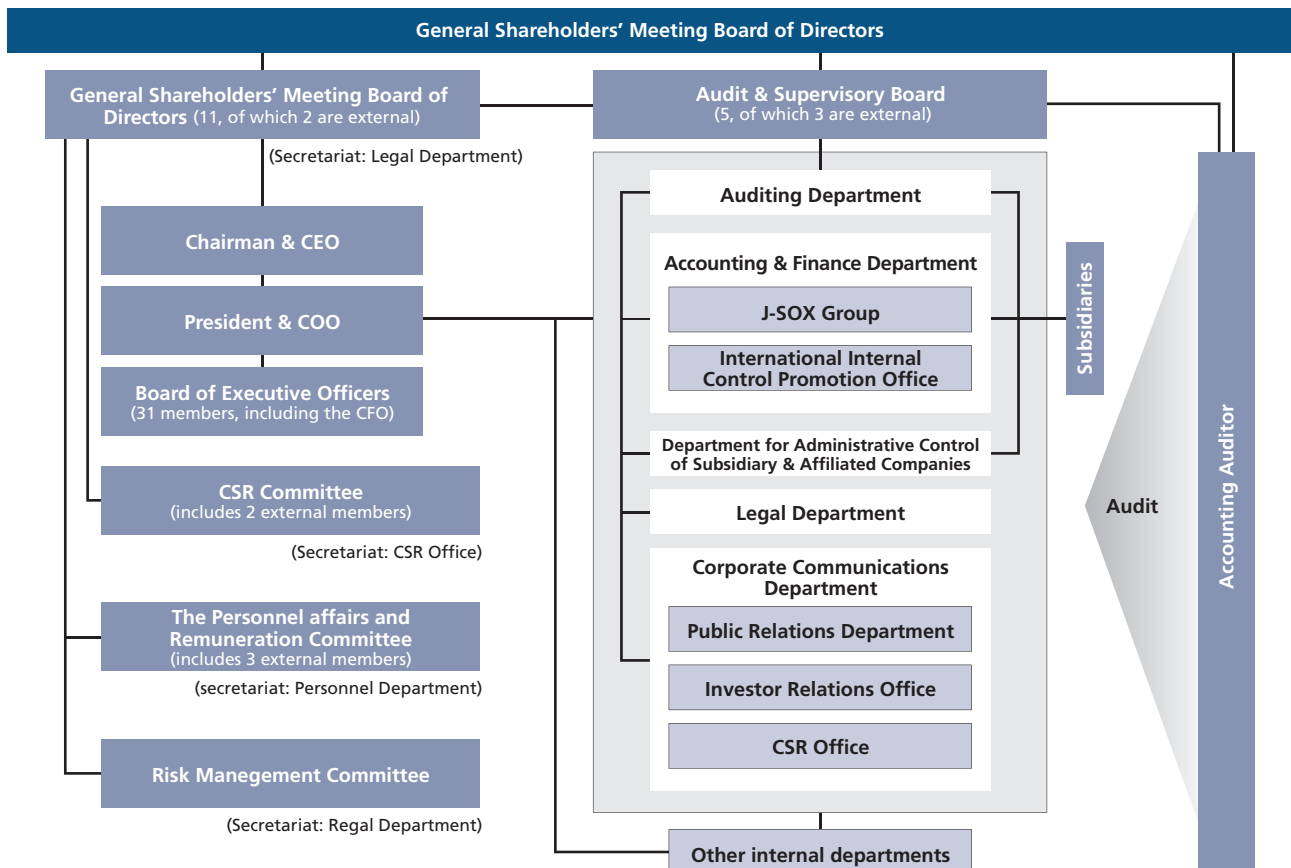
Appropriate Relationships with Stakeholders

The Group places strong emphasis on dialogues with shareholders, investors, customers, consumers, building contractor partners and other business partners, employees, local communities, society and other stakeholders and aims to treat them in good faith and grow together with them.

Corporate Governance System

Sekisui House is a company with Audit & Supervisory Board. We introduced an executive officer system with the aim of ensuring flexible business execution and clarifying operational responsibilities.

Corporate Governance Structure (As of April 1, 2017)



Governance

Board of Directors

In principle, the Board of Directors meet once per month. To improve corporate value over the medium- and long-term, the Board of Directors shall be responsible mainly for establishing management policies, strategies and plans and making decisions on the execution of important operations, as well as for supervising and evaluating the execution of duties by directors and executive officers and establishing systems, such as internal control and risk management, to ensure the soundness of management.

In terms of composition, the Board of Directors shall consist of a number of members appropriate for substantial deliberations and appoint two or more external directors. The Board of Directors shall comprise well-balanced members, such as those familiar with the Company's business and those who possess knowledge and specialization in financial accounting, statutory compliance and other areas.

In the fiscal year ended January 2017, the Board of Directors met 11 times with an attendance rate of 97.2% (including attendance by 81.8% of external directors and 100% of external Audit & Supervisory Board members).

Board of Director Composition (As of April 1, 2017)

Gender (Men:Women)	Of which are external officers	Age		
		Under 30	30-50	Over 50
11:0	2	0	0	11

Note: There are no members belonging to minority groups that require special mention.

Audit & Supervisory Board

The Audit & Supervisory Board formulates audit plans, regularly inspecting offices and conducting hearings regarding risks and other issues pertaining to the assigned duties of directors and executive officers based on those audit plans.

In addition, Audit & Supervisory Board members exchange opinions and work in close coordination with the internal audit department, hold regular meetings with accounting auditors and engages in mutual cooperation to ensure all audit activities are carried out efficiently and effectively.

Several employees are allocated to assist Audit & Supervisory Board operations. These employees must listen to the opinions of auditors and ensure the independence of their duties with regard to the handling of employee personnel issues without affecting the guidance or commands from the department to which they belong.

Audit & Supervisory Board Composition (As of April 1, 2017)

Gender (Men:Women)	Of which are external officers	Age		
		Under 30	30-50	Over 50
5:0	3	0	0	5

Note: There are no members belonging to minority groups that require special mention.

CSR Committee

We have established a CSR Committee comprising the Board of Directors and some executive officers, including members who are experts in various fields such as corporate managers

and academics.

The CSR Committee checks to ensure whether Sekisui House Group CSR activities are consistent with social norms and expectations, then determines activity policies. CSR Committee members are determined through deliberation by the Board of Directors.

Personnel Affairs and Remuneration Committee

As a consultative body to the Board of Directors, the Personnel Affairs and Remuneration Committee provides opinions on matters relating to the Directors and Executive Officers and their remuneration to ensure the fairness and transparency.

Half or more committee members are external directors or external Audit & Supervisory Board members.

Risk Management Committee

As a consultative body to the Board of Directors, the Risk Management Committee creates appropriate risk management systems and provides opinions to the Board of Directors on matters relating to the maintenance of risk management systems with the aim of ensuring effective operating conditions.

Training for Board of Director and Audit and Supervisory Board Members

Directors and Audit & Supervisory Board members are provided with opportunities to acquire necessary and useful knowledge to fulfill their respective roles and responsibilities on an appropriate and ongoing basis.

Selection of External Officers

To ensure objectivity and fairness in company management and corporate governance, Sekisui House appoints persons who satisfy the Criteria for Independence of Outside Officers as external directors and external Audit & Supervisory Board members who have no conflicts of interest with general shareholders.

Internal Control Systems

Based on the Companies Act and the Ordinance for Enforcement of the Companies Act, Sekisui House created and manages internal control systems, with internal control system basic policies deliberated by the Board of Directors.

The Auditing Department, a specialized internal audit department, conducts onsite audits to confirm whether internal controls and internal management are being conducted appropriately and properly based on laws and regulations and internal rules to ensure effective management, and when necessary suggest corrective actions. Results of these audits are reported to directors and Audit & Supervisory Board members as well as related departments. Moreover, the Auditing Department and accounting auditors cooperate in an effort to execute effective internal audits.

To ensure full compliance with the Japanese Financial

Instruments and Exchange Law, strict internal controls (J-SOX) have been implemented on a Group-wide basis, led by the J-SOX Group established within the Accounting & Finance Department. The International Internal Control Promotion Office, established within the Accounting & Finance Department, is in charge of building internal control systems at overseas subsidiaries.

Accounting Auditors

The accounting auditor evaluates whether the Audit & Supervisory Board possesses independence and expertise in accordance with the selection criteria for accounting auditors as well as internal rules, and determines items for election based on relevant assessments.

In the event accounting auditors discover fraud requiring an appropriate response, or in the event accounting auditors point out deficiencies or problems, an investigation will be conducted and a report will be made to the Board of Directors, who will then take corrective actions.

Governance Awareness Survey

Every year, a governance awareness survey is conducted targeting all Group employees. Regularly conducting surveys on corporate ethics awareness and workplace environments provides an opportunity to exchange opinions in organizational units and focus efforts on creating a more open work climate.

Remuneration and Incentives

Director Remuneration Determination Policies and Procedures

Remuneration for directors shall consist of basic remuneration, stock options and bonuses, which aim to boost director morale and motivation to raise the Company's stock price. The basic remuneration is a fixed amount determined in light of the Company's management situation, in addition to the importance of the role and scope of responsibility for each position.

Stock compensation-type stock options shall be determined in accordance with share prices at that time based on the amount calculated in line with internal rules within the scope resolutions by the General Meeting of Shareholders.

Bonuses shall be determined based on a general consideration of qualitative factors, such as strengthening of the management foundation, as well as quantitative factors, such as sales and income in each fiscal term.

Policies for determining remuneration and the total amount and individual amount of remuneration for directors shall be determined after deliberations are held by the Personnel Affairs and Remuneration Committee and by taking into account the opinions of the committee.

Remuneration Amount

For individuals with a total amount of consolidated remuneration of ¥100 million or more, the type of remuneration and the total amount of consolidated remuneration for each director and Audit & Supervisory Board member is disclosed in the Securities Report.

Capital Policies

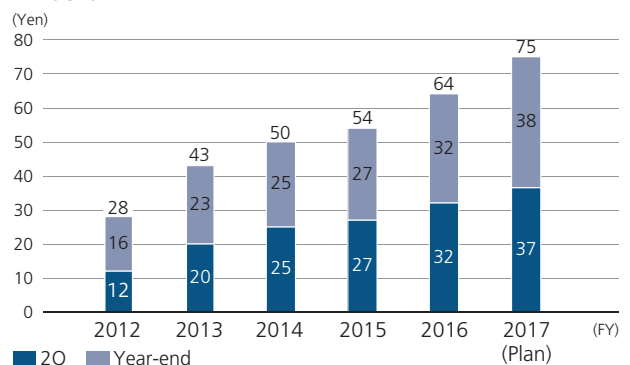
Aiming to Maximize Shareholder Value

Sekisui House regards the maximization of shareholder value as one of our most important management issues. Accordingly, we strive to enhance shareholder return by increasing earnings per share through sustainable business growth and by improving asset efficiency. So doing, we take into account the overall status of profits and cash flows in each fiscal year and future business development, among other factors, as well as making growth investments, implementing a shareholder return targeting a dividend payout ratio of 40% over the medium- and long-term, and acquiring and canceling shares in a timely manner.

We also aim for balanced capital policies focused on growth investment, shareholder return and investment ratings. In the final year of our Medium-Term Management Plan (FY2017), we will maintain a stable ROE in the 10% range.

In FY2016, we issued a midterm dividend of 32 yen and a year-end dividend of 32 yen for a yearly dividend of 64 yen. In FY2017, we plan to issue a midterm dividend of 37 yen and a year-end dividend of 38 yen for a yearly dividend of 75 yen.

Dividend



Constructive Dialogues with Shareholders and Investors

Appropriately Reflecting Shareholder and Investor Opinions in Management

Based on our recognition of the significance of engaging in dialogues with shareholders and investors and reflecting their opinions appropriately in management to achieve sustainable growth and enhance corporate value over the medium- to long-term, the Company shall ensure that its President and COO oversee the department in charge of investor relations.

The Company shall endeavor to engage in direct communication outside of one-on-one interviews by organizing management briefings and factory and other facility tours for institutional investors and individual investors separately. The Company shall hold regular meetings for executive officers (between the chairman and CEO, the president and COO and the vice president and CFO) to share opinions received from shareholders and investors during one-on-one interviews and other discussions for reference purposes when making management decisions.

Compliance and Risk Management

The Sekisui House Group positions compliance and risk management as important issues to be addressed at all times. In 2016, the Risk Management Committee was established as a consultative body to the Board of Directors in response to the formulation of the Corporate Governance Code. In 2017, we revised our CSR promotion system and established the Governance Committee under the aegis of the CSR Committee, both of which are engaged in compliance promotion and risk management.

We have also been engaged in the protection of human rights since 1980, building our foundation as a company trusted by society.

Promoting Compliance

Sekisui House attempts to promote thorough compliance, which it positions as an ongoing management concern that includes not only an adherence to laws and regulations, but also the promotion of CSR initiatives as important issues to be addressed at all times. Specifically, the Compliance Risk Management Group, established under the CSR Committee and headed by the vice president, comprises approximately 20 managers from relevant divisions, such as the Personnel Department and Legal Department, and meets to engage in discussions once every three months.

In FY2016, these discussions focused on (1) enhancing risk management, (2) increasing head office disaster-preparedness and (3) creating overseas risk management structures.

The Risk Management Committee, established in 2016 as a consultative body to the Board of Directors, and the Governance Committee, established in FY2017 under the aegis of the CSR Committee based on a new CSR promotion system, work together to improve issues pertaining to the promotion of compliance incorporated into the PDCA cycle.

Fair Business Practices

The Sekisui House Group formulated and enacted the Sekisui House Corporate Ethics Guidelines in October 2003 as common items related to corporate ethics that must be observed by the Company, its directors and employees to the promote corporate activities of each Group company. The section on "Relationships with customers, suppliers and competitors" in the third item specifies appropriate business practices, adherence to the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors and prohibition of entertaining and gifts to ensure business practices are thoroughly fair.

We also established a checklist item related to the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors as one of the internal control checklist items to confirm business practices are conducted fairly.

In FY2016, we conducted initiatives to deepen understanding with respect to regulations regarding subcontractor transactions defined in the Subcontracting Law, Construction Industry Law and other laws as subcontractor protection-related content within training on relevant laws and regulations provided to all employees.

In the fiscal year under review, there were no infractions pertaining to anti-monopoly laws.

Personal Information Protection Initiatives

Sekisui House Group worksites handle customers' personal information. We created a system corresponding to the Personal Information Protection Law, regularly implement e-learning and repeatedly conduct educational training for employees to ensure the proper handling of customer information. The e-learning activities include tests to confirm how well employees understand the proper protection of personal information. We also established the Customer Information Service Office, a dedicated department unifying responsibility for the protection of personal information led by the CS promotion manager department manager who is also an executive officer. This structure enables the entire Group, including Sekiwa Real Estate Group and Sekisui House Remodeling, to comply with the Personal Information Protection Law. On the other hand, in the event of the loss or theft of customers' personal information, customers are immediately informed of the situation to ensure understanding. At the same time, we make every attempt to recover this information.

Going forward, we will continue the implementation of personal information protection-related e-learning and repeated educational guidance on the handling of personal information, while making efforts to heighten knowledge and awareness regarding personal information protection. We will also strengthen personal information protection initiatives corresponding to each region overseas in line with the expansion of international business.

Moreover, in the event of an incident involving customer information, we will announce details about the incident and future prevention measures on our corporate website.

Promoting the Protection of Human Rights

Sekisui House has addressed a variety of human rights issues, including those pertaining to the workplace assimilation of women, foreigners and the disabled, to create a corporate culture with zero tolerance for the infringement of human rights.

In 2006, we transferred the Human Rights Promotion Office, established in 2003 within the Personnel Department and responsible for handling human rights issues, to the Legal Affairs Department and renamed it the Human Relations Office. This office, which trains employees to develop an awareness of human rights and handles harassment issues in the workplace, was reorganized with the goal of cultivating a workplace environment in which all employees can work

comfortably. The words “human relations” indicate our recognition that poor interpersonal relationships and communication in the workplace cause a variety of problems that impact everyone.

Since 2013, we have conducted management training for operating group leaders related to guidance for younger employees in particular. Initiatives that proved effective in terms of preventing sexual and power harassment were expanded in FY2016 to target employees assigned to overseas positions (in Australia) and other Group company leaders.

Internal Reporting System and Whistleblower Protection

The Sekisui House Group has an internal reporting system, known as the Sekisui House Group Compliance Support (SCS System), which is designed to ensure that an employee who has witnessed an unlawful act or any conduct that violates our corporate ethics policy can report it in confidence to the Compliance Office by phone, e-mail, or other channels. Our guidelines on internal reporting explicitly stipulate that the identity of whistleblowers and the detail of their reports shall be treated as classified information and that such information shall not be used against their interests. In October 2016, we appointed our corporate law office as an external point of contact. We also provide help lines that provide counseling on personnel-related issues and hotlines dedicated to consultation regarding sexual and power harassment.

Though it would be ideal to solve problems through discussions in the workplace, we also believe it is important to have an internal reporting system in place that employees can freely turn to for help. Efforts are made to familiarize employees with this system through leaflets and human relations training.

At the same time, in October 2016, we established the Sekisui House Group Supplier Company Corporate Ethics Helpline as system for handling consultation regarding concerns pertaining to legal and corporate ethics infractions and transaction-related issues connected to Sekisui House Group business activities from directors or employees of building contractor partners and supplier companies with whom the Group has an ongoing business relationship. Similar to the SCS System, the Legal Department Compliance Office is the internal point of contact and our corporate law office are the external point of contact.

Legal Compliance Status

Infractions and Penalties Related to the Environment

In the fiscal year under review, there were no major infractions of environmental laws or regulations. There were no accidental spills or other incidents impacting the environment surrounding our factories.

Infractions and penalties related to products and services

In the fiscal year under review, there were no legal or regulatory infractions or penalties paid related to the provision and use of our products and services. There were also no infractions of health and safety-related regulations or voluntary standards.

Infractions and penalties related to customer privacy

In the fiscal year under review, there were no substantiated petitions for redress related to customer privacy infringements or customer data loss.

Sekisui House Group Internal Reporting System

	Contactee	Method	Content of report
SCS (Sekisui House Group Compliance Support) System	Compliance Office, Legal Department (External) Sekisui House corporate law office	Phone E-mail Postal mail (registered mail receivable only by the addressee)	Witness account of an unlawful act or any conduct that violates our corporate ethics policy
Sekisui House Group Supplier Company Corporate Ethics Helpline	Compliance Office, Legal Department (External) Sekisui House corporate law office	Phone E-mail Written correspondence	When building contractor partners or supplier companies suspect illegal activities, are uncertain about or have concerns regarding the Sekisui House Group and its transactions and business activities
Sexual and power harassment hotline	Human Relations Office, Legal Department	Phone E-mail	Consultation pertaining to sexual/power harassment and other human rights issues, including concerns and problems related to interpersonal relationships. Consultation aimed at creating a comfortable workplace for disabled employees, etc.
Personnel related hotline	Personnel Department	Intranet	Labor management issues in general, such as work hours and working on scheduled days off

Note: We also provide an external (outside the Company) contact for counseling by a professional for Group employees and their families.

Risk Management System Enhancement

Sekisui House Group risk management is conducted by the head office and in all departments, with initiatives conducted according to work duties within technical department and administrative department manager meetings. Furthermore, under the aegis of the CSR Committee, the Compliance and Risk Management Meeting shares information regarding risks and promotes discussions.

In addition, we must comply with the Corporate Governance Code, which defines the creation of a risk management system and board of director supervision of the system's operation. To this end, we reorganized our Group risk management system (not limited to crisis management, but also including internal control and compliance).

We established the Risk Management Committee in September 2016 as an emergency body tasked with the analysis, investigation into the causes and future prevention of serious matters when they occur, and have maintained this initiative ever since. In October 2016, the Risk Management Committee was permanently established as a consultative body to the Board of Directors. With the vice president as chairman and senior managing officer as vice chairman, this committee collects and inspects information on the condition of risk management systems in each Sekisui House Group division, receiving reports when a risk incident occurs and verifying recurrence countermeasures in an effort to strengthen risk management. Also, based on the new CSR promotion system, we will consider independent countermeasures from the employee side by the governance committee under the aegis of the CSR Committee.

Business Continuity Planning (BCP) Maintenance

Sekisui House maintains business continuity planning (BCP) preparedness in the event of a major natural disaster or other catastrophe. We revised traditional guidelines emphasizing recovery and released and implemented a disaster manual in 2013 for the sales divisions and head office stipulating a focus on the continuation of business activities. In the increasingly likely event of a Nankai Trough Megathrust Earthquake in the near future, enormous damage is expected in Osaka, where our head office is located. In preparation for the likelihood of business continuity challenges at our head office, we formulated BCP, including the establishment of a disaster countermeasures office at our head office and a BCP operation manual. Going forward, we will continue to regularly conduct training and drills in an attempt to verify and revise manuals.

We are also focusing efforts on business continuity management (BCM) at supplier companies that provide numerous components and parts necessary for the manufacturing of houses. In FY2016, we conducted disaster response system drills, through which we are able to confirm the BCM status of supplier companies while attempting to enhance systems able to quickly gather information and formulate countermeasures.

Response in the Event of a Natural Disaster

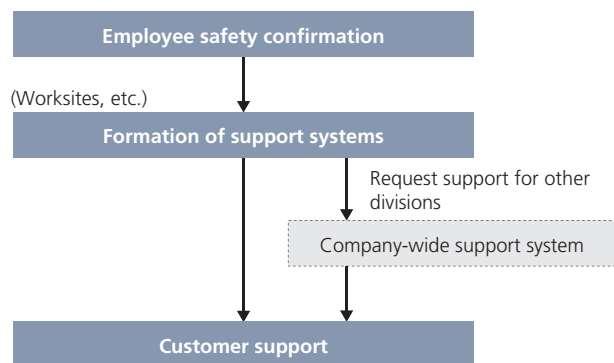
The Sekisui House Group recognizes that it is the mission of housing manufacturers to quickly restore the lives of customers affected by large-scale natural disasters and provide new housing including emergency temporary housing. In 2004, the Natural Disaster Countermeasures Action Program was formulated to stipulate Company-wide policies and measures.

In order to quickly and accurately respond to large-scale natural disasters, it is important to raise awareness of disaster prevention on a daily basis so that damage to employees themselves can be minimized when a disaster occurs. To this end, disaster drills are regularly conducted at each worksite, all employees are required at all times to carry a card indicating initial responses when disasters occur and we have decided upon how to respond when disasters occur and rules for reporting one's well-being. We conduct Company-wide activities, including safety confirmation drills held twice each year, disaster prevention and volunteer week and disaster prevention week.

In the event of an emergency, the first step toward recovery is to quickly ascertain the condition of employees and their families in the affected region. The speed of initial responses is linked to the formation of support systems for worksites and the rapid response to Company-wide needs, which in turn enables us to promptly provide support to customers.

Based on experiences and lessons learned from the Great East Japan Earthquake, when the Kumamoto and Tottori Chubu earthquakes struck in 2016, we were able to respond quickly, setting up initial systems and quickly establishing countermeasure offices onsite.

Customer Support in the Event of Widespread Natural Disaster



Initial response card used when natural disaster strikes (partial image)

CSR Management Promotion

The Sekisui House Group considers CSR to be an essential principle of management.

Guided by the four values and 13 guidelines for achieving our Sustainability Vision, we actively engage in CSR activities throughout our daily business operations—all to create shared value.

We have also appointed external members to our CSR Committee, which formulates CSR policies, as a way of incorporating outside perspectives.

Corporate Philosophy and CSR Policies

The corporate philosophy of the Sekisui House Group has a love of humanity at its core. By “love of humanity,” we simply mean that we wish for the wellbeing of others and rejoice in their happiness. This philosophy was established in 1989 with the unanimous approval of every one of our employees. We wish for the wellbeing of all of our stakeholders—namely, our customers, employees, and shareholders—and, under our corporate philosophy, we pursue a CSR policy that focuses on maximizing customer satisfaction (CS), employee satisfaction (ES), and shareholder satisfaction (SS).

CSR Management Based on 4 Values and 13 Guidelines

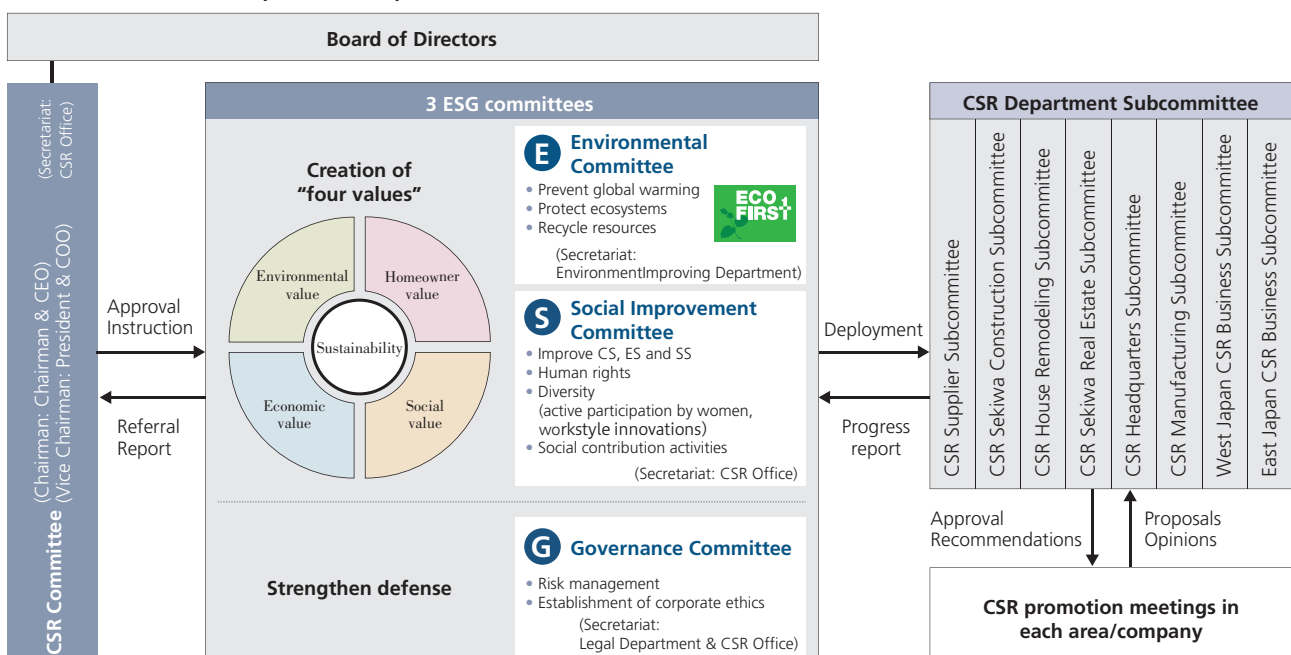
At the Sekisui House Group, we determine the direction of our CSR activities based on four values and 13 guidelines—the principles of action we introduced to achieve our Sustainability Vision. In order to implement the PDCA cycle without fail, we review our corporate activities each year by assessing the extent to which we have achieved our targets.

CSR Committee and Organizational Management

Incorporating the viewpoints of external stakeholders, the Sekisui House Group CSR Committee develops CSR policies and verifies whether current CSR activities are consistent with social norms and expectations, so that Group-wide CSR initiatives are relevant and effective. Led by our chairman and CEO, the CSR Committee—which includes outside experts in various fields—meets regularly. CSR Committee members are appointed by the Board of Directors.

Having revised our CSR promotion structure, we established three ESG committees under the aegis of the CSR Committee and strive to promote and thoroughly implement these activities. Priority is given to topics with high urgency and importance, and by clarifying what needs to be addressed, we promote Company-wide inculcation using subcommittees. CSR promotion representatives are assigned to each worksite to promote activities in conjunction with worksite managers.

CSR Promotion Structure (since FY2017)



Specifying Material Aspects

The Sekisui House Group is committed to pursuing CSR activities through its core business while meeting the expectations of stakeholders and society to create value and achieve sustainable development. We believe actions based on a perpetual awareness of what is important to stakeholders and society will lead to value creation.

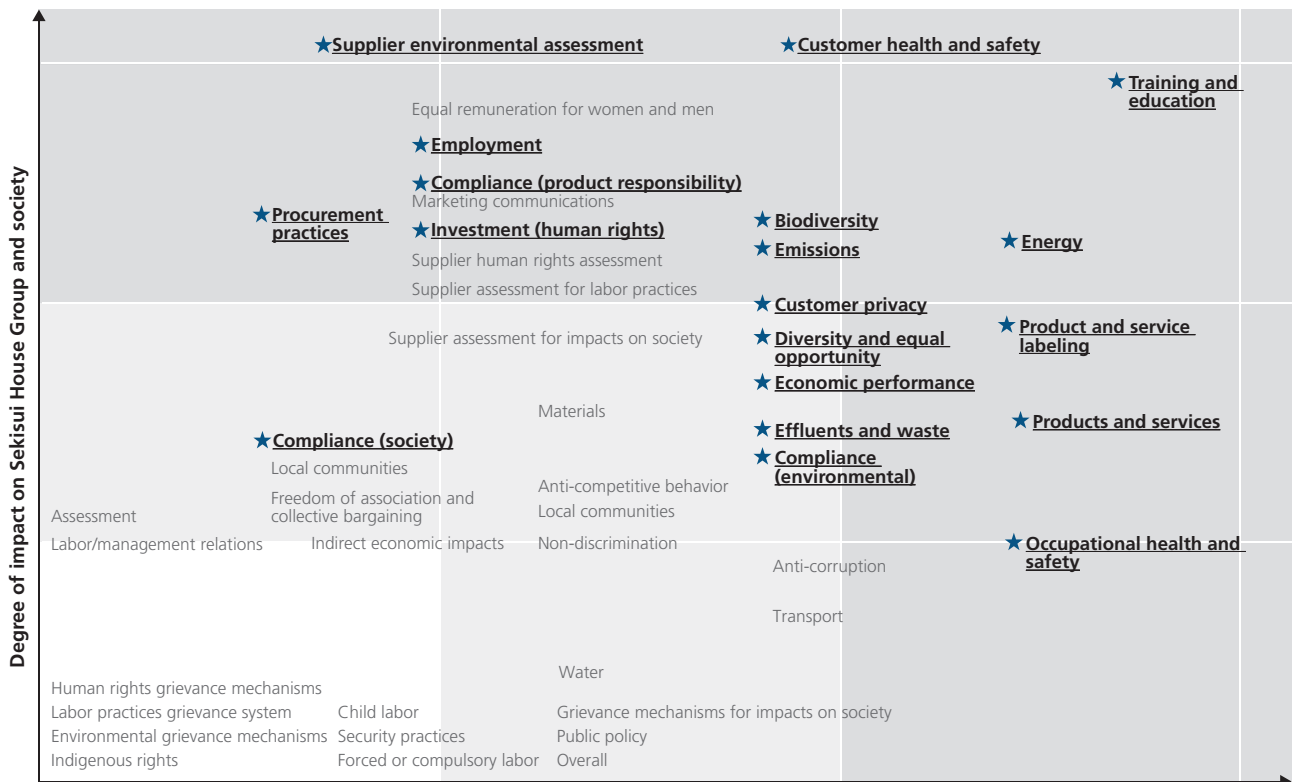
Specifying Material Aspects with Consideration for Stakeholders and Impacts on Society

In 2015, we narrowed down the 46 Specific Standard Disclosures of the GRI Guidelines (G4) to 30 material aspects. In 2016, to reflect societal changes and needs, we prioritized these aspects based on a reanalysis of their “impacts on stakeholder evaluations and decision-making” and “the extent

of the company’s economic, environmental and social impact.” Consequently, we specified 19 material aspects (see below). In 2017, we will continue initiatives as critical aspects related to CSV strategy. Please see page 19 for information on the relationship between the CSV strategy and material aspects.

Material Aspects (Key Issues) from the Perspective of Stakeholders and Societal Impacts

★Indicates one of the specified 19 aspects



Boundaries of the 19 Material Aspects

Economic performance	Sekisui House Group, Customers, Employees, Shareholders and investors, Supplier companies	Occupational health and safety	Sekisui House Group, Employees, Supplier companies
Procurement practices	Sekisui House Group, Employees, Shareholders and investors, Supplier companies, Regional communities	Training and education	Sekisui House Group, Employees, Supplier companies
Energy	Sekisui House Group, Employees, Shareholders and investors, Supplier companies	Diversity and equal opportunity	Sekisui House Group, Employees, Regional communities
Biodiversity	Sekisui House Group, Customers, Employees, Supplier companies, Regional communities	Investments (human rights)	Sekisui House Group, Employees, Shareholders and investors, Supplier companies, Regional communities
Atmospheric emissions	Sekisui House Group, Customers, Employees, Shareholders and investors, Supplier companies, Regional communities	Compliance (society)	Sekisui House Group, Customers, Employees, Shareholders and investors, Consumers, Supplier companies, Regional communities
Effluents and waste	Sekisui House Group, Employees, Supplier companies, Regional communities	Customer health and safety	Sekisui House Group, Customers, Consumers, Regional communities
Products and services	Sekisui House Group, Customers, Employees, Shareholders and investors, Consumers, Supplier companies, Regional communities	Product and service labeling	Sekisui House Group, Customers, Consumers, Supplier companies
Compliance (environment)	Sekisui House Group, Customers, Employees, Shareholders and investors, Consumers, Supplier companies, Regional communities	Customer privacy	Sekisui House Group, Customers, Employees, Consumers, Supplier companies
Supplier environmental assessment	Sekisui House Group, Shareholders and investors, Supplier companies	Compliance (product responsibility)	Sekisui House Group, Customers, Employees, Shareholders and investors, Consumers, Supplier companies, Regional communities
Employment	Sekisui House Group, Employees, Regional communities		

Stakeholder Engagement

Sekisui House Group main stakeholders include customers, consumers, business partners, employees, shareholders, investors and communities. We address issues and expectations through dialogues with all these stakeholders. To this end, we actively engage in daily communications using a variety of methods.

Main Stakeholders and Overview of Actions

Main Stakeholders and Overview of Actions	Actions	Examples of proposed themes	Response for such themes	Refer to
Customers We promote communications with customers under our "customer first" policy, in order to ensure that their valuable assets (i.e., their homes) have prolonged lifespans and are long-cherished. We also seek to serve customers with sincerity and integrity, so that we may enhance customer satisfaction.	<ul style="list-style-type: none"> Customer surveys Regular information magazines: Kizuna (semiannual), Maisowner (semiannual), and gm (three issues per year) Net Owners Club Kizuna website 	<ul style="list-style-type: none"> Lengthen lifespan of houses and increase homeowner value Enhance after-sales support Proposing and constructing exteriors that are easy to maintain and use 	<ul style="list-style-type: none"> Creating and operating a townscape assessment system Strengthening Group-wide collaborations to help the exterior business grow CSV strategy (4) Lengthen lifespan of houses with enhanced after-sales support 	Pages 37–42 WEB
Consumers We proactively disclose information to build relationships of trust with the aim of creating societies and lifestyles with a rich sense of humanity.	We offer venues for dialogue with consumers through the following: <ul style="list-style-type: none"> Comprehensive Housing R&D Institute Sumufumulab Sumai no yume koju Sekisui House Eco First Park Housing seminars Life Literacy Book 	<ul style="list-style-type: none"> Disclosing housing manufacturing processes and sites 	<ul style="list-style-type: none"> Recruiting Sumufumulab research members and holding workshops Opening research facilities to the public Conduct workshops and events for parents and children at the Sekisui House Eco First Park 	Page 64 WEB
Business partners We strive to conduct transactions on a fair and equal basis, and we foster amicable partnerships that promote mutual growth and deliver customer satisfaction.	<ul style="list-style-type: none"> Organizing network of Sekisui House Association and Sekisui House Partners' Association Annual policy briefings Supplier evaluations 	<ul style="list-style-type: none"> Improving construction site environments (e.g., labor-saving measures and measures to deal with an aging workforce) Improving delivery date accuracy (materials and parts delivery) 	<ul style="list-style-type: none"> Improving indications of parts and promote combined, pre-cut and pre-set parts Sharing process charts online with manufacturers and carrying out thorough information entry CSV strategy (3) Maintain and improve technological development, production and construction quality 	Pages 33–36 Pages 68–69 WEB
Employees We respect the diverse individuality of employees to ensure that they can fully demonstrate their competence and achieve creative growth through meaningful work. To this end, we develop workplace environments and programs that nurture employees at work and ensure fair treatment, thereby enhancing employee satisfaction.	<ul style="list-style-type: none"> Internal open recruitment Internal qualifications Human relations training (annual) Governance awareness survey (annual) Occupational health and safety management system Sekisui House Group internal magazine (bimonthly) 	<ul style="list-style-type: none"> Contributing to women's career development Supporting a work-life balance Promoting employment of the disabled 	<ul style="list-style-type: none"> CSV strategy (5) Promote diversity and human resource development 	Pages 43–48 Page 68 WEB
Shareholders and investors We ensure fair and transparent corporate management to maintain our value in society, with a view to further enhancing our corporate value by achieving healthy growth and returning fair profits to our shareholders.	<ul style="list-style-type: none"> General shareholders' meeting Business Report (semiannual) and Annual Report (annual) Online IR newsletter Shareholder preferential gift programs 	<ul style="list-style-type: none"> Disclosing management strategies and plans in an easy-to-understand manner 	<ul style="list-style-type: none"> Holding management briefings Factory and other facility tours Conducting one-on-one interviews 	Page 56 WEB
Communities We make an effort to cooperate and participate toward social returns, leveraging our strengths as a housing company to nurture rich local cultures and realize abundant and humane lifestyles for all people while protecting the environment.	<ul style="list-style-type: none"> Sekisui House Matching Program Supporting independence of people with disabilities Cooperating with Kids Design Association NPO Cooperating with Uzo Nishiyama Memorial Library NPO Kobe Machizukuri Rokko Island Fund charitable trust 	<ul style="list-style-type: none"> Safe lifestyles that provide peace of mind Community development that prevents crime and damage from disasters 	<ul style="list-style-type: none"> Helping build communities through neighborhood bonds Creating recovery support systems when natural disasters strike Disaster Risk Reduction Factory of the Future plan Newly hired employee participation in activities supporting reconstruction in areas affected by earthquakes 	Pages 70–74 WEB
All stakeholders	<ul style="list-style-type: none"> Ensure full compliance, eco-friendly practices and accountability 			Pages 57–59 Pages 65–66 WEB

Comments from External Members of the CSR Committee

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

During these meetings, two external members are asked to share their opinions, which provide the basis for discussion among Committee members. The following are comments given by the external members in light of discussions held during FY2016.

A Model for the World Faced with Aging Societies Everywhere

Sekisui House sees its mission as “changing society through housing” and promotes a variety of initiatives while anticipating future developments. In addition to sharing a vision of what society should be throughout the Company, Sekisui House’s strength is in establishing specific numerical targets precisely correlated to major trends and recent activities.

From smart houses to smart cities and the proposal of new lifestyles, Sekisui House considers a wide range of social issues able to be resolved through housing. From this lofty perspective, the Company aims not only to develop itself, but also to continuously develop the housing industry, creating growth in Japan and a vibrant society. Among these activities, efforts aiming to foster societies where people find meaning in life and work, where senior citizens with a wealth of experiences enjoy lifelong activity and extended healthy life expectancies through advances in housing environments will surely lead to the resolution of issues facing Japan in terms of falling birthrates and an aging population. In this way, Sekisui House will become a model for a world faced with aging societies everywhere.

As the world’s top housing manufacturer, I want Sekisui House to focus more intently than ever on grasping customer needs and engaging in global developments.



Haruo Tsuji
Former President
Sharp Corporation

CSR Committee Recommendations

- I want Sekisui House to realize more advanced and sophisticated housing functionality using IoT, A.I. and other technologies. As other companies are apprehensive about scenarios in which these technologies can be utilized, I see this as a long-awaited opportunity for Sekisui House given its track record in environmental management. I want Sekisui House to seriously discuss how to change society through housing and determine which initiatives to focus on.
- I want younger employees to reformulate strategies and scenarios to determine how to communicate the Sekisui House Group appeal and strengths for the purpose of differentiation. Asking young people to provide ideas is linked to improved motivation. I recommend the widespread use of a phrase such as “when you think of the environment, think of Sekisui House” to inspire ideas.

The Big Impact of Small Services

The home Sekisui House built for me is now almost 30 years old. After 30 years, cracks are beginning to show and my needs are changing. Recently, the toilet was replaced and the washroom sink was repaired. The toilet was replaced for health reasons, not aesthetics. Initially, I visited home fixture manufacturer showrooms and narrowed down my options, eventually deciding on a proposal from Sekisui House. I thought going through Sekisui House would be expensive, but I was surprised at how unexpectedly affordable it was. When you think about it, the affordability is obvious.

The average consumer has no bargaining power when it comes to home fixture manufacturers, but Sekisui House is able to negotiate lower prices with home fixture manufacturers. They have expertise in inexpensive fixtures and can also arrange efficient installation work. While we were waiting, the interior designer noticed some loose wallpaper and unexpectedly provided repair service free of charge.

Sekisui House needs to let customers know that they also are able offer these kinds of detailed services. Services that support the ability to continue living in a cherished home will be held in high regard by customers and are also environmentally friendly. I expect Sekisui House to make every effort in this regard.



Dr. Tadao Kagono
Special Visiting Professor,
Konan University

CSR Committee Recommendations

- If customer expectations are not exceeded, consumers will not acknowledge value. When expectations for value are high in the first place, as they are for Sekisui House, the hurdles for obtaining a solid reputation are high, thus it is necessary to decide themes every year to increase awareness by “betraying” customer expectations in a positive way.
- Sekisui House must be proficient in terms of compliance. It is important to eliminate negatives, but no matter how many negatives are eliminated, this alone will not make a positive. If mechanisms are not in place that focus on positive developments, this will result in a passive organization afraid to take on new challenges.

Eco-First Initiatives



The Eco-First system for companies was devised by the Japanese Ministry of the Environment requiring a commitment to initiatives related to global warming countermeasures, waste, recycling and other voluntary environmental protections.

In 2008, Sekisui House announced the Eco-First Promise and was certified by the Ministry of the Environment as an industry-leading environmental company.

Updating the Eco-First Promise, Expanding Initiatives

Sekisui House was certified as an Eco-First Company by the Japanese Ministry of the Environment (MOE) in June 2008, since which time we have steadily promoted environmental initiatives. In March 2012 and December 2016, we updated

and expanded our Eco-First Promise initiatives to reflect changes in the social environment and the progress of our ongoing efforts to maintain our wide-ranging focus on global warming prevention, ecosystem preservation and resource recycling.

Expanded Initiatives

① Increase ratio of Net Zero Energy homes to 80% or higher by 2020



Expanding sales of Green First Zero homes

② Promote Gohon no ki planning, planting a total of 15 million trees by 2020



Promoting Gohon no ki planning

③ Increase production plant material recycling rate to 90% or higher



Separating plastics at a Resource Management Center

Eco-First Promotion Council Initiatives

The Eco-First Promotion Council is a voluntary group of companies that promote the practical implementation of Eco-First Promises individually declared to the Minister of the Environment. Member companies collaborate to further expand and strengthen advanced and unique environmental protection activities. As of February 1, 2017, the council was comprised of 39 member companies.

Since April 2014, Sekisui House Chairman Isami Wada has led environmentally advanced companies as the third chair of the Eco-First Promotion Council.



Regular meeting of the council in FY2016 attended by MOE Minister Marukawa

Main Activities in FY2016

Eco Slogan Contest

We held the Eco Slogan Contest for the seventh time in 2016 with the support of the Ministry of the Environment to provide elementary school students across Japan with an opportunity to think about what they can do to maintain the Earth's beauty in the future as well as to contribute to raising people's environmental awareness throughout the country.

A total of 953 works were submitted. After a review by an impartial panel of judges, awards were given to outstanding works, including a Minister of the Environment Prize for the best one and a Sekisui House Prize.

"Don't ruin our blue planet with black and gray" Winner of the Sekisui House Prize in the Eco Slogan Contest Yuuka Miyoshi, Shizuoka Prefecture



Information Exchange Event Held at Eco-First Park

The Sekisui House Eco-First Park facility, located at the Kanto Factory (Koga, Ibaraki Prefecture), is open to the public and contains proving test houses that symbolize our environmental activities, enabling visitors to experience environmental initiatives embodying the Eco-First Promises.

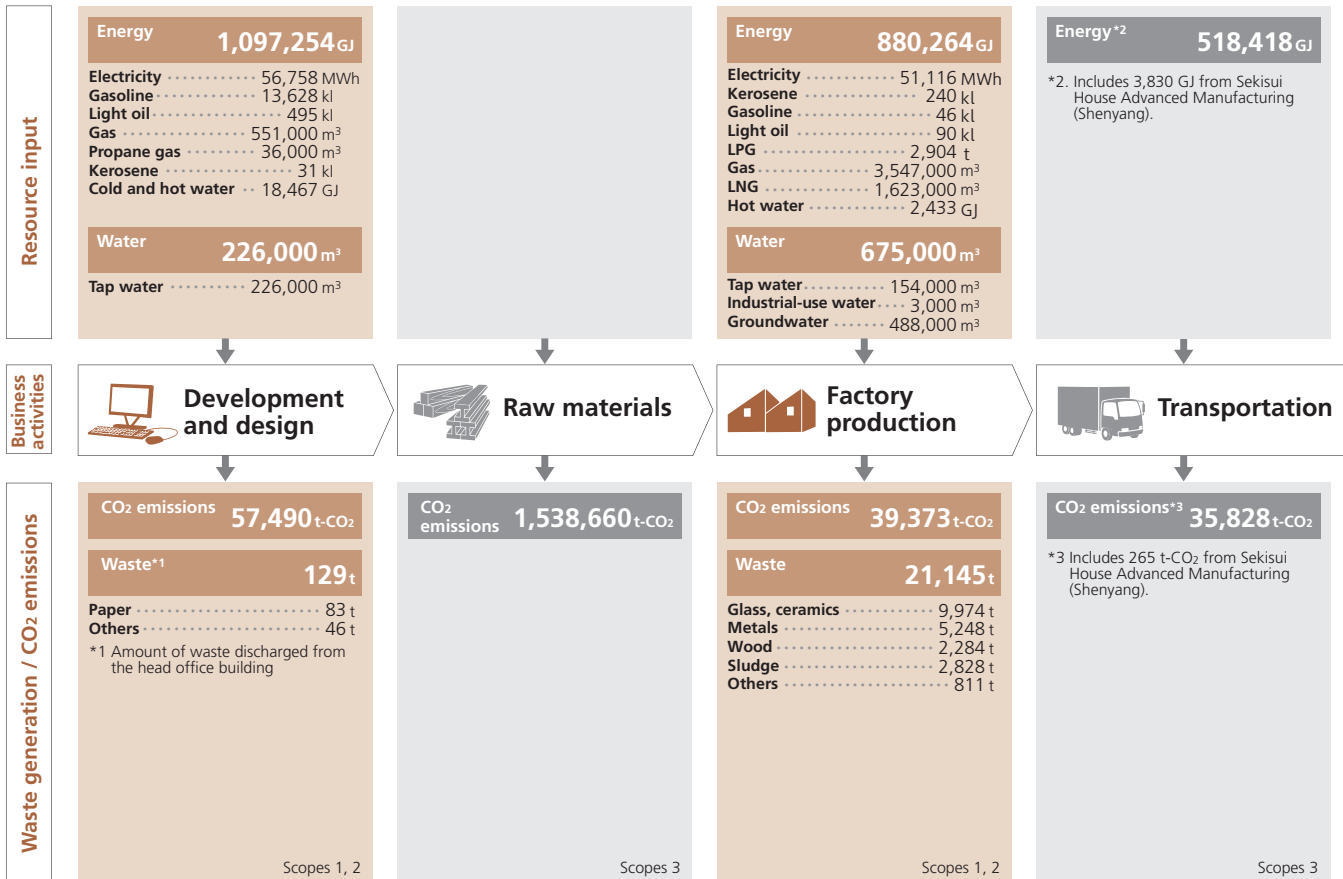
An information exchange meeting was held at this facility in March 2016, where representatives of Eco-First Companies participated in a tour. In July, an Eco-First Company corner was also opened inside this facility.



Material Balance

The Sekisui House Group monitors and reports environmental impacts at each stage of the lifecycle of our housing products—including development and design, raw material procurement, factory production, transportation, construction, and occupancy in Japan and overseas.

FY2016 Environmental Impact Caused by Corporate Activities in

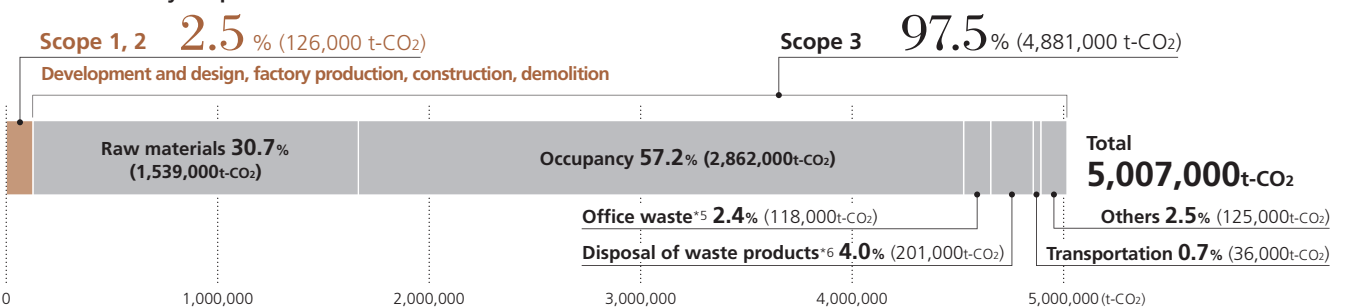


FY2016 Amount of CO₂ Emissions by Scopes 1–3

We calculate and disclose our Scope (1–3) CO₂ emissions in line with the methodology of the Greenhouse Gas Protocol*⁴. Scope 1 and 2 CO₂ emissions from construction and demolition include emissions from construction and demolition undertaken by partner building contractors that are not members of the Sekisui House Group. These emissions should have been counted as Scope 3 emissions, but owing to the difficulty of distinguishing between the work undertaken by Group companies and non-Group companies, we include them in Scope 1 and 2 emissions for the sake of simplicity.

- Scope 1** : CO₂ emissions resulting from the use of fuels by the Sekisui House Group (80,000 t-CO₂)
- Scope 2** : CO₂ emissions resulting from the use of electricity and heat purchased by the Sekisui House Group (46,000 t-CO₂)
- Scope 3** : CO₂ emissions resulting from the use of energy for mining and producing raw materials, transporting building components, disposal of waste by non-Sekisui House Group companies or customers, and from the use of energy during occupancy (4.881 million t-CO₂)

CO₂ emissions by Scope 1–3



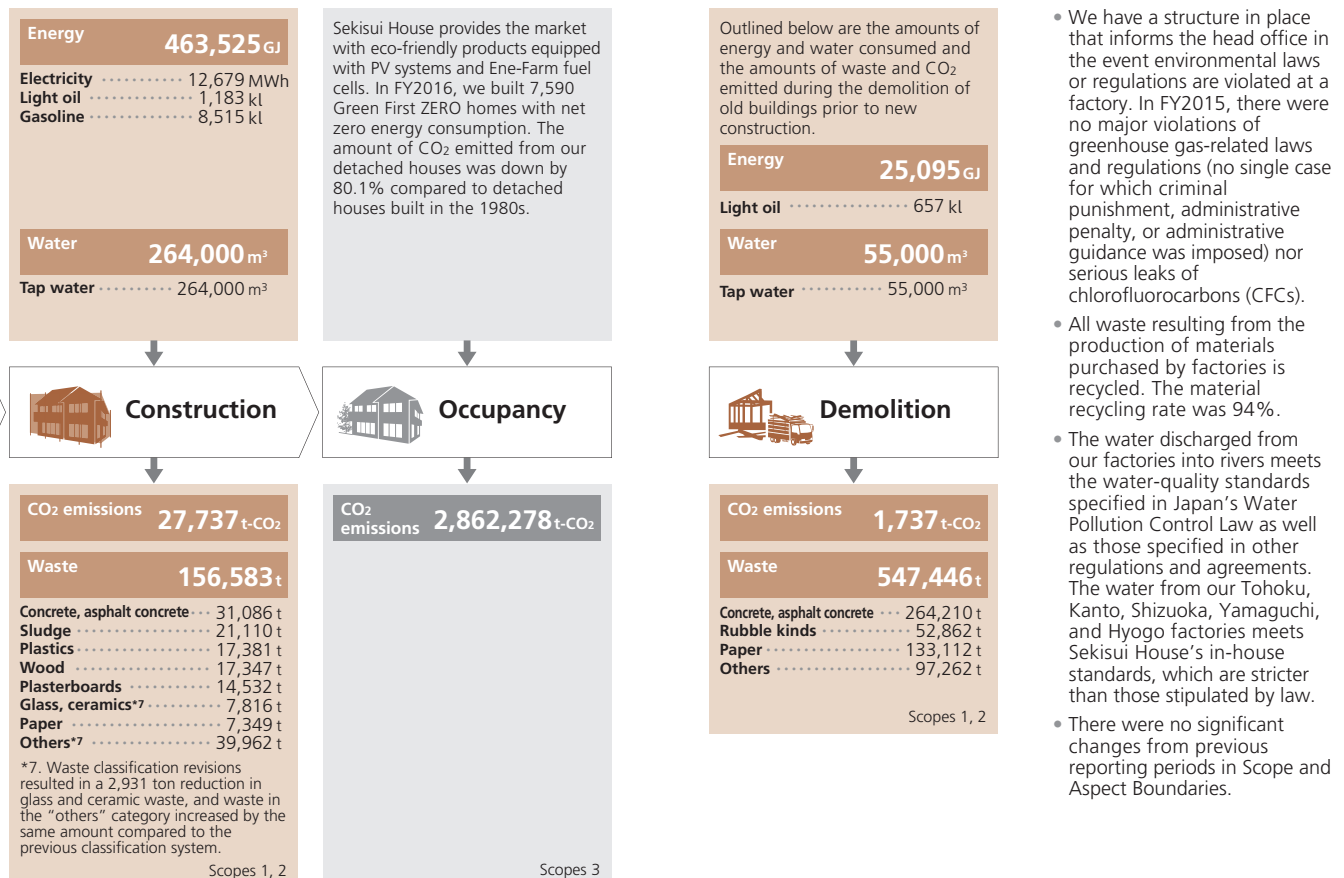
*4. GREENHOUSE GAS PROTOCOL "Corporate Value Chain (Scope 3) Accounting and Reporting Standard" <http://www.ghgprotocol.org/standards/scope-3-standard>

*5. Waste generated through business activities

*6. Treating products sold by Sekisui House after being discarded

Scope of coverage: The subjects of this survey are Sekisui House, Ltd., its major consolidated subsidiaries in Japan (45 companies), and major consolidated subsidiaries overseas (11 companies). Scope 3 CO₂ emissions include those attributable to parties other than the Sekisui House Group companies.

Period covered: The applicable period is FY2016 (from February 2016 to January 2017). Estimated figures were used where final data was not available at the time of calculation.



Notes on the data



Development and design (including the data of sales and administration divisions and model homes)

- Energy and CO₂:** the amount of energy consumption and CO₂ emissions by offices and model homes
- Waste:** the volume of waste generated by the Sekisui House, Ltd. head office (including offices of consolidated subsidiaries in the same building)



Raw materials

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



Factory production

- Energy and CO₂:** The amount of energy consumed and CO₂ emitted by the five Sekisui House factories in Japan and Sekisui House Advanced Manufacturing (Shenyang)
- Waste:** The volume of waste generated by the five Sekisui House factories in Japan



Transportation

- Energy and CO₂:** the amount of energy consumption and CO₂ emissions by specified consigners and Sekisui House Advanced Manufacturing (Shenyang). (The calculation was made according to the guidelines provided in the Act on the Rational Use of Energy and according to version 4.2 of the manual issued by the Ministry of the Environment and the Ministry of Economy, Trade, and Industry.)



Construction

- Energy and CO₂:** the estimated amount of energy consumption and CO₂ emissions resulting from new construction by 19 Sekiwa Construction companies and building contractor partners
- Waste:** the volume of waste generated from new construction, after-sales maintenance, and remodeling sites of Sekisui House, Ltd., 19 Sekiwa Construction companies, and three Sekisui House Remodeling companies.



Occupancy

- CO₂:** The estimated amount of CO₂ emissions during occupancy at detached houses built in FY2016 from building components shipped from factories (The estimate is calculated assuming an occupancy period of 60 years for detached housing and 45 years for low-rise rental apartments.)



Demolition

- Energy and CO₂:** the estimated amount of energy consumption and CO₂ emissions resulting from the use of heavy machinery for demolition, by 19 Sekiwa Construction companies and building contractor partners
- Waste:** the volume of waste generated from demolition of housing and commercial buildings by Sekisui House, Ltd., 19 Sekiwa Construction companies, and three Sekisui House Remodeling companies.
- For estimates of domestic electricity usage, we used a CO₂ emissions intensity (0.357 kg-CO₂) published in the objectives management survey of the Eco Action 21 voluntary action plan produced by the Japan Prefabricated Construction Suppliers and Manufacturers Association.

Product Responsibilities

The Sekisui House Group is engaged in creating comfortable housing and ecologically sound communities with the objective of superior quality and leading technologies based on our corporate philosophy espousing a love of humanity.

Every day we aim to realize true customer satisfaction (CS) to satisfy all customers throughout their lives with a devotion to management that has had a solid customer first focus since our founding.

Promoting CS Management Targeting Superior Quality and Leading Technologies

We make daily efforts to earn customer confidence and achieve customer satisfaction by aiming to provide the highest level of products and services throughout the housing creation process, from sales, design, and production, to construction and after-sales services.

We believe the provision of comfortable and livable housing that provides safety and security preventing household accidents in line with changes in the physical abilities of each family member to be the obvious product responsibility every housing manufacturer.

In addition to the basic approach of the Sekisui House Group Smart Universal Design, we propose ingenious designs that place importance on the comfort derived from candid mind and body sensations, such as the feeling of a casual touch, everyday user-friendliness and an unexpected awareness of the beauty of design.

We pursue housing creation that facilitates an endless love for one's lifestyle that is comfortable for everyone, engaging in the development of housing materials and design methods from three perspectives: safety and security, user-friendliness and comfort.

We also established the CS Promotion Department to thoroughly inculcate these activities throughout the Company. We provide customers with consultation and advice to raise the level of customer satisfaction, operate the Net Owners Club Kizuna to support customer lifestyles and also provide support through nationwide customer service centers responsible for after-sales services.

In addition, we established a call center within the CS Promotion Department to receive calls from customers during non-business hours when the customer service centers are closed, creating a system able to provide same-day response and arrangements in the event of an emergency request.



Safety handle
(10th Kids Design Award recipient)



Full-flat sash, full-flat balcony
(5th Kids Design Award recipient)

Further Improving Quality and Expanding Services

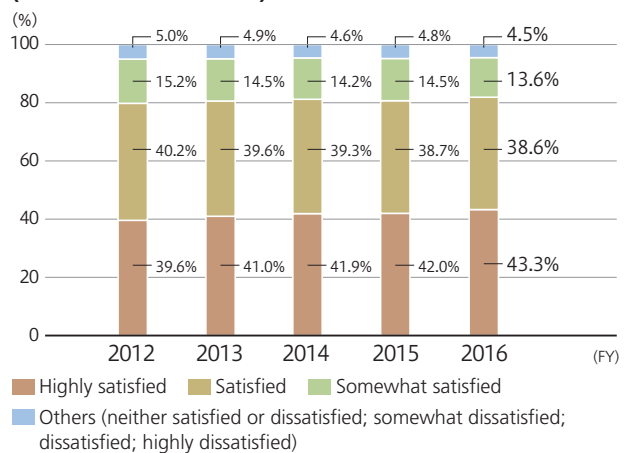
We conduct a customer survey on the housing products and services we provide.

This survey confirms whether customers are satisfied with the quality of their home and the service provided by our representative. In the event of dissatisfaction or problems we quickly respond to eliminate or improve issues and strive to improve quality and expand services going forward. The survey also allows customers to freely add comments regarding their preferences, demands and feedback after actually living in their home. We attempt to incorporate various customer opinions and perspectives into our homebuilding efforts.

After collecting and analyzing survey results, the analysis results are provided to each relevant department as feedback used to improve daily business activities and product and service safety and health, as well as develop new materials and products and improve design and construction.

The FY2016 survey received an all-time high ratio of "highly satisfied" comments, which we attribute to the fruition of efforts toward improvements in light of customer survey results up to now. At the same time, with regard to customers who indicated they were dissatisfied, we are working to eliminate factors preventing employees from fulfilling their responsibilities.

Results of Past Customer Surveys on Satisfaction (7-Point Scale Evaluation)



Occupational Health and Safety Management

The Sekisui House Group places the utmost priority on employee and subcontractor health and safety in everyday business activities. In the event a worker-related accident occurs in the administrative, production or construction departments, details are provided to the Health and Safety Committee and incorporated into the PDCA cycle related to workplace health and safety.

Accidents resulting in lost worktime and occupational illness frequency rates

In FY2016, although the frequency rate of accidents resulting in lost worktime and occupational illness in each department increased compared to FY2015, there were some decreases. We thoroughly analyze causal factors to improve safety and health awareness, prevent unsafe behaviors and control long working hours linked to accidents and illness.

Accidents Resulting in Lost Worktime and Occupational Illness Frequency Rates (Total of one or more days off)

Department		Frequency of accidents resulting in lost worktime		Occupational illness frequency rate	
		FY2015	FY2016	FY2015	FY2016
Administrative department (employees*1)		0.33	0.16	0.03	0.00
Production department	Employees*1	0.00	0.40	0.00	0.00
	Subcontractor	0.32	1.22	0.00	0.00
Construction department (subcontractors only)*2		3.00	2.57	0.17	0.34

1. Sekisui House on a non-consolidated basis

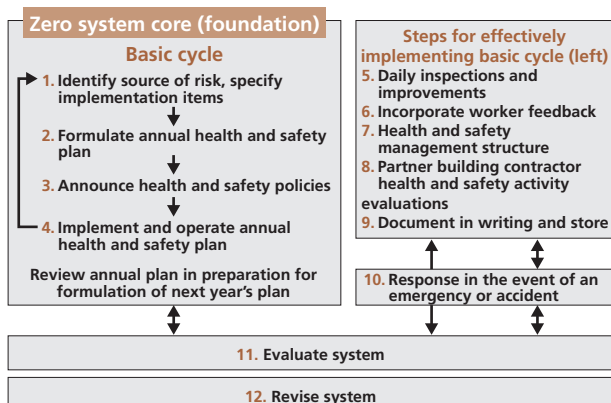
2. In FY2016, the artificial figure per construction floor area used to estimate the total working hours for construction sites (contractors only) was changed to the latest figures. Using the latest figures, the frequency rate of accidents resulting in lost worktime on construction sites (contractors only) was 2.42 and occupational illness frequency rates were 0.14.

Proprietary Sekisui House Risk Zero System Operation

We established a specialized unit, the Construction Department Safety Guidance Office, in an effort to prevent the occurrence of occupational accidents, particularly with respect to risky work at construction sites.

The proprietary Sekisui House risk zero system was created with consideration for the special characteristics of construction sites outlined in the "Occupational Health and Safety Management System" promoted by the Ministry of

Sekisui House Risk Zero System Overview



Health, Labour and Welfare. Health and safety management activities are developed based on the annual construction health and safety plans created annually for the entire Company and at each office to enable Sekisui House Group and partner company employees to work in health and safety.

Occupational Health and Safety Activities at Construction Sites

Ensuring the occupational health and safety of everyone engaged in construction work is the Sekisui House Group's social responsibility and one of the items toward which we must make a concerted effort. To enable construction personnel to work with safety and peace of mind, in FY2016 we announced the Annual Company-wide Construction Health and Safety Plan calling for the eradication of falling-related and heavy equipment accidents. In terms of falling-related accidents, as a result of a Company-wide focus on the proper assembly of scaffolding, the number of external scaffolding accidents declined. However, accidents involving stepladders increased slightly. We conducted special training for scaffold assembly and other topics both in-house and through lectures at outside organizations.

In FY2016, worker-related accidents were at a 10-year high due to a substantial increase in construction activities. Minor injuries accounted for 60% of overall accidents, with human errors such as a failure to follow procedures or use "bothersome" safety equipment as the primary factor. We recognize the necessity of immediately correcting unsafe behaviors with unilateral instructions as well as appropriately responding to encourage voluntary actions by workers.

To prevent ongoing work-related accidents occurring over the past several years, in FY2017 we will focus efforts on avoiding serious accidents and slowing down the rise of accidents through the Annual Company-wide Construction Health and Safety Plan under the slogan "Constant vigilance! Everyone work safely by following main protocols!"

In addition, accident prevention measures and health and safety education training was conducted for everyone involved in construction. In FY2016, we conducted foreman and safety and health manager training as well as education and special training for scaffold assembly that included legal content based on Sekisui House Group trends and implementation measures.



Worker safety slogan poster

Supply Chain Management

The extensive housing industry, which uses a large amount and wide variety of materials, has a significant impact on the supply chain.

In particular, as seen in the UN Sustainable Development Goals (SDG), the extent to which companies are able to maximize the impact of environmental and social issue resolutions, including the supply chain, ranks as a more positive strategy for the long-term enhancement of corporate value going beyond “responsibility.” At the same time, it is an important pillar in terms of efforts to coexist with and nurture the supply chain.

Two aspects of supply chain management

Materials procurement

Tens of thousands of components and products from numerous manufacturers are used to build each house. In principle, the Sekisui House Group head office engages in bulk purchasing and management to ensure management consistency and economies of scale

Note: This page focuses on explaining this aspect.

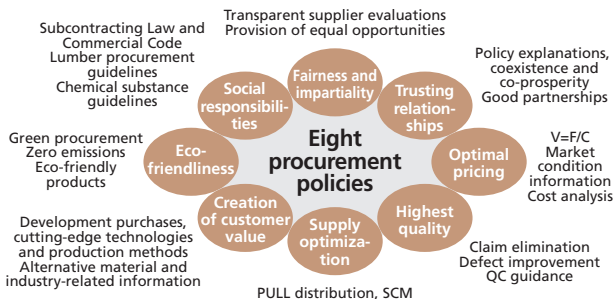
Construction

Rather than adopting an agency system, Sekisui House creates Direct sales and project accountability systems. As multiple professionals are involved in each of the construction processes, we collaborate in each region to improve construction quality through integrated management.

Note: For details, see CSV Strategy3

Procurement Policies

To pursue procurement activities based on the Sekisui House corporate philosophy and corporate behavioral guidelines, since 2007 we have observed and promoted eight procurement policies focused on the highest quality, optimal pricing and supply optimization.



Also, in terms of details pertaining to determining the sustainability of lumber procurement and chemical substance management, we have established independent guidelines for suppliers whose progress we manage.

Supplier Evaluation Implementation and Improvement

Every year, we hold policy briefings attended by approximately 150 business partner companies to ensure consistency between suppliers’ company policies and Sekisui House procurement policies to deepen mutual understanding. The latest management plans, procurement policies and product strategies are explained, information is shared to guide the activities of supplier companies, companies are honored for their superior efforts and case studies are announced among other activities aimed at mutual encouragement.

Sekisui House conducts supplier evaluations based on procurement policies to maintain fair and impartial business practices. We disclosed the results of these evaluations so suppliers can incorporate them into their improvement

activities. At the same time, we conduct ongoing factory visits and QC diagnostics at major suppliers, as we believe high-level practical implementation of procurement policy is possible only after a stable management structure has been established.

Promoting CSR Procurement

Based on the CSV concept of resolving social issues through business activities and enhancing corporate value, Sekisui House promotes CSR procurement throughout the entire supply chain to achieve sustainable growth as company that is truly needed by society.

This is because housing is a product created using numerous materials provided by multiple suppliers, thus CSR considerations are not a concern of Sekisui House alone. The problems of one company can affect all business partners and perhaps even lead to a decline in corporate value, so this is a mechanism for sharing more directly with suppliers.

CSR Procurement Standards

(Formulated in October 2015 in Addition to Procurement Policies)

Social Responsibilities	
Human rights and labor	Respect for human rights, abolition of discrimination, prohibition of child labor, prohibition of forced labor, wages or working hours, dialogue and consultation with employees, safe and healthy work environments, human resource development
Compliance	Compliance with laws and regulations, compliance with the Competition Law, prevention of corruption, management and protection of confidential information, import and export transaction management, protection of intellectual property
Social contribution	Regional and community contributions
Eco-Friendliness	
Environment	Environmental management, greenhouse gas emission reduction, chemical substance management, prevention of air/water/soil environmental pollution, resource conservation, waste reduction and promotion of FairWood utilization
Supply Optimization	
Risk management	Risk management mechanisms, formulation of business continuity planning

Resolving Social Issues through Business

Major Initiatives

Promoting a Build and Lease Method for the Disabled Group Home Business

Taking advantage of the United Nations International Year of Disabled Persons in 1981, Japan's policies with regard to the disabled was transformed to enable disabled persons to live with community residents. As a result, there is a demand for group homes as a place for people who require care to live. However, there are hardly any cases where corporations that become management entities build group homes independently because there are few subsidies from public funds or foundations and borrowing is difficult.

Furthermore, many disabled and their parents are growing older, thus the development of group homes as a place where the disabled can live their daily lives independently is an urgent matter.

Given these conditions, Sekisui House proposes a build and lease method (owner and company) to land owners who want to effectively utilize their properties. The owners build group homes to be managed by corporations that will conduct block leasing.

In 1981, Sekisui House built Japan's first model home for the disabled. In 1989, we defined the "lifelong-housing" concept that takes into consideration individual differences in age and physical abilities. Since then, we have pursued housing environments that provide everyone with "comfortable living—now and always."

From 2010 to 2016, the number of "Challenged Welfare House" group homes built by Sekisui House rose to 122 properties. Going forward, we will continue to provide comfortable housing to realize the ideal of normalization enabling people with disabilities to live in all communities.



Group home in Osaka

Building Satellite Nursery Schools to Eliminate the Problem of Children Waiting for Nursery Schools

In recent years, the problem of children waiting for nursery schools has been on the rise. To address this problem, Sekisui House built the Koto Bay Satellite Smart Nursery School main Tennis Forest campus. Infants are split between the two locations, with 2 to 5 year olds card for at the main Tennis Forest Campus, about 10 minutes away by bus.

The main nursery school in the Ariake district where children are nurtured in a carefree environment has a playground facing a waterway that connects to Tokyo Bay, an

area located in the middle of the Tokyo Bay zone where the 2020 Olympics and Paralympics will take place. To make this a world-class nursery school, Sekisui House leveraged its unique environmental and energy technologies as well as design capabilities enabling safe, secure and comfortable lifestyles to enable the children to live an eco-friendly daily life. In the event of a disaster, we made this a "smart" nursery school equipped with mechanisms to support the lifestyle of those affected as a disaster prevention base able to be supplied with power from ships.

We also leveraged our design build merits and factory production to build a high-quality facility in a short amount of time—just three months for the design process and five months for construction.

Going forward, when local municipalities are faced with the problem of children waiting for nursery schools, we can provide expertise cultivated through the operation of smart nursery schools to contribute to the resolution of issues such as these throughout Japan.



Koto Bay Satellite Smart Nursery School

Building Various Facilities in Response to Rising Inbound Tourism Demand

The government of Japan has announced a goal of attracting 40 million foreign tourists in the year 2020. At the same time, it is estimated that there is a shortage of guest rooms that accept tourists, amounting to approximately 44,000 rooms in 2020. In light of these conditions, we agreed to develop and launch a luxury serviced apartment business in the Akasaka district of Tokyo through an alliance with Frasers Centrepoint Ltd., of Singapore. We propose luxury serviced apartments assuming long-term visits for the purposes of business and sightseeing in response the growing need for high quality hotels based on rising inbound tourism demand and in preparation for the Tokyo Olympics.

We are also launching Shukubo (Temple Lodging), which aims to contribute to alleviating the growing dearth of guest rooms and respond to both material and abstract consumer needs. We are engaged in Shukubo creation through a collaboration with Waqoo Project, Co., Ltd., which provides consulting on Shukubo, from management operations to tourism utilization. Though the Shukubo experience of temple lodging, we will convey the beauty of Japanese culture to foreign tourists and the rest of Japan while contributing to regional revitalization.

Post-Disaster Restoration and Reconstruction

Restoration and reconstruction after natural disasters is the social responsibility of the Sekisui House Group, which develops businesses related to homes that protect the lives, property and lifestyles of the people who live in them.

We are engaged in ongoing activities aimed at quick restoration when a disaster occurs as well as post-disaster reconstruction.

Post-Earthquake Reconstruction

Immediately after the Great East Japan Earthquake, the Sekisui House Group embarked on customer support activities in stricken areas while also assisting in restoration and reconstruction work and the construction of temporary houses and public housing for those displaced by the disaster. March 2017 marks the passage of six years since the Great East Japan Earthquake and the conclusion of the five-year intensive recovery period stipulated by the Japanese government. The period from now until March 2021 has been designated as a reconstruction and creation phase. However, there are still a great number of victims forced to live in evacuation shelters.

In terms of reconstruction, we are working urgently to quickly develop disaster-ready public rental housing units for people who have difficulty securing residences after leaving temporary housing. The Sekisui House Group is making every effort to proceed quickly and unflinchingly.

A New Phase of Company-Wide Promotion for Rapid Reconstruction Providing a New Life to Disaster Victims

Reconstruction planning and progress differ according to administrations, requiring lifestyle and housing proposals that reflect conditions in each region. Through local construction efforts and support from all over Japan, up to now we have completed construction on and handed over 533 disaster-ready public housing units in 191 buildings across three prefectures within the contracted construction period, earning high regard from the government for our construction capabilities.

We were recognized for our high-quality and quickly built lightweight steel frame construction incorporating original Sekisui House construction methods for disaster-ready public housing units where traditionally existing wooden and reinforced concrete construction had been commonplace. Recently, large-scale projects have been on the rise due to our heavy steel-framed β system detached housing, offering a high degree of freedom and short construction periods.

Going forward, we will continue to leverage our technological, proposal and construction capabilities to engage in the provision of disaster-ready public housing that is safe, secure, comfortable and brings happiness to occupants.

Over the past six years, reconstruction conditions are changing in each area. In Miyagi and Iwate prefectures, the preparation of disaster-ready public housing is in its final stage. We will continue steadily forward so that people affected by the disaster are able to move in as soon as possible.

In Fukushima Prefecture, the creation of a reconstruction

site (compact town) is accelerating ahead of the return to the nuclear power plant evacuation area. In several areas, Sekisui House is leveraging its accumulated expertise in community creation to engage in the planning to create this reconstruction site. At the same time, we are launching smart town initiatives, proactively making proposals leveraging the results of Japan's first smart grid in Higashi-Matsushima, Miyagi Prefecture. We are working with the aim of creating an even better reconstruction site for people continuing to return home to Fukushima Prefecture.

Status of Disaster-Ready Public Housing Provision

	Projects bid on		Projects completed	
FY2012	4 buildings	26 units	—	
FY2013	84 buildings	285 units	4 buildings	26 units
FY2014	124 buildings	211 units	16 buildings	53 units
FY2015	126 buildings	184 units	116 buildings	382 units
FY2016	46 buildings	301 units	55 buildings	72 units
Total	384 buildings	1,007 units	191 buildings	533 units

Disaster-ready public housing



Disaster-ready public housing in the Kujo district of Kesenuma, Miyagi Prefecture (completed in November 2016)



Disaster-ready public housing in the Tateyama district of Kesenuma, Miyagi Prefecture (completed in May 2016)

All New Career-Track Employees Take Part in Disaster-Stricken Area Reconstruction Support Activities

Starting in 2012, all new career-track employees at Sekisui House took turns going to disaster-stricken areas to assist in reconstruction work. In addition to providing stricken areas with needed assistance, the goal of this reconstruction effort is to deepen employees' understanding of the significance of the housing business and have employees think and act from other people's perspectives.

In the stricken areas, employees worked with NPOs to hear what assistance locals needed, then got worked in groups after deciding how they could help. In 2016, as in 2015, we focused efforts on cleaning up temporary housing and community halls, while attempting to communicate with occupants.

New FY2017 employees who began work in April are also taking turns participating in these activities (In 2017, we are also engaged in reconstruction support activities in areas affected by the Kumamoto earthquake).

Disaster-Stricken Area Reconstruction Support Activity Participants

FY2012	347
FY2013	566
FY2014	460
FY2015	390
FY2016	323
Total number of participants in past five years	2,086



A moment of silence in front of "Good Luck Ishinomaki"



Enjoying tea with residents at the temporary housing community hall

Restoration and Reconstruction after the Kumamoto Earthquake

In April 2016, after a large earthquake (foreshock) registering magnitude 6.5, an even larger earthquake registering magnitude 7.3 struck the Kumamoto region. For the first time in the history of seismic observation in Japan, a series of seismic activities with an intensity of seven were repeatedly observed in a major earthquake unlike any seismic event that has occurred up to now. In addition to numerous deaths and injuries, a considerable number of houses were partially or totally destroyed or partially damaged, resulting in serious damage spread across a wide area.

Of the 10,246 Sekisui Homes in Kumamoto Prefecture, there were no personal injuries, nor were any of the houses partially or totally destroyed. We are engaged in restoration and reconstruction so that customers can return to their peaceful lives as soon as possible.

Having learned from initial responses after the Great East Japan Earthquake, immediately after the foreshock, we set up a coordinated response headquarters at the Kyushu sales office followed by the establishment of a local response headquarters in Kumamoto. First, we confirmed the well-being of employees and their families in the affected area. We were able to confirm the status of damage for approximately 10,000 customers, which was completed in early June. The quick distribution of goods stockpiled at factories and the head office and rapid establishment of a construction and technical support system was successfully achieved through the sharing of disaster details and other information via iPads running an original app.

Having moved from the recovery phase to the reconstruction phase, at present the entire Group is engaged in large-scale construction to rebuild foundations and structures as well reconstruct homes.



Final confirmation before visiting customer homes



Repair work

Rapid Initial Response after the Central Tottori Prefecture Earthquake

In October 2016, a magnitude 6.6 earthquake struck central Tottori Prefecture having a maximum seismic intensity of six or less. Roof tiles were damaged and walls collapsed in one house after another mainly in central Tottori Prefecture. Two houses were totally destroyed, three houses were partially destroyed and partial damage was confirmed at 10,033 houses. None of the 796 Sekisui Houses built in the area with seismic intensity of six or less were totally or partially destroyed. As a result of the Group response immediately after the earthquake, we were able to complete our confirmation of owner well-being and damage status in just three days.

Even in other natural disasters, we quickly organize support systems and promptly provide customer support as necessary.

Social Action Programs

With a “love of humanity” at the core of our corporate philosophy and an emphasis on housing culture improvement, the sound growth of the next generation, and environmental concern as part of our core corporate activities, we continue to work closely with communities by encouraging our employees to take part in volunteer and charitable pursuits, partnering with NPOs and NGOs in support of their activities and assisting educational institutions on selected educational initiatives.

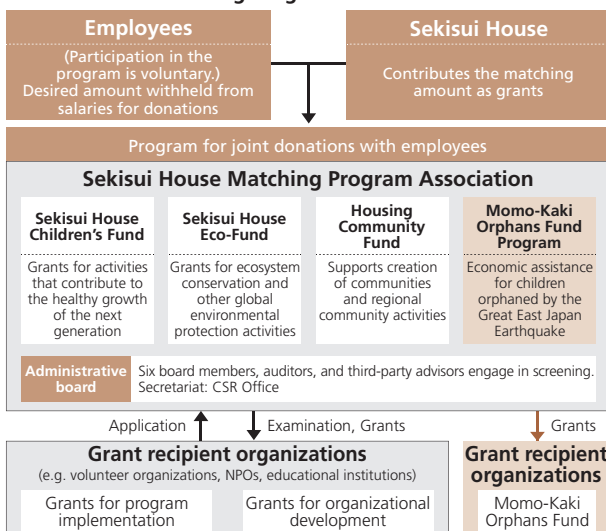
Employee and Company Joint Donation System “Sekisui House Matching Program”

Since FY2006, we have been implementing the Sekisui House Matching Program, under which we match employee donations (approximately 3,600 participants) to NPOs and other organizations engaged in activities that contribute to the creation of a sustainable society. This system enables employees to have an amount of their choice (1 unit = 100 yen) withheld from their salaries for donations, and Sekisui House matches the donations and contributes an equal amount in the form of grants. Grant money is disbursed from two funds: the Sekisui House Children’s Fund and the Sekisui House Eco-Fund. We also established the Momo-Kaki Orphans Fund Program to support the Momo-Kaki Orphans Fund, which is chaired by architect Tadao Ando. This fund provides financial assistance to children orphaned by the 2011 Great East Japan Earthquake. In 2015, to commemorate the tenth year of this system, we established the Housing Community Fund.

In FY2016, ¥13.50 million from our Children’s Fund was donated to 13 organizations (project grants to 11 organizations and infrastructure grants to two organizations), ¥8.64 million from our Eco-Fund was donated to 11 organizations (project grants to eight organizations and infrastructure grants to three organizations) and ¥1.7 million from our Housing Community Fund was donated to two organizations (project grants to two organizations) bringing the cumulative total of our donations to ¥23.84 million provided to 26 organizations. In addition, In FY2016, the Momo-Kaki Orphans Fund Program donated ¥13.6 million (a cumulative total of ¥69.0 million). Up to now, we have donated a total of over ¥200 million to 200 organizations.



Sekisui House Matching Program



Children’s Fund Aid Organization Comment

Michikusa Room Activities to Create a Place for Children in Rikuzentakata City

Specified Non-Profit Corporation Pact (Fumi Hagiwara, Director of the Child Support Project)

In Rikuzentakata, Iwate Prefecture, five and a half years since the Great East Japan Earthquake, even now there are a limited number of places where children can relax and play. To address this situation, we conduct “Michikusa Room” activities in four locations across the city (Hirota-cho, Kesen-cho, Yahagi-cho and Otomo-cho) to create a place for the children of Rikuzentakata. We are working every day with the hope that by creating as many happy memories as possible in the place where they were born, the children of Rikuzentakata will deepen their attachment to the local community and become actively involved in the town’s reconstruction in the future.



Children form a circle while playing a game together

Eco-Fund Aid Organization Comment

Satoyama Cycle Restoration Activities in the Hachioji Takiyama Satoyama Conservation Area

Specified Non-Profit Corporation Shizen Kankyo Academy (Ryo Nomura, Executive Director)

With assistance from the Sekisui House Matching Program, we promote Satoyama conservation activities in the Hachioji Takiyama Conservation Area. This area is no longer cared for and invasive species are taking over, so we are trying to restore rice paddies to where they once existed and bring back the rural landscape and paddy field ecosystem. Sekisui House Group employees participate in many of our activities. Little by little, wildlife such as fireflies, dragonflies and frogs are increasing. I hope as many people as possible can directly experience the beautiful Satoyama landscape and vigorous wildlife.



Planting rice in restored rice paddies

Housing Community Fund Grant Organization Comment

Ise Kawasaki Historical Machiya Renovation Model Project 2016 Incorporated NPO, Ise Kawasaki Machizukurishu (Toru Takahashi, Executive Director)

We are engaged in this model project in collaboration with students from the Architecture Department at the local Ise Technical High School and students from Kogakkan University to renovate historical machiya (traditional Japanese houses) in the Ise Kawasaki area. In addition to renovation tours, machiya surveys, renovation lectures, vacant house cleaning and lunch meetings, students conduct detailed renovation proposal workshops. Through this project young people learn about the town, engage in town-related issues and propose usage ideas that are linked to promoting revitalization and cultivating successors for future community creation activities.



While cleaning a vacant house, a hearth is discovered under the floor

Holding an Industry-Academia Collaborative Design Competition

Since FY2005, Sekisui House has been participating in the Real Size Thinking Competition for Ecological Living Design for students of architecture and design. The main objectives of the competition are to raise environmental awareness in designing living spaces, explore futuristic living spaces, strengthen industry-academia collaboration, promote exchanges among students, and foster young designers. In FY2016, we received 150 submissions from 28 universities across Japan.



Grand Prize
"Fluffy Scape"
Kobe University Graduate School
Aki Hashimoto
Kohei Morishita



Excellence Award
"Tokyo In (Di) visible"
Tokyo University Graduate School
Hadin Charbel
Deborah Lopez

Supporting the "Bento Day" Project

On Bento Day, children make their own bento (box lunch) and are encouraged to do everything involved in bento preparation—from menu planning and shopping for ingredients, to cooking and cleaning up the kitchen—without any parental involvement. Advocated by former school principal Kazuo Takeshita, the Bento Day project currently welcomes the participation of more than 1,700 elementary and junior high schools across Japan. Sekisui House participates as a supporting company to help spread awareness about this project.

Environmental Education Programs at Nationwide Schools and Event Venues

The Sekisui House Group conducts three experiential environmental education programs teaching the importance of saving energy in everyday life, preserving ecosystems and effective resource utilization at events and through visits to schools throughout Japan under the themes of reducing CO₂ emissions, restoring ecosystem networks and resource recycling initiatives as stated in the Eco-First Promise.

TOPICS

Opening the Koji Kinutani Tenku Art Museum in the Umeda Sky Building to Promote Art and Culture

To contribute to society by promoting art and culture, the Company opened the Koji Kinutani Tenku Art Museum in December, featuring the work of Koji Kinutani, Japan's leading alfresco artist, in the Umeda Sky Building, where the Company's head office is located.

Mr. Kinutani not only creates paintings, he also participates in the Ministry of Foreign Affairs "Japan Brand Program," was involved in the creation of the Koji Kinutani Prize for young artists as an educational activity and participates in the Agency for Cultural Affairs "Childrens Dream Art Academy." These activities and ideas resonate with Sekisui House, as we support art and culture at our museum.

The Koji Kinutani Tenku Art Museum comprises the Symbol Zone, a space to experience the world of paintings through symbolic prologue exhibition and 3D images, the Exhibit Zone in blue and red evoking the image of a painting, the Atelier where visitors are able to view the painting creation process and the Workshop Space where events are held, including classes to teach children how to paint.

The Umeda Sky Building where the art museum is located is a complex comprised of offices and commercial facilities that was completed in March 1993 with an innovative design consisting of two 40 story connected skyscrapers. In 2008, the Times Newspaper (UK) included it in its selection of the top 20 buildings around the world and it is attracting the attention of global tourists. The Floating Garden Observatory on the top floor was visited by a record 1.39 million visitors in FY2016 (of which 1.01 million were from overseas).

We will attempt to enhance the value of the Umeda Sky Building and contribute to regional vitalization as a building that is over a quarter of a century old, but growing more attractive as it approaches half a century, by creating a unique art museum full of ingenuity with an enhanced appeal as a sightseeing destination for both domestic and inbound tourists.



Sunrise at Osaka Castle with Cherry Blossoms in Full Bloom



Symbol zone



Umeda Sky Building

Independent Third-Party Assurance Report

KPMG AZSA Sustainability Co., Ltd. was engaged to provide assurance on Sekisui House, Ltd.'s Sustainability Report 2017 and verify that the report provides reliable information on the company's energy consumption, waste and greenhouse gas emissions volumes, water used in factor production and social reporting (frequency of accidents resulting in lost worktime and occupational illnesses).

This is an English translation of the "Independent Assurance Report" dated April 10, 2017 originally issued in Japanese by KPMG AZSA Sustainability Co., Ltd. for the "Sustainability Report 2017" published in Japanese by Sekisui House, Ltd.

Independent Assurance Report

Sekisui House, Ltd.
Mr. Isami Wada, the Chairman, Representative Director & CEO,
Mr. Toshinori Abe, the President, Representative Director & COO

We were engaged by Sekisui House, Ltd. (the "Company") to undertake a limited assurance engagement of the environmental and social performance indicators and greenhouse gas indicators listed below for the period from February 1, 2016 to January 31, 2017 (the "Indicators") included in its Sustainability Report 2017 (the "Report") for the fiscal year ended January 31, 2017, and the completeness of material greenhouse gas information in the Report.

Indicators and pages in the Report

Indicators	pages
Energy (total amount and itemized details by energy source) and Tap water, Industrial-use water and Groundwater of "Factory production" in "Resource input"	65, 66
Amount of CO ₂ emissions and Waste (total amount and itemized details by waste category) in "Waste generation/CO ₂ emissions"	65, 66
CO ₂ emissions of "Scope 1 and 2 emissions", "Raw materials", "Occupancy", "Office waste", "Disposal of waste products" and "Transportation" in "CO ₂ Emissions by Scope (1-3)" and "Scope 1, and Scope 2"	65, 66
Accidents Resulting in Lost Worktime and Occupational Illness Frequency Rates	68

The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the Report, and for including the material greenhouse gas information defined in the 'Greenhouse gas Report Assurance and Registration Criteria' of the Japanese Association of Assurance Organizations for Sustainability Information ("J-SUS") in the Report.

Our Responsibility

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

- Interviewing with the Company's responsible personnel to obtain an understanding of its policy for the preparation of the Report and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical reviews of the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and also recalculating the Indicators.
- Visiting to the Company's factory selected on the basis of a risk analysis.
- Assessing whether or not all the material greenhouse gas information defined by J-SUS is included in the Report.
- Evaluating the overall statement in which the Indicators are expressed.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report, and all the material greenhouse gas information defined by J-SUS is not included in the Report.

Our Independence and Quality Control

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

KPMG AZSA Sustainability Co., Ltd.
Osaka, Japan
April 10, 2017

Summary of Initiatives

Environmental Activities

In 2016, the United Nations Sustainable Development Goals (SDG) went into effect amid a focus on the resolution of issues including climate change, environmental degradation, poverty and health on a global scale. Corporations are also expected to make an effort toward resolving issues utilizing creativity and innovation to achieve sustainable development.

In 2005, Sekisui House announced its Declaration of Sustainability establishing sustainability as the basis of Company management. For Sekisui House, who sees its corporate mission as engaging in ongoing in activities aimed at resolving social issues through its business activities, this was a significant opportunity to encourage the acceleration of these efforts.

In FY2016, we promoted the adoption of Green First ZERO ahead of the Japanese government's goal of standardizing net-zero-energy housing (ZEH) by 2020, now accounting for more than 70% of newly built detached housing. This initiative received the FY2016 Environment Minister's Award for Global Warming Prevention Activities and the 26th Global Environment Award (Minister of Economy, Trade and Industry Award). Housing attempting to achieve a zero energy balance using advanced energy creation technologies such as photovoltaic power generation and fuel cells, in addition to high insulation and energy saving performance, will become a model for the industry and contribute to the reduction of greenhouse gas emissions from the residential housing sector.

It is also necessary to consider influences that take into account the value chain for companies to lead sustainable societies. For example, the housing business uses a large amount of lumber, thus the selection of locations for lumber production will have a significant impact not only on the ecosystem of the logging area through the procurement process, but also on social aspects such as the lifestyle of local residents. An investigation of approximately 50 wooden building material supplier companies based on the Wood Procurement Guidelines revealed 80% approached the highest S Rank, advancing contributions to the widespread use of sustainable lumber.

With an awareness of sustainability, these activities are directly linked to corporate value assessments from outside investment institutions as the achievement of long-term corporate value. In FY2016, we were also incorporated into the DJSI World* global sustainability rating evaluation, indicating that the Sekisui House Group conforms with global trends as we strive to achieve further improvements.

* DJSI World: Dow Jones Sustainability World Index



Tetsuo Iku

Executive Vice President & Director
Executive Officer
Management of technological
and environmental promotion

Social Activities

Thank you for reading the Sustainability Report 2017.

This publication faithfully reports CSR initiatives conducted in FY2016 and explains the value creation story for the future of the Sekisui House Group.

Sekisui House Group CSR management attempted to improve upon the 1999 Environmental Future Plan as a point of origin, while the Fourth Medium-Term Management Plan attempts to further deepen activities by incorporating ESG efforts aimed at sustainable growth. ESG and other non-financial information is becoming a critical element for corporate evaluation by providers of financial capital and a variety of other stakeholders. From FY2017, under a new CSR promotion structure establishing priority themes in environmental, social and governance activities, I hope to see a thorough effort from Group employees through a shared sense of significance.

Creating shared value through "offensive" CSR such as the spread of eco-friendly housing is essential for corporate competitive strategy. Furthermore, "defensive" CSR such as enhanced corporate governance and risk management are prerequisites for healthy corporate activities, an area where I would like to see more effort. To sustainably expand efforts with a balance between offense and defense throughout the entire

Sekisui House Group, workstyle innovation is an urgent task. Employees are at the center of creating shared value, thus I want to promote multifaceted initiatives enabling the establishment of a lively workstyle that gives employees meaning in their work and lives. For diverse employees to promote operations smoothly and improve organizational productivity, we must promote the creation of open workplaces that pursue the core attitudes of truth and trust based on a love for humanity, the core of our corporate philosophy.

The Sustainability Report 2016 won the Sustainability Report Award (Minister of the Environment Award) at the 20th Environmental Communication Awards. We will not only raise the level of our activities to realize sustainable growth, but also exceed all stakeholder expectations from the perspective of information disclosure.



Hitoshi Kuroyanagi

Executive Officer
Chief Manager of Corporate
Communications Department
and IR Office

GRI Content Index for “In Accordance” Items

The Sekisui House Sustainability Report 2015 has been prepared in accordance with the Core options of the Global Reporting Initiative’s (GRI) G4 Sustainability Reporting Guidelines (G4).

General Standard Disclosures

Indicator		Refer to	External assurance
Strategy and Analysis			
G4-1	Statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization’s strategy for addressing sustainability	Pages 7-10	
Organizational Profile			
G4-3	Name of the organization	Page 81	
G4-4	Primary brands, products, and services	Pages 5-6	
G4-5	Location of the organization’s headquarters	Page 81	
G4-6	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	Pages 49-52	
G4-7	Nature of ownership and legal form	Page 81	
G4-8	Markets served	Pages 5-6,49-52	
G4-9	Scale of the organization	Pages 5-6,81	
G4-10	Total number of employees by employment contract and gender	[WEB] Corporate Profile	
G4-11	Percentage of total employees covered by collective bargaining agreements	N/A	
G4-12	Organization’s supply chain	Pages 29-32,69	
G4-13	Significant changes during the reporting period regarding the organization’s size, structure, ownership, or its supply chain	N/A	
G4-14	Whether and how the precautionary approach or principle is addressed by the organization	[WEB] Management of chemical substance guidelines	
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	Page 64/[WEB] Kids Design Association	
G4-16	Memberships of associations and national or international advocacy organizations	[WEB] Industry Proposals	
Identified Material Aspects and Boundaries			
G4-17	All entities included in the organization’s consolidated financial statements or equivalent documents; whether any entity included in the organization’s consolidated financial statements or equivalent documents is not covered by the report	Pages 4,81/Securities Report	
G4-18	Process for defining the report content and the Aspect Boundaries; how the organization has implemented the Reporting Principles for Defining Report Content	Pages 3-4,61/[WEB] Specifying Material Aspects	
G4-19	All the material Aspects identified in the process for defining report content	Page 61	
G4-20	For each material Aspect, report the Aspect Boundary within the organization	Pages 61,77-78	
G4-21	For each material Aspect, report the Aspect Boundary outside the organization	Pages 61,77-78	
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements	Pages 12,71	
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	N/A	
Stakeholder Engagement			
G4-24	List of stakeholder groups engaged by the organization	Page 62	
G4-25	Basis for identification and selection of stakeholders with whom to engage	[WEB] Stakeholder Engagement	
G4-26	Organization’s approach to stakeholder engagement	Pages 56,62	
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns; the stakeholder groups that raised each of the key topics and concerns	Pages 62-63	
Report Profile			
G4-28	Reporting period (such as fiscal or calendar year) for information provided	Page 4	
G4-29	Date of most recent previous report (if any)	Page 4	
G4-30	Reporting cycle (such as annual, biennial)	Page 4	
G4-31	Contact point for questions regarding the report or its contents	Page 4	
G4-32	The “in accordance” option the organization has chosen; GRI Content Index for the chosen option; reference to the External Assurance Report, if the report has been externally assured	Pages 3,75,77-78	
G4-33	Policy and current practice with regard to seeking external assurance for the report	Page 75	
Governance			
G4-34	Governance structure of the organization, including committees of the highest governance body; any committees responsible for decision-making on economic, environmental, and social impacts	Pages 54,60	
Ethics and Integrity			
G4-56	Values, principles, standards, and norms of behavior such as codes of conduct and codes of ethics	Pages 11,60,69	

Specific Standard Disclosures (Specified Material Aspects Only)

Indicator		Refer to	External assurance
Economic			
DMA	Why the Aspect is material; how the organization manages the material Aspect or its impacts; evaluation of the management approach	Pages 13-14,17-21,54-56,60-61	
Economic Performance			
[Affected Stakeholders Inside and Outside the Organization] Sekisui House Group, customers, employees, shareholders and investors, business partners			
G4-EC1	Direct economic value generated and distributed	Pages 12,16,56,81/Securities Report / Financial Results Summary	
G4-EC2	Financial implications and other risks and opportunities for the organization’s activities due to climate change	Pages 23-28	
Aspect-specific DMA: Procurement Practices—Actions taken to identify and adjust the organization’s procurement practices that cause or contribute to negative impacts in the supply chain			
[Affected Stakeholders Inside and Outside the Organization] Sekisui House Group, employees, shareholders and investors, business partners, local communities			
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	[WEB] Communicating with Business Partners	
Environmental			
DMA	Why the Aspect is material; how the organization manages the material Aspect or its impacts; evaluation of the management approach	Pages 13-14,17-21,54-56,60-61,69/ [WEB] Environmental Management	
Aspect-specific DMA: Energy—Whether the organization is subject to any country, regional, or industry regulations and policies for energy; examples of such regulations and policies			
[Affected Stakeholders Inside and Outside the Organization] Sekisui House Group, employees, shareholders and investors, business partners			
G4-EN3	Energy consumption within the organization	Pages 65-66	● (Page 75)
G4-EN5	Energy intensity ratio	[WEB] Material Balance	
Aspect-specific DMA: Biodiversity—Strategy for achieving the organization’s policy on biodiversity management			
[Affected Stakeholders Inside and Outside the Organization] Sekisui House Group, customers, employees, business partners, local communities			
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas of high biodiversity value outside protected areas	N/A	

Indicator	Refer to	External assurance
Aspect-specific DMA: Emissions—Whether the organization is subject to any country, regional, or industry regulations and policies for emissions; examples of such regulations and policies	Pages 13-14,17-21,23-28,54-56,60-61	
[Affected Stakeholders Inside and Outside the Organization] Sekisui House Group, customers, employees, shareholders and investors, business partners, local communities		
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	● (Page 75)
G4-EN16	Indirect greenhouse gas (GHG) emissions (Scope 2)	● (Page 75)
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	● (Page 75)
G4-EN18	GHG emissions intensity ratio	[WEB] Material Balance
G4-EN19	Reduction of greenhouse gas (GHG) emissions	Pages 26,28,65-66
Effluents and Waste		
[Affected Stakeholders Inside and Outside the Organization] Sekisui House Group, employees, business partners, local communities		
G4-EN22	Total water discharge by quality and destination	[WEB] Material Balance
G4-EN23	Total weight of waste by type and disposal method	Pages 42,65-66/[WEB] Material Balance ● (Page 75)
Products and Services		
[Affected Stakeholders Inside and Outside the Organization] Sekisui House Group, customers, employees, shareholders and investors, consumers, business partners, local communities		
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	Pages 26,28,66
Compliance		
[Affected Stakeholders Inside and Outside the Organization] Sekisui House Group, customers, employees, shareholders and investors, consumers, business partners, local communities		
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Page 58
Aspect-specific DMA: Supplier Environmental Assessment—Systems used to screen new suppliers using environmental criteria; actions taken to address the significant actual and potential negative environmental impacts identified in the supply chain		
[Affected Stakeholders Inside and Outside the Organization] Sekisui House Group, shareholders and investors, business partners		
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	[WEB] Communicating with Business Partners
Social		
Labor Practices and Decent Work		
DMA	Why the Aspect is material; how the organization manages the material Aspect or its impacts; evaluation of the management approach	Pages 13-14,17-21,43-48,54-56,60-61
Aspect-specific DMA: Employment—Actions taken to determine and address situations where work undertaken within the organization's supply chain does not take place within appropriate institutional and legal frameworks		
[Affected Stakeholders Inside and Outside the Organization] Sekisui House Group, employees, local communities		
G4-LA3	Return-to-work and retention rates after parental leave, by gender	Page 46/[WEB] Support for Work and Childrearing
Aspect-specific DMA: Occupational Health and Safety—Programs related to assisting workforce members, their families, or community members regarding serious diseases		
[Affected Stakeholders Inside and Outside the Organization] Sekisui House Group, employees, business partners		
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, absenteeism, and total number of work-related fatalities, by region and by gender	Page 68 ● (Page 75)
Training and Education		
[Affected Stakeholders Inside and Outside the Organization] Sekisui House Group, employees, business partners		
G4-LA9	Average hours of training per year per employee, by gender, and by employee category	Page 48
Diversity and Equal Opportunity		
[Affected Stakeholders Inside and Outside the Organization] Sekisui House Group, employees, local communities		
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Pages 46,54-55
Human Rights		
DMA	Why the Aspect is material; how the organization manages the material Aspect or its impacts; evaluation of the management approach	Pages 13-14,17-21,43-48,54-58,60-61,69
Aspect-specific DMA: Investment—Strategies for extending applicable policies and procedures to external parties; use of human rights criteria or clauses in contracts		
[Affected Stakeholders Inside and Outside the Organization] Sekisui House Group, employees, shareholders and investors, business partners, local communities		
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Pages 57-58,69/[WEB] Human Relations Training
Society		
DMA	Why the Aspect is material; how the organization manages the material Aspect or its impacts; evaluation of the management approach	Pages 13-14,17-21,33-42,54-58,60-61,69
Compliance		
[Affected Stakeholders Inside and Outside the Organization] Sekisui House Group, customers, employees, shareholders and investors, consumers, business partners, local communities		
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Page 58
Product Responsibility		
DMA	Why the Aspect is material; how the organization manages the material Aspect or its impacts; evaluation of the management approach	Pages 13-14,17-21,33-36,54-58,60-61,67,69
Aspect-specific DMA: Customer Health and Safety—Whether the health and safety impacts of products and services are assessed for improvement (by life cycle)		
[Affected Stakeholders Inside and Outside the Organization] Sekisui House Group, customers, consumers, local communities		
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	Page 58
Aspect-specific DMA: Product and Service Labeling—Organization-wide practices in place to assess and maintain customer satisfaction		
[Affected Stakeholders Inside and Outside the Organization] Sekisui House Group, customers, consumers, business partners, local communities		
G4-PR5	Results of surveys measuring customer satisfaction	Pages 12,16,26-27,41
Customer Privacy		
[Affected Stakeholders Inside and Outside the Organization] Sekisui House Group, customers, employees, consumers, business partners		
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Page 58
Compliance		
[Affected Stakeholders Inside and Outside the Organization] Sekisui House Group, customers, employees, shareholders and investors, consumers, business partners, local communities		
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Page 58

Honors from Third Parties during FY2016

Environment

- **All Worksite Employees Participated in Challenge to Reduce Mixed Waste from Condominium Construction (Tokyo Condominium Business)**

October 2016

FY2016 Minister of Land, Infrastructure, Transport, and Tourism Prize; 3Rs Promotion Merit Awards 3Rs Promotion Council Chairman Award

Organizer: 3Rs Promotion Council
Note: Joint award with Tokyu Construction

- **Mushinan**

October 2016

Hibiya Gardening Show 2016 Garden Contest Minister of Land, Infrastructure, Transport, and Tourism Prize, Gardening category

Organizer: Executive Committee of Hibiya Park Gardening Show

- **Midori Curtain (Kanto Factory)**

November 2016

Grand Prize, Group category, 6th Midori Curtain Contest
Organizer: City of Koga, Ibaraki Prefecture

- **Net-Zero-Energy Housing Green First ZERO Promotion**

November 2016

FY2016 Environment Minister's Award for Global Warming Prevention Activities (Advanced Introduction of Countermeasure Technologies category)

Organizer: Ministry of the Environment

February 2017

26th Grand Prize for the Global Environment Award Minister of Economy, Trade and Industry Prize

Organizer: Fuji Sankei Group



- **ZEH Green First ZERO Promotion in Kanagawa Prefecture (Kanagawa Sales Administration Headquarters)**

January 2017

FY2016 Kanagawa Global Environment Award Kanagawa Smart Energy Planning category

Organizer: Kanagawa Prefecture, Kanagawa Global Environment Conservation Promotion Council

Community Building, Landscape

- **The Ritz-Carlton Kyoto**

Note: Joint award with Nikken Sekkei Ltd. and Obayashi Corporation

- **Grand Front Osaka**

Note: Jointly awarded to 12 architectural companies (including Sekisui House), five design companies and two construction companies

July 2016

57th BCS Award

Organizer: Japan Federation of Construction Contractors



- **HK Yodobashi Garden Avenue**

December 2016

FY2016 Osaka Environmentally Friendly Architecture Award; Office Division Award

Organizer: City of Osaka, Osaka Prefecture
Note: Joint award with Nikken Sekkei Ltd.

- **MONOLITH (Ryomo Branch)**

January 2017

6th Ota City Scenery Awards

Organizer: City of Ota, Gunma Prefecture

Products, Technology, etc.

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

March 2016

Registered as tangible cultural properties (buildings) of Japan (Agency for Cultural Affairs)

Note: Located in Karuizawa, Kitasaku, Nagano Prefecture. Construction: Lightweight steel frame single-story structure

- **Retractable Safety Door Handle-less Storage Door Development of Bench Style Original Unit Bath BCH-V**

December 2016

IAUD Award 2016

IAUD Award (Housing Equipment category)

Organizer: International Association for Universal Design

- **Corporate Advertising "Sekisui House—Always There for You" Series**

April 2016

83rd Mainichi Advertising Design Awards; Advertiser Participation section

Associate category prize (Financial, Housing and Real Estate category)

Organizer: The Mainichi Newspapers

32nd Yomiuri Advertising Awards; Advertiser category; Prize for Excellence in Living category

Organizer: Yomiuri Shimbun

July 2016

64th Asahi Advertising Awards; Advertiser Participation section; Real Estate and Financial category prize

Organizer: The Asahi Shimbun

October 2016

55th Business Advertising Awards; Serial Advertisement category; Honorable mention

Organizer: Fuji Sankei Business i

65th Nikkei Advertising Awards; Construction and Real Estate category; Grand Prize

Organizer: Nikkei Inc.

Kids Design Award

Jury Chairman's Special Award
(Designs Contributing to the Safety and Security of Children category)

- **Safety Handle**



(Designs Contributing to the Safety and Security of Children category)

- **AirMe Built-In Air Purification System**

Note: Joint entry with the Panasonic Corporation

- **Specification Preventing Fingers from Getting Pinched in the Front Door**

Note: Joint entry with the Sanwa Shutter Corporation

- **Project to Nurture Biological Rhythm Using Light for Childcare Facilities**

Note: Joint entry with Daiko Electric Co., Ltd.

(Designs Cultivating Children's Creativity and Future category)

- **Sumufumulab**

(Designs Making Childbirth and Childcare Easy category)

- **Development and Spread of Temporary Toilets for Women on Housing Construction Sites**

Note: Joint entry with Hino Kogyo

- **Koto Kameido Global Kids Tatekawaen**

Note: Joint entry with Global Kids Co., Ltd.

- **Imadoki Mama Style**

- **First Floor Lifestyle**

- **Creating Houses Centered Around Food "Delicious 365 Days"**

July 2016

Organizer : NPO Kids Design Association

Good Design Award

(Architecture and Open Space Division; Lifestyle Design category)

- **Clear View Design Connecting Inside and Out with Japan-Made Materials**



(Architecture and Open Space Division; Heartwarming Design category)

- **Koto Kameido Global Kids Tatekawaen**

Note: Joint entry with Global Kids Co., Ltd.

(Communication Division; Social Design category)

- **Birdhouse Project Connects Children with the Forest**

October 2016

Organizer: Wood Design Award Secretariat

CSR and Other Initiatives

- **Sekisui House Limited**

June 2016

Selected by the Ministry of Economy, Trade, and Industry and the Tokyo Stock Exchange for inclusion on the "Offensive IT Productivity" list.

September 2016

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

January 2017

Ranked number one in the construction industry in the Nikkei 20th Environmental Management Survey corporate ranking

February 2017

Selected by RobecoSAM as "Gold Class" in the housing construction category in the RobecoSAM Sustainability Award 2017

March 2017

Selected as a Nadeshiko brand 2017 by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange as a company that promotes the active participation of women

Selected by the Ministry of Economy, Trade and Industry for the New Diversity Management Selection 100 as a company that promotes diversity management

- **Sustainability Report 2016**

February 2017

20th Environmental Communication Awards

Environmental report category

Sustainability Report Award (Minister of the Environment Award)

Organizer: Ministry of the Environment, Global Environmental Forum



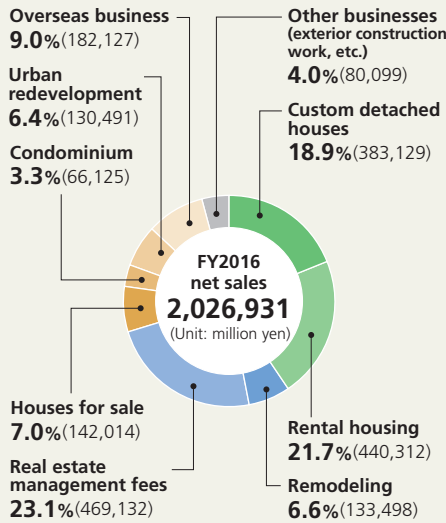
Corporate Profile (as of January 31, 2017)

Corporation name: Sekisui House, Ltd.
 Head office: 1-1-88 Oyodonaka,
 Kita-ku, Osaka 531-0076, Japan
 Date of establishment: August 1, 1960
 Capital stock issued: ¥202,591,200,000
 Employees: 23,299 (consolidated);
 14,041 (non-consolidated)
 Total number of houses built: 2,334,222

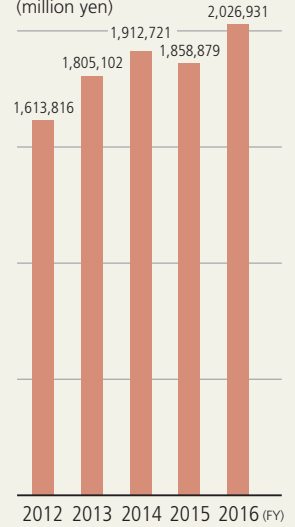
Sales and Service Offices (as of January 31, 2017)

Branch and sales offices: 122
 Customer service centers: 29
 Model homes: 395
 Factories: 5
 R&D institute: 1
 Consolidated subsidiaries: 225
 Companies accounted for under the equity
 method: 26

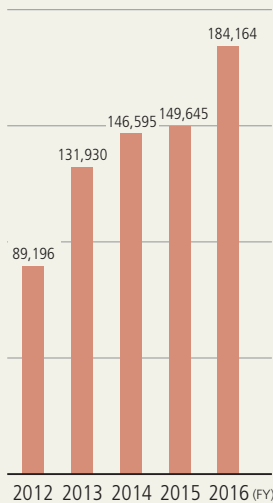
Consolidated Sales by Segment



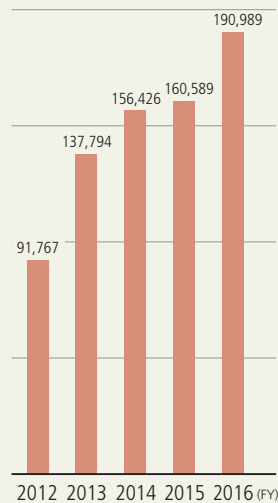
Consolidated Net Sales (million yen)



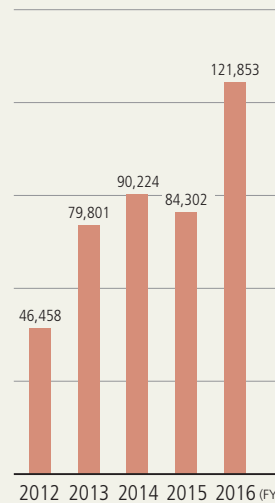
Consolidated Operating Income (million yen)



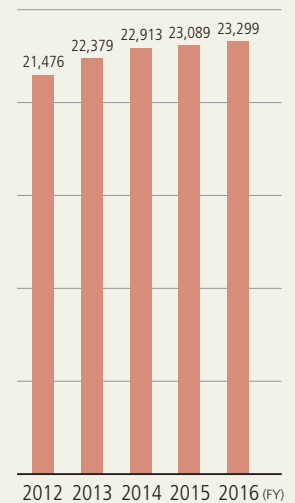
Consolidated Ordinary Income (million yen)



Net income attributable to owners of parent



Number of Employees (consolidated)



Share Information (as of January 31, 2017)

Number of shares outstanding: 709,683,466 Number of shares per share unit: 100
 Number of shareholders: 70,060 Listed stock exchanges: Tokyo and Nagoya

Share Distribution

Category	(%)
Financial institutions	38.43
Securities companies	5.32
Foreigners	29.59
Other companies	11.69
Individuals, others	14.97

Dividends per Share

Fiscal Year	Dividends per Share (yen)
FY2016	64
FY2015	54
FY2014	50
FY2013	43
FY2012	28

Share Price and Trading Volume (Tokyo Stock Exchange, by month)

