

Organizational management toward a sustainable society

Sekisui House considers CSR to be an important management principle and is committed to actively engaging in CSR in its daily business operations, based on the 4 values and 13 guidelines, established to achieve the Sustainable Vision. By inviting external stakeholders as members, the Sekisui House CSR Committee incorporates external viewpoints in designing specific policies for corporate activities to enhance CSR efforts.

CSR policy and structure

The Sekisui House corporate philosophy of “love of humanity” first established in 1989 after company-wide employee discussions, forms the foundation of its CSR policy. CSR activities are considered an important means to reforming corporate mindsets, fulfilling our duties to stakeholders with honesty and integrity and as a goal to attaining our vision of sustainability.

CSR management based on 4 values and 13 guidelines

At Sekisui House, we determine the direction of our CSR activities based on 4 values and 13 guidelines—the principles of action we introduced to achieve our Sustainable Vision. In order to implement the PDCA cycle without fail, we review our corporate activities each year by assessing to what extent we have achieved our social and environmental targets.



CSR Committee and CSR promotion structure

Incorporating the viewpoints of external stakeholders, the Sekisui House CSR Committee acts as an organ to develop CSR policy and verify whether current CSR activities are consistent with social norms and expectations so that company-wide CSR initiatives are relevant and effective.

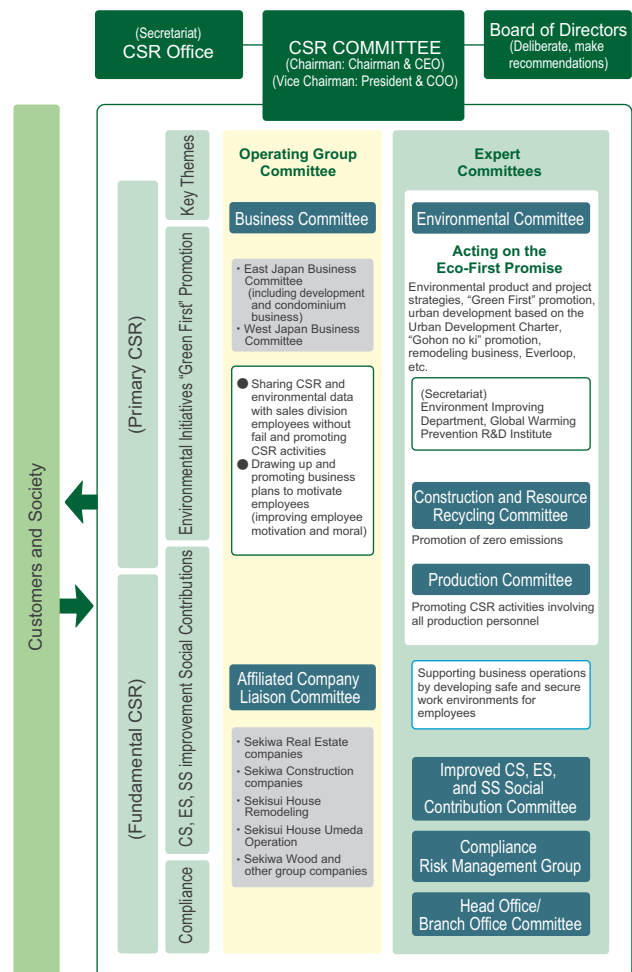
Led by our Chairman & CEO, the CSR Committee, which consists of board members, a selection of executive officers and three external stakeholders (a manager of an environmentally advanced company, a corporate management expert, and a compliance expert), meets once every three months. CSR Committee members are appointed by the board of directors.

Under the supervision of the CSR Committee, several committees are working to promote and further strengthen our CSR efforts. Specifically, the

Business Committee, one of the Operating Group Committees, is positioned as the focal point of the CSR activities which we undertake as part of our core business. This committee is responsible for our CSR process from formulating specific CSR plans to reviewing the outcomes of our activities, and is supported by six Expert Committees which are tasked with separate responsibilities based on their respective CSR themes. In addition, CSR promotion representatives are assigned to each of our business departments.

In fiscal year 2012, we will accelerate our efforts to contribute to resolving energy and other issues that society faces by further promoting and enhancing our “Green First” initiative, and also strive to fulfill our “fundamental CSR” that places emphasis on compliance.

CSR Promotion Structure



Matching ISO 26000 and Sekisui House's 4 values and 13 guidelines

In 2010, the International Organization for Standardization launched ISO 26000, an international standard providing guidance applicable to all corporate organizations to fulfill their responsibilities to society.

The following table shows how Sekisui House's 4 values and 13 guidelines, or principles of action introduced to achieve our Sustainable Vision, match the seven main themes of the ISO 26000 international standard. From this table, it is clear that there is a near-perfect correspondence between them. We will remain committed to our CSR activities based on these 4 values and 13 guidelines.

4 values and 13 guidelines of Sekisui House			Corresponding main themes and goals of ISO 26000	
Value	Guideline	Description	Main theme	Goal
Environmental Value				
	Energy	Use of energy without depending on fossil fuels	Environment	● Climate change mitigation and adaptation
	Resources	Use of resources within the regenerative capacity of natural ecosystems	Environment	● Sustainable use of resources
	Chemical substances	Prevention of heterogeneous and hard-to-degrade substances from concentrating in the natural environment	Environment	● Pollution prevention
	The eco-system	Protection of natural cycle and biodiversity	Environment	● Environmental protection, recovery of biodiversity and natural habitats
Economic Value				
	Knowledge and technology	Accumulation of wisdom and technologies to create sustainable values	Community participation and development	● Development of and access to technologies ● Job creation and skills development
	Regional economy	Revitalization of local economies	Community participation and development	● Community participation ● Education and culture ● Job creation and skills development
	Fair profits and social sharing	Pursuit of fair corporate profits and sharing the profits with society	● Organizational governance ● Fair business practice ● Community participation and development	● Fair competition ● Wealth and income creation ● Social investment
Social Value				
	Co-existence and co-prosperity	Establishment of relationships of co-existence and co-prosperity based on trust and empathy with various stakeholders in society	● Fair business practice ● Community participation and development	● Promotion of social responsibility within value chain ● Respect for property rights ● Community participation
	Creation of relationships with local culture	Preservation and enhancement of local culture and community development	● Consumer issues ● Community participation and development	● Protection of safety and health of consumers ● Community participation ● Education and raising awareness
	Human resource development	Human resource development to create sustainable values	● Human rights ● Labor practice	● Complaint resolution ● Discrimination and socially vulnerable groups ● Labor safety and health
Homeowner Value				
	Longevity	Construction of homes that are long beloved by residents and that grow more valuable over time	● Consumer issues ● Community participation and development	● Sustainable consumption ● Protection of consumer data and privacy ● Access to essential services ● Health, etc.
	Comfort	Offering a pleasant, healthy and comfortable living environment		
	Prosperity	Offering long-lasting prosperity		

Corporate governance and internal control system

To ensure solid stakeholder support, Sekisui House has increased management transparency; provided for timely, appropriate checks on management decisions; and enabled thorough monitoring. External board members and corporate auditors are in place, and our corporate governance system assures management responsibilities are well-defined and executed accordingly.

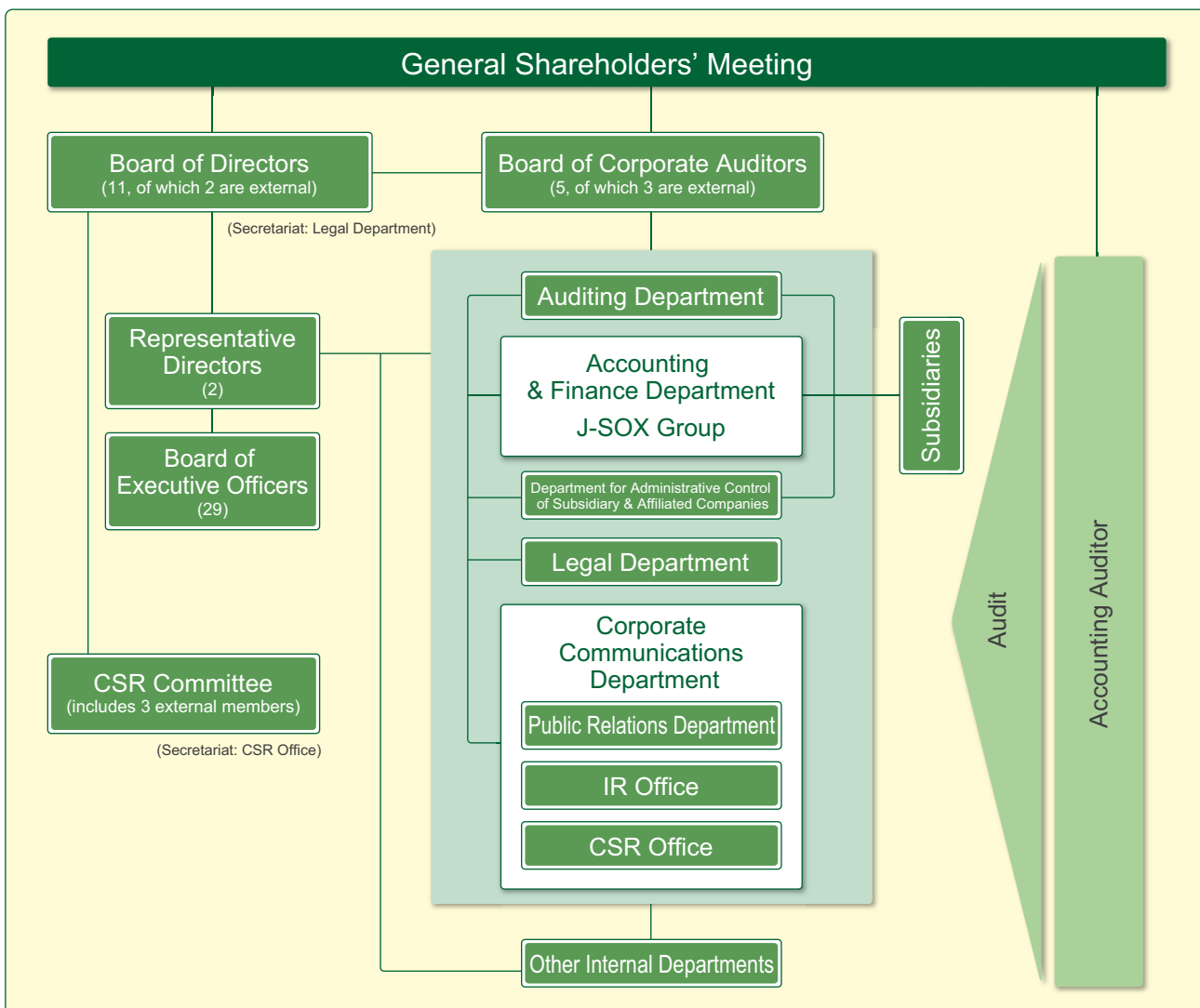
As part of our internal control system, in May 2006 our board of directors passed a resolution on the establishment of ten basic policies relating to the Basic Policy Concerning the Development of an Internal Control System, including one policy calling for systems to ensure that

board members' execution of business responsibilities is in compliance with laws, and our articles of incorporation. These basic policies have come to serve as a platform for our efforts to implement and ensure our internal control system operates properly.

In addition, to ensure full compliance with the 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.

In February 2011, Sekisui House was awarded the Prize for Excellence at the Japan Internal Control Grand Prix 2011 (Integrity Award) in recognition of our committed efforts toward compliance and sincere and transparent management.

Corporate Governance Structure (as of April 2012)



Compliance promotion

■ Vision of compliance

Sekisui House believes compliance is an ongoing management concern that includes not only adhering to laws and regulations but also the promotion of CSR initiatives. As a result, the Compliance Risk Management Group has been established under the CSR Committee to act as a platform for various ongoing compliance-related awareness initiatives and employee training programs.

Under our CSR Committee-based structure, steps are also being taken by relevant managers at all of our business offices to address various challenges posed by the company-wide promotion of compliance best practices.

■ Employee Compliance Awareness Survey

We conducted Governance Awareness Survey by means of a questionnaire involving all sales division employees, and analyzed the responses in terms of five indicators to find out whether the operations of each of our business sites comply with our Sustainable Vision and to make visible the attitude toward CSR and problems on a site-to-site basis. The resulting data is now being put to practical use as a key tool in branch management training programs and as a topic for group discussions at each business site. The survey conducted in fiscal year 2011 shows improvement in scores in all the five indicators, proving its effectiveness as a management tool.

Governance Awareness Survey (Image of indicators)

Radar chart created for each business office showing five key indicators



■ Compliance promotion activities

We set up the Corporate Ethics Guidelines in October 2003 as a common platform for establishing a set of corporate ethics for group companies, executive officers and employees to adhere to in all business activities. Today, the guidelines are applied also to our group companies.

Compliance best practices are only achievable with the combined efforts of both executive officers and employees. As such, Sekisui House has developed exhaustive compliance education and training programs and conducts group-training sessions based on employee rank and role. We have also created internal e-learning programs that educate newly hired employees on CSR and compliance best practices and all employees on the protection of personal information.

At Sekisui House, all executive officers and employees are required to submit a Corporate Ethics Compliance Pledge annually in October, a "corporate ethics month" designated by the Japan Business Federation. In fiscal year 2011, we provided venues for employees to exchange opinions about the report in our in-house magazine on the response measures Sekisui House took in the wake of the Great East Japan Earthquake, and to have discussions on newly added case studies.

■ Internal reporting system and whistleblower protection

Sekisui House has established an internal reporting system, or the SCS System (Sekisui House Group Corporate Ethics Helpline), to support compliance best practices among its employees.

The system and accompanying guidelines ensure that an employee who witnesses an unlawful act or an act that violates the corporate ethics policy can report this in confidence, while maintaining their privacy, to the Compliance Secretariat by phone, email or in writing by restricted delivery mail service.

The Labor Management Help Line has also been set up for personnel related counseling as well as the Sexual Harassment Hotline.

■ Protection of personal information

Sekisui House collects and manages the personal information of customers at its various business locations, including model homes, sales offices, and other locations.

We have developed an information management structure compliant with the Personal Information Protection Law by appointing the Director of CS Promoting Department to take charge of the protection of personal information and establishing the Customer Personal Information Management Office. We also conduct regular employee training programs to ensure strict controls are maintained over the management of customer information. If customer information is disclosed by accident, we will give an account of the incident on our website together with the measures we will take to cope with the situation.

Risk management structure

Our group-wide risk management efforts are handled by the Compliance Risk Management Group, established under the CSR Committee with a view to identifying and managing risk that may undermine our credibility in society and taking appropriate measures to deal with such risk. In fiscal year 2011, deliberations were focused on strengthening the monitoring capacity of head office to prevent misconduct by employees and improving the efficiency of such preventive measures. In addition, specialized project teams are set up to address significant risk identified in our internal compliance risk monitoring surveys.

We also involve our group companies in our risk management efforts, mainly through the Affiliated Company Liaison Committee, to increase risk awareness and strengthen our risk management capacity on a group-wide basis.

We have made constant efforts to improve the disaster resistance of our housing products. Also, our own Business Continuity Management (BCM) system enables us to promptly respond to unexpected business disruptions that may take place when a disaster hits and immediately launch restoration and support activities based on lessons learned from past disasters. This system proved effective when the Great East Japan Earthquake occurred by allowing us to complete confirmation of the safety of our customers and the scale of damage at an early stage and promptly set about the restoration and reconstruction process.

Renewing our promise and meeting our commitments as an Eco-First Company without fail

We were certified as an Eco-First Company by the Ministry of the Environment of Japan in June 2008 and we have since been steadily promoting our environmental initiatives.

While remaining committed to achieving our ultimate goals of global warming prevention, ecosystem preservation and resource recycling, we renewed our Eco-First Promise in part, in March 2012, in consideration of the changes in the social environment and the progress of our ongoing efforts.

As a leading company in the industry, we will remain committed to our Eco-First Promise while raising the level of our efforts on a continuous basis.



Mr. Goshi Hosono, Minister of the Environment (left) and Mr. Isami Wada, Chairman of Sekisui House



Eco-First Promise (Renewed version)

March 22, 2012

Commitment to global environmental protection as an environmentally advanced company

We, Sekisui House, Ltd., along with the Sekisui House Group companies, are well aware of our obligations to society as a company with a track record of having delivered significantly more housing than any other housing manufacturer. We will ensure full compliance with all applicable laws and regulations and promote, through our environmental initiatives, the following activities in our sincere efforts to bring greater benefits to society.

1. We will take positive measures to achieve reduction of CO₂ emissions from residential and industrial sources.

- We will continue concerted efforts toward reduction of CO₂ emissions from residential sources, for which there has been a delay in taking effective measures, by promoting comfortable eco-friendly lifestyles and offering eco-friendly housing products, while joining the Challenge 25 Campaign, a nationwide movement for the prevention of global warming.
- We will offer a living environment which is comfortable, cost-effective and environmentally friendly, by promoting sales of the "Green First" eco-friendly model that can drastically reduce CO₂ emissions from residential sources with its energy saving and producing solutions, and the "Green First Premium" model that can attain close to zero CO₂ emissions through offsetting. We will also work towards the expansion of the "Green First HYBRID" smart house that is capable of storing energy as well as saving and producing energy, and further accelerate our efforts to develop advanced housing systems better suited for electric vehicles for a wider range of customers. Through these efforts, we will strive to make carbon neutral houses the standard for newly built detached houses by 2030.
- We will ensure that all newly built detached houses are shipped with a high-efficiency heat insulation system and water heater, which are more advanced than the next-generation energy-saving design, while encouraging the use of LED lighting by offering more eco-friendly lifestyle options in our efforts to enhance energy-saving efficiency.
- We will encourage more customers to install our roof tile photovoltaic power generation system that harmonizes with the surrounding streetscape and also a higher-performance heat insulation system by covering part of the expenses of the installation under our own financial aid program.
- We will encourage installation of energy-producing systems such as fuel cells for residential use.
- We will work towards the expansion of the "Sha-Maison Green First" model equipped with a photovoltaic power generation system, which contributes to environmental friendliness and also brings greater operating efficiency to the building owner.
- We will actively promote remodeling projects to install a photovoltaic power generation system, high-efficiency water heater, and heat insulation system in existing Sekisui House homes (which total more than 2,000,000), and other homes.
- We will encourage research and demonstrative experiments on smart house and smart grid technologies, and introduce such technologies in our community development projects in various parts of Japan to contribute to creating a low-carbon society and next-generation housing products and communities.
- We will implement various educational programs to encourage a shift to living that requires less electricity and energy, such as the Houseecology energy conservation seminar.
- We will contribute to electricity saving on a society-wide basis by reducing CO₂ emissions from our factories, business offices, logistics process and other corporate activities to a level lower than the targets set by the Japan Prefabricated Construction Suppliers and Manufacturers Association and the housing industry.

2. We will continue concerted efforts toward restoration of ecosystem networks.

- We will strive to promote our "Gohon no ki" landscaping concept in our home garden and community development projects to plant Japanese indigenous and native tree species to attract birds and butterflies and preserve local biodiversity. We will reinforce our exterior works and continue our efforts to plant 1,000,000 trees a year. We will support community development in a manner that maintains the local green environment.
- We will encourage recycling of wood materials in cooperation with our suppliers and NGOs by preventing illegal logging and ecosystem loss in accordance with the ten principles of our Wood Procurement Guidelines, while ensuring economic independence of wood-producing areas.
- We will continue to implement environmental education, survey and assessment activities, such as the "Letters from Dr. Forest" educational program and the biodiversity survey.
- We will engage in forest preservation activities, such as the "Sekisui House Forest" program.

3. We will promote resource recycling to the fullest extent.

- We will strive to achieve the zero emission goal (no waste materials sent to landfills or processed at waste incineration plants without thermal recovery) at all the stages of production, construction, maintenance and remodeling and increase the material recycling rate to 90%.
- We will resolutely continue our activities towards achieving the zero emission goal in our remodeling projects when demolishing wooden houses.
- We will introduce next-generation zero emission innovations such as the IC tag-based waste management system and the electronic manifest system to increase efficiency in waste traceability and waste reduction, thereby further enhancing our zero emission efforts.
- We will promote the U-trus system, our original home warranty extension program, to prolong the lives of Sekisui House homes.
- We will promote the Everloop home revitalizing program to ensure more efficient use of the housing stock and prolong the lives of homes and develop the third market.

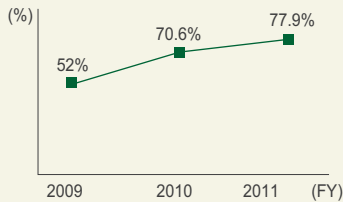
Sekisui House will continue monitoring the progress of our efforts to achieve the above goals and publish the results in our report to the Ministry of the Environment and our Sustainability Report (environmental and CSR report).

Progress in major activities achieved in fiscal year 2011

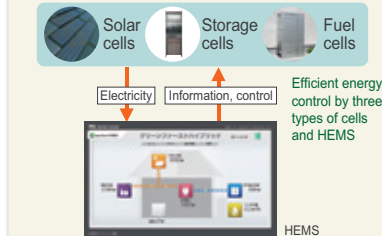
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We will take positive measures to achieve a reduction of CO₂ emissions from residential and industrial sources.

Increase of the ratio of the "Green First" model to all Sekisui House homes



Introducing the "Green First HYBRID" model



- Ratio of the "Green First Premium" model to all the Sekisui House homes: **28%**
- No. of newly built detached houses shipped with fuel cells: **5,356**
- No. of existing houses retrofitted with a photovoltaic power generation system: **2,569**

2

We will continue concerted efforts toward restoration of ecosystem networks.

Promoting the "Gohon no ki" landscaping concept



Implementing a biodiversity survey



- No. of trees planted during the year: **960,000**
- The ratio of S-rank wood products, the highest level under our Wood Procurement Guidelines: **60%**
- No. of extension classes offered under the "Letters from Dr. Forest" environmental education program: **8** (attended by **479 people**)

3

We will promote resource recycling to the fullest extent.

Building and utilizing the next-generation zero-emission systems



Encouraging distribution of housing stock



- Material recycling rate: **90.2%**
- Verifying the effectiveness of the IC tag-based waste management system in reducing waste at new build construction sites and implementing the system
- Promoting Sekisui House's original U-trus system that provides an extended manufacturer warranty

Playing a leading role as a member of the Eco-First Promotion Council

New environmental proverb competition

Competition for new environmental proverbs is an annual event held to increase environmental awareness among the public. In 2011, which was declared the International Year of Forests by the United Nations, the competition called for new proverbs concerning forests and 558 entries were received. As a result of a strict screening, we selected the winner of the Sekisui House Prize, one of the prizes offered by member companies.



Winner of the Sekisui House Prize in the Environmental Proverb Competition

"The lives of forests are connected to the lives of us all"

Miss Kokona Suzuki

First-grade pupil at Aizuwakamatsu Municipal Kinkyō Elementary School

Partnership with Bic Camera Inc.

Cooperative ties are deepening among Eco-First Companies. We partnered with Bic Camera Inc., another Eco-First Company, to open our booth in the Shinjuku-nishiguchi store of Bic Camera where we offered remodeling options to reduce electricity consumption and CO₂ emissions. Through this cross-industrial partnership, we could communicate our environmental preservation initiatives to a wider range of people.

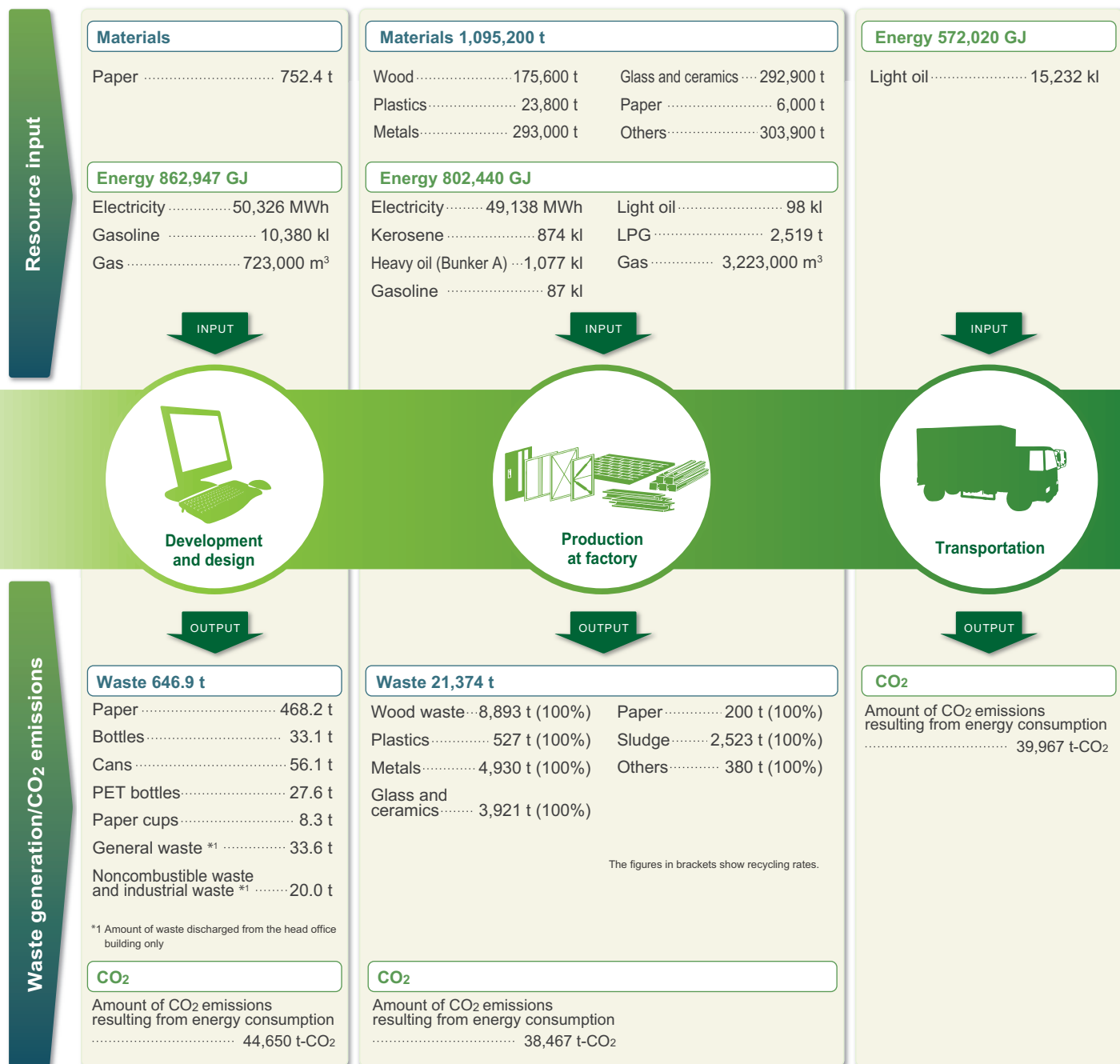


Material Balance

(Collecting accurate data on the environmental impact caused by our corporate activities)

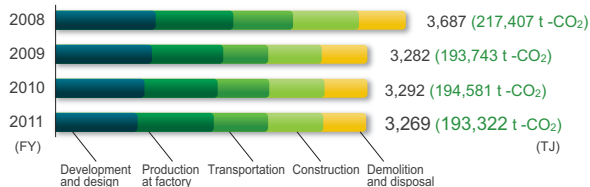
We are collecting accurate data on the environmental impact caused by our corporate activities at each stage of the lifecycle of our housing products from development and design to production at the factory, transportation, construction, occupancy, and demolition and disposal, all in cooperation with our group companies and business partners.

Environmental impact caused by our corporate activities during fiscal year 2011



Changes in input and output over the years

Changes in total energy input



*Starting from fiscal year 2009, the calculation method specified in the Energy Saving Act has been used for calculating energy input at the transportation stage.

Changes in total material input*



*Total amount of material input at the development and design stage and the production at factory stage

Materials

Building materials are delivered from factories

Energy 580,693 GJ

Electricity..... 17,487 MWh
 Light oil..... 1,411 kl
 Gasoline..... 10,464 kl



Construction



Waste 58,876 t

Wood 10,175 t (100%)
 Plastics..... 12,570 t (100%)
 Metals..... 4,274 t (100%)
 Ceramic materials 9,597 t (100%)
 Paper..... 7,120 t (100%)
 Plasterboards...12,203 t (100%)
 Others.....2,937 t (100%)

The figures in brackets show recycling rates.

CO₂

Amount of CO₂ emissions resulting from energy consumption 34,611 t-CO₂

Energy 450,535 GJ

Electricity 12,575 MWh
 Light oil 4,576 kl
 Heavy oil 2,753 kl
 Kerosene 4,577 kl



Demolition and disposal



Waste 228,600 t

Wood waste 44,100 t (93%)
 Metal waste 4,800 t (100%)
 Glass and ceramic waste, earth and sand 35,100 t
 Plasterboards..... 6,900 t
 Concrete waste...122,400 t (98%)
 Mixed construction waste 15,300 t

The figures in brackets show recycling rates.

CO₂

Amount of CO₂ emissions resulting from energy consumption 35,627 t-CO₂



Occupancy

The degree of environmental impact at the occupancy stage differs largely depending on the lifestyles of residents, in which we can hardly intervene. For this reason, we did not consider environmental impact at this stage in calculating our material balance. However, we have been making dedicated efforts to help residents reduce environmental impacts.

Please refer to pp. 45-47

Notes on the data

We considered the data from February 2011 to January 2012, the period covered by this report, in the calculation. To determine the amount of CO₂ emissions, we multiplied each energy consumption by the CO₂ emission intensity adopted by the Japan Prefabricated Construction Suppliers and Manufacturers Association. We also included the data for the period not covered by this report in calculating the energy consumed at the construction stage and the energy consumed and waste generated at the demolition stage.

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

- Materials: paper purchased for use with OA equipment
- Energy: the amount of electricity, gas and gasoline consumption was calculated based on the utility costs incurred in fiscal year 2011 at our business sites.
- Waste: the volume of company-wide waste generation was calculated based on the volume of waste collected at the head office building and the results of the sample surveys of our 32 model business sites around Japan.

Production at the factory

- Materials: Resource input = Amount of materials used in respective housing types per unit area*2 x total area of respective housing types shipped during fiscal year 2011 + total volume of waste generated at factories
- *2 The amount was calculated based on ten detached houses actually offered for sale. The data of Sekisui House factories and material manufacturers' factories are included in the calculation.
- Energy and waste: the data of the five Sekisui House factories in fiscal year 2011 are included in the calculation.

Transportation

- The calculation method applied to specified consignors under the Act on the Rational Use of Energy was used. (Data used for the calculation is for fiscal year 2011.)

Construction

- Energy consumption: Amount of gasoline consumption = Total number of construction workers*3 x average of annual actual working days per worker*4 x daily energy consumption per worker
 Electricity consumption = Amount of temporary electricity consumed per day x number of days required for completion of a house*5 x number of houses shipped*6
 Light oil consumption = Amount of light oil consumed by heavy machinery per house x number of houses shipped*6

*3 As of January 2011

*4 Data taken from survey conducted in fiscal year 2009

*5 Data taken from survey conducted from August 2011 to January 2012

*6 Data taken from survey conducted in fiscal year 2011

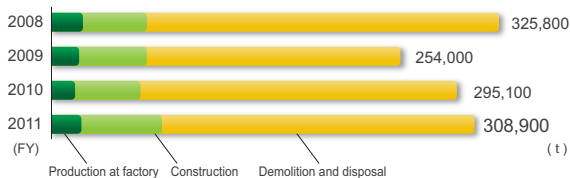
- Waste: the volume of waste collected at new build construction, maintenance, and remodeling sites

Demolition and disposal

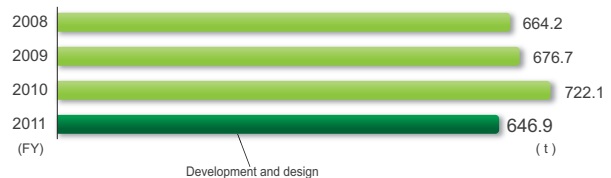
- Energy: (Amount of fuel consumed by heavy machinery used for demolition + amount of fuel consumed by trucks that carried waste + amount of fuel and electricity consumed at waste treatment and disposal sites) x number of houses Sekisui House demolished during fiscal year 2011
- Waste: Volume of waste per demolished house x number of houses Sekisui House demolished during fiscal year 2011

*It should be noted that an overwhelming majority of the houses we undertake to demolish are wooden houses built in a conventional method, which is reflected in the above figures.

Changes in the volume of industrial waste, etc.



Changes in the volume of general waste, etc.



*Some of the items included in the calculation at the production at factory stage were changed in fiscal year 2009.

Summary of the Results of Fiscal Year 2011 and Targets

		Plan	
		Major Focus	Fiscal Year 2011 Target
Social Targets and Actual Performance	CSR Policy and Structure	CSR promotion structure and penetration	<ul style="list-style-type: none"> Continue task- and position-specific group training to improve CSR awareness. Implement the PDCA cycle more effectively focusing on the targets and results of each business site. Raise the level of initiatives.
		Compliance management	<ul style="list-style-type: none"> Ensure proper management is in place at each branch office. Further enhance compliance awareness among all employees by using various tools. Continue efforts to develop a work environment where human rights are respected and employees are free to exercise their skills and abilities, under the lead of business site managers. Continue to implement the internal control system to the fullest and reinforce our risk management ability.
		Communication with society	<ul style="list-style-type: none"> Provide opportunities for dialogue with stakeholders, such as a venue to exchange opinions concerning the sustainability report.
	For Our Customers	Customer satisfaction	<ul style="list-style-type: none"> Encourage communications with customers and achieve greater customer satisfaction.
		Sustainable society and long-life housing	<ul style="list-style-type: none"> Educate customers and cultivate the market for the Everloop homes to promote more effective use of resources, prolong the lifespan of houses and develop a larger existing-home market. Actively promote eco-friendly remodeling solutions to add to the capability to conserve and produce energy for existing homes and expand our remodeling business for both Sekisui House and non-Sekisui House homes.
		Safe, reliable and comfortable homes	<ul style="list-style-type: none"> Offer housing components and living spaces incorporating Smart Universal Design to ensure "comfortable living—now and always" for residents of all ages. Support safe, reliable and comfortable homebuilding by effective use of our innovative hands-on learning facilities such as the Home Amenities Experience Studio and Large-scale Experience-based Facilities. Promote sales of the "Sha-Maison Green First" eco-friendly model to achieve the goal of receiving 1,200 orders (25% of all orders received for low-rise apartments) a year.
		Community development and local culture	<ul style="list-style-type: none"> Organize the "Community Visiting Day" and "Community Fair" events in an increasing number of locations to encourage community building led by residents and the continuation of local culture.
	For Our Employees and Business Partners	Commitment to employees	<ul style="list-style-type: none"> Improve employee interview and personnel assessment systems and take other appropriate measures to create a corporate environment where employees feel happy and motivated in their work in line with our Declaration for Human Resource Sustainability. Create a work environment where female employees are fully motivated in their work and can make meaningful contributions to the company. Promote career development options for female employees by increasing the awareness of the principle of equal opportunities.
			<ul style="list-style-type: none"> Leverage our pool of diverse human resources by promoting the use of various internal work programs and systems. Take immediate measures to increase the number of persons with disabilities employed by the company. Ensure the best practices in labor management compliance to support work style diversity and work-life balance. Encourage the health and safety committees in respective business sites to take positive measures to further enhance occupational health and safety.
		Commitment to building contractors and business partners	<ul style="list-style-type: none"> Ensure full compliance with our corporate ethics guidelines and other rules across all Sekisui House and group company employees and maintain good relationships with our business partners.
	For Our Shareholders and the Community	Commitment to shareholders	<ul style="list-style-type: none"> Ensure an average dividend payment ratio of at least 40% over the medium term so that we will be able to offer a high dividend yield to our shareholders and maintain sound management on a medium- and long-term basis. The target dividend for fiscal year 2011 is ¥20 per share; namely, ¥10 mid-term dividend and ¥10 year-end dividend.
		Housing culture improvement and education support	<ul style="list-style-type: none"> Focus on enhancing housing culture through the utilization of our facilities and expertise as a company open to the local community. Further enhance educational initiatives through our hands-on learning and other facilities and expand workplace visits and teacher dispatch programs.
Contribution to society		<ul style="list-style-type: none"> Increase the activity level of social contribution programs through improved information sharing and dissemination. Disburse ¥15.66 million to 29 organizations for the sixth round of grant aid under the Sekisui House Matching Program. Take measures to deepen understanding of the program among employees and encourage the participation of employees in the program. 	

for Fiscal Year 2012

Do	Check	Action
Results of Fiscal Year 2011	Reference Page	Fiscal Year 2012 Target
<ul style="list-style-type: none"> We worked with each of our employees to engage in CSR activities with the use of our e-learning tool. 	P.33	<ul style="list-style-type: none"> Continue group training and e-learning programs to raise CSR awareness.
<ul style="list-style-type: none"> We reexamined the targets and results of CSR initiatives in respective areas and took improvement measures, thereby eliminating discrepancies in performance among business sites. 		<ul style="list-style-type: none"> Continue to raise the level of activities undertaken by each business site.
<ul style="list-style-type: none"> All employees were made to submit a pledge to comply with our corporate ethics guidelines. We conducted a governance awareness survey and used the survey results as a tool to review our management style. 		<ul style="list-style-type: none"> Further increase compliance awareness among all employees using various tools.
<ul style="list-style-type: none"> Business site managers conducted human relations training sessions involving all employees. We assigned personnel tasked with addressing sexual and power harassment problems to all business sites and conducted training to improve their skills. 	P.36	<ul style="list-style-type: none"> Continue our focused efforts to develop an open and motivating work environment under the lead of business site managers.
<ul style="list-style-type: none"> We implemented new work rules correctly. No serious compliance problem arose during fiscal year 2011. 		<ul style="list-style-type: none"> Continue to implement the internal control system to the fullest and reinforce our risk management ability.
<ul style="list-style-type: none"> We offered various venues for communications with a wide range of stakeholders to share our vision of sustainable living, including our Zero Emission Center, Sustainable Design Laboratory and Kankan kyo. 	P.06	<ul style="list-style-type: none"> Continue to organize home visit events and forums and provide opportunities for dialogue with stakeholders using the sustainability report.
<ul style="list-style-type: none"> We updated the contents of our website "Net Owner's Club" twice a month to bring the latest information to customers, while publishing a regular magazine for them. We also conducted questionnaires, analyzed the results and took improvement measures. 	P.05	<ul style="list-style-type: none"> Encourage communications with customers and achieve greater customer satisfaction.
<ul style="list-style-type: none"> Through enhanced group-wide cooperation, we bought 171 homes for the Everloop program. 	P.58	<ul style="list-style-type: none"> Educate customers and cultivate the market for the Everloop homes and develop a larger existing-home market.
<ul style="list-style-type: none"> We received an increasing number of remodeling orders, and achieved sales of 102.1 billion yen (up 11.7% from the previous year) from the remodeling of both Sekisui House homes and non-Sekisui House traditionally built wooden houses. 	P.47	<ul style="list-style-type: none"> Promote remodeling projects to retrofit a photovoltaic power generation system to contribute to the creation of a low-carbon society.
<ul style="list-style-type: none"> In recognition of our efforts in a wide array of fields, we were commended in seven categories in the "5th Kids Design Award," including the Excellent Prize awarded to our SHAIDD55 acoustic isolation floor system with the assistance of the dynamic damper "L-55," and the Special Chief Judge's Prize awarded to Sekisui House's "living with LED lamps" vision. 	P.75	<ul style="list-style-type: none"> Promote "Smart UD" housing that brings maximum convenience and comfort for all generations.
<ul style="list-style-type: none"> Our Home Amenities Experience Studio was visited by 34,291 people, the Large-scale Experience-based Facilities by 77,826 people, and <i>Sumai-no-kagakukan</i> (medium-sized experiment-based facilities) by 78,107 people. 	P.05	<ul style="list-style-type: none"> Support safe, reliable and comfortable homebuilding by effective use of our innovative hands-on learning facilities.
<ul style="list-style-type: none"> We received 1,239 orders for our "Sha-Maison Green First" eco-friendly low-rise apartments, achieving the best sales figures in the industry. We handled the subleasing and management of a total of 489,967 residential units and the occupancy rate reached 95.6%. The MAST Club service for tenants gained a membership of approximately 466,000 individuals. 	P.46	<ul style="list-style-type: none"> Increase sales of the "Sha-Maison Green First" model to 30% of all orders received for low-rise apartments. (This action is pursued in the "Environmental Targets" category.)
<ul style="list-style-type: none"> We held the "Community Visiting Day" event twice, involving a total of 631 detached houses at 123 locations and 139 condominium residential units at nine locations. We also held 83 "Community Fair" events. 	P.61	<ul style="list-style-type: none"> Organize the "Community Visiting Day" and "Community Fair" events in an increasing number of locations to encourage local community building efforts and the continuation of local culture.
<ul style="list-style-type: none"> We revised our personnel assessment system in part in a manner to enhance employee motivation and satisfaction. Our vigorous corporate culture is being further reinforced in line with our corporate philosophy. 		<ul style="list-style-type: none"> Take multi-faceted measures to create a corporate environment where employees feel happy and motivated in their work.
<ul style="list-style-type: none"> We saw a steady increase in the number of high-caliber married female sales personnel who successfully balanced work and family life/motherhood. The number of female managers increased to 34 within the Sekisui House Group. 		<ul style="list-style-type: none"> Create a work environment where female employees are fully motivated in their work and can make meaningful contributions to the company and increase the awareness of the principle of equal opportunities.
<ul style="list-style-type: none"> Eight employees were assigned to a different work category under the Work Category Transfer Program, and seven employees returned to work under the Retiree Reinstatement Registration Program. The employment rate of persons with disabilities increased to 1.75%. 	P.67	<ul style="list-style-type: none"> Encourage employees to use various internal work programs and systems and leverage our pool of diverse human resources. Take immediate measures to increase the employment of persons with disabilities.
<ul style="list-style-type: none"> The number of female employees taking parental leave increased from 87 to 121, while the number of employees using the Shortened Work Hour Program increased from 164 to 173. Productivity was increased through training programs that encouraged improvement in working styles and work processes. 		<ul style="list-style-type: none"> Ensure the best practices in labor management compliance to support work style diversity and work-life balance.
<ul style="list-style-type: none"> Thirty occupational accidents (a decrease of 12 cases from the previous year) and 18 commuting accidents (an increase of 6 cases from the previous year) took place. Human relations training was held focusing on mental health. 		<ul style="list-style-type: none"> Continue to encourage the health and safety committees in respective business sites to take positive measures to further enhance occupational health and safety.
<ul style="list-style-type: none"> We held training on the Subcontract Act involving all employees and continued improvement measures focusing on reinforcing interactive communications with our suppliers. 	P.65	<ul style="list-style-type: none"> Ensure full compliance with our corporate ethics guidelines and other rules to maintain good relationships with our business partners.
<ul style="list-style-type: none"> Annual year-end dividend was ¥20 per share. We continued to implement the shareholder loyalty point program and shareholder rewards program. 	P.70	<ul style="list-style-type: none"> Ensure an average dividend payout ratio of at least 40% over the medium term. The target dividend for fiscal year 2012 is ¥25 per share; namely, ¥12 midterm dividend and ¥13 year-end dividend.
<ul style="list-style-type: none"> Our housing seminars attracted 472 participants, while 381 applications were received for our Internet housing webinar. The Real Size Thinking competition for ecological living space design, held to encourage industrial-academic collaboration and interactions among universities received 187 entries from 50 universities around Japan. 		<ul style="list-style-type: none"> Continue dedicated efforts to enhance housing culture through the utilization of our facilities and expertise as a company open to the local community.
<ul style="list-style-type: none"> Student visitors totaled 6,475 at our Home Amenities Experience Studio, Large-scale Experience-based Facilities and <i>Sumai-no-kagakukan</i> (medium-sized experiment-based facilities). A hands-on agricultural program was implemented for elementary school and kindergarten children on the Shin-satoyama grounds. We also implemented three other programs including an energy conservation seminar (Houseology). 	P.71	<ul style="list-style-type: none"> Further enhance educational initiatives and expand workplace visits and teacher dispatch programs.
<ul style="list-style-type: none"> Employees donated ¥85.45 million for various disaster relief programs. We purchased 28,452 "SELP product" pieces made by persons with disabilities which we used as promotional merchandise, and organized Disabled Persons Week events in cooperation with governmental agencies, economic bodies, NPOs and other companies. 		<ul style="list-style-type: none"> Further enhance the activity level of social contribution programs through improved information sharing and dissemination.
<ul style="list-style-type: none"> We launched the Momo-Kaki Orphans Fund Program to offer financial assistance to children orphaned by the Great East Japan Earthquake and donated ¥7.5 million in the first year. The sixth round grant aid of the Children's Fund and Eco-Fund totaled ¥15.66 million, which was disbursed to 29 organizations, while 124 programs applied for the seventh round grant aid. 		<ul style="list-style-type: none"> Disburse ¥16.60 million to 21 organizations for the seventh round of grant aid. Deepen understanding of the significance of the initiative among employees and encourage their participation.

[Rating legend] ○...Achieved target; △...Did not achieve but came close to target; ✕...Unable to make improvements toward achieving target

Plan

Major Focus

Fiscal Year 2011 Target

Environmental Targets and Actual Performance

Reducing CO ₂ Emissions	Reducing residential CO ₂ emissions	<ul style="list-style-type: none"> ● Orders for 12,000 photovoltaic systems for detached houses. ● Sales of 3,500 fuel cell systems. ● Increase window and door insulation updates to 104,400 m²/Install high-efficiency water heaters in 4,800 homes/Install photovoltaic systems in 2,900 homes/Sell 4,850 sets of energy efficient bath fixtures (These targets are set for Sekisui House Remodeling Co., Ltd.) ● Achieve certification for 700 environmentally symbiotic houses. ● Organize 80 events to educate the public on energy saving.
	Reducing CO ₂ emissions from business activities and production process	<ul style="list-style-type: none"> ● Achieve a 3% reduction in CO₂ emissions per square meter of floor area shipment at both the production and transportation stages from the fiscal year 2010 level. ● Cut power consumption by 15% during summer peak hours. ● Introduce fuel-efficient vehicles when replacing company-owned vehicles.
Ecosystem Protection	Reduce impact on ecosystems during procurement	<ul style="list-style-type: none"> ● Revise the Wood Procurement Guidelines. ● Obtain the Chain-of-Custody (CoC) Certification that verifies wood products come from certified forests.
	Preservation of ecosystems through landscaping	<ul style="list-style-type: none"> ● Plant one million trees a year. ● Continue to implement the "Letters from Dr. Forest" environmental education program focusing on the importance of biodiversity, in closer cooperation with regional offices. ● Continue to plant trees in all the houses offered for sale on the "Community Visiting Day" events.
	Educational and awareness enhancing activities	<ul style="list-style-type: none"> ● Continue to plant trees in forest land, subdivided into small patches by nets to prevent feeding damage caused by deer.
Resource Recycling	Recycling at factories and construction sites	<ul style="list-style-type: none"> ● Achieve a 3% reduction of waste per square meter of floor area shipment at the production stage at factories from the fiscal year 2010 level. ● Increase the material recycling rate of waste to 90% at production and construction sites. ● Maintain the current level of use of electronic manifest system while continuing to take proper measures to achieve the target. ● Reduce waste at the construction site of new build light gauge steel (LGS) detached houses (Type B) to 1,200 kg/house. ● Reduce waste at the construction site of new build wooden detached houses (SW) to 1,500 kg/house. ● Reduce waste at the construction site of new build heavy steel houses (β system) to 1,200 kg/house. ● Reduce waste at the construction site of new build LGS low-rise apartment houses (SHM) to 1,000 kg/house. ● Determine the effect of our waste reduction measures by collecting more detailed data and accelerate our zero waste efforts. ● Upgrade the assessment system to increase efficiency.
Others	Recycling at offices	<ul style="list-style-type: none"> ● Promote measures to increase the green purchasing rate, such as having study meetings with purchase personnel at each business site.
	Control over chemical substances	<ul style="list-style-type: none"> ● Continue efforts to spread the use of the Chemicare design, for example, by making it a standard design of our housing products.
	Environmental activities by employees	<ul style="list-style-type: none"> ● Continue striving for this target along with our efforts to reduce CO₂ emissions from our corporate activities and production processes.

Summary of the Results of Fiscal Year 2011 and Targets for Fiscal Year 2012

Do	Check	Action		
Results of Fiscal Year 2011	Reference Page	Rating	Fiscal Year 2012 Target	
<ul style="list-style-type: none"> ● We received orders for photovoltaic systems for 11,222 detached houses. Though we failed to achieve the target number of orders for photovoltaic power generation systems due to a decline in orders for detached houses from the previous year, the rate of houses with these systems increased. 		△	<ul style="list-style-type: none"> ● Receive orders for 12,000 detached houses with photovoltaic systems. 	
<ul style="list-style-type: none"> ● We received orders for fuel cells for 5,356 houses. Against the backdrop of the earthquake and the growing concern for possible electricity shortages, we saw a drastic increase in the number of orders received, especially from areas where propane gas is used. As a result, we received 53% more orders than the original target. 		○	<ul style="list-style-type: none"> ● Receive orders for 6,000 houses with fuel cell systems. 	
<ul style="list-style-type: none"> ● We installed 56,668 m² of window and door insulation, high-efficiency water heaters in 4,189 homes, and photovoltaic power generation systems in 2,412 homes, and sold 3,226 sets of energy efficient bath fixtures. We failed to meet the target despite our efforts to encourage remodeling by taking advantage of the remodeling eco-point program, and after the expiration of the program in July, by launching Sekisui House Remodeling's original eco-support program. 	P.45	△	<ul style="list-style-type: none"> ● Install 74,400 m² of window and door insulation, install high-efficiency water heaters in 4,700 homes and photovoltaic systems in 3,500 homes, and sell 3,500 sets of energy efficient bath fixtures. 	
<ul style="list-style-type: none"> ● We achieved certification for 421 environmentally symbiotic houses. Through our efforts at the "Community Visiting Day," a housing fair held twice a year, 421 houses were certified to be environmentally symbiotic. 		×	<ul style="list-style-type: none"> ● Ensure all the newly built houses for sale are certified to be environmentally symbiotic. 	
<ul style="list-style-type: none"> ● We organized 50 extension classes/seminars, including energy conservation seminars (Houseecology) to encourage a shift to energy-saving lifestyles. 		×	<ul style="list-style-type: none"> ● Promote awareness-raising activities to encourage lifestyles which use less electricity and energy. (This action is pursued in the "Social Targets" category.) 	
<ul style="list-style-type: none"> ● CO₂ emissions decreased by 7.0% at the production stage and increased by 0.4% at the transportation stage. In total, we achieved a 4.0% reduction of CO₂ emissions at the production and transportation stages. We met the target at the production stage by introducing LNG at the Shizuoka factory to replace conventional fuel, and by promoting energy-saving measures at each factory. However, we failed to meet the target at the transportation stage due to the concentration of production at the Shizuoka factory which required additional transportation to other factories. 	P.48	○	<ul style="list-style-type: none"> ● Achieve 6.2% and 3.0% reduction in CO₂ emissions per square meter of floor area shipment at the production and transportation stages respectively, from the fiscal year 2011 level. 	
<ul style="list-style-type: none"> ● We reduced electricity consumption by 25.3% at all our offices between July and September. We also achieved a 15% reduction of electricity consumption during peak hours at the factories in the areas served by Tohoku Electric Power Company and Tokyo Electric Power Company. 		○	<ul style="list-style-type: none"> ● Achieve the non-binding targets set under the Energy Saving Act. 	
<ul style="list-style-type: none"> ● We achieved the targets both in reducing the number of company-owned vehicles and increasing the rate of fuel-efficient vehicles. We reduced the number of company-owned vehicles by 3.7%. The rate of fuel-efficient vehicles to all the company-owned vehicles reached 92.4%, up 2.0% from the previous year. 		○	<ul style="list-style-type: none"> ● Increase the rate of fuel-efficient vehicles and that of low-emission vehicles to all company-owned vehicles to 94% and 98% respectively. 	
<ul style="list-style-type: none"> ● We revised the Wood Procurement Guidelines. We worked with an environmental NGO to revise our Wood Procurement Guidelines. We will notify all parties concerned of the revision, while considering ways to better use these guidelines. 	P.49	○	<ul style="list-style-type: none"> ● Implement the new guidelines to the fullest. 	
<ul style="list-style-type: none"> ● Relevant departments engaged in discussions on the acquisition of CoC certification. Due partly to the earthquake, there was a delay in preparing for CoC certification at our factories, but discussions are still underway. For certain housing development projects, a process was launched to obtain the certification. 		△	<ul style="list-style-type: none"> ● Obtain Chain-of-Custody (CoC) certification that verifies wood products come from certified forests. 	
<ul style="list-style-type: none"> ● We planted 960,000 trees, up 5.5% from the previous year. Still, we failed to meet the target. 		△	<ul style="list-style-type: none"> ● Plant one million trees a year. 	
<ul style="list-style-type: none"> ● We organized extension classes in eight schools with 479 participants. Due partly to the earthquake, the number of schools we visited for this program fell by more than 50% from the previous year, but we will continue efforts to implement the program. 	P.51	○	<ul style="list-style-type: none"> ● (This action is pursued in the "Social Targets" category.) 	
<ul style="list-style-type: none"> ● We planted trees under our "Gohon no ki" landscaping concept in all the houses offered for sale in the "Community Visiting Day" held twice a year. 		○	<ul style="list-style-type: none"> ● Plant trees under our "Gohon no ki" landscaping concept in all newly built houses offered for sale. 	
<ul style="list-style-type: none"> ● We planted trees in small forest land patches. While we were going to plant trees twice a year, we cancelled the second planting scheduled for the autumn due to the effects of typhoon no.13. 	-	○	<ul style="list-style-type: none"> ● Plant trees in small forest land patches in spring. (This action is pursued in the "Social Targets" category.) 	
<ul style="list-style-type: none"> ● Manufacturing-related waste increased by 3.1% from the fiscal year 2010 level. The commencement of internal manufacturing of wooden products at our Azai factory, coupled with the malfunction of the biomass power generation system, resulted in a drastic increase in wood waste. We will extend the operating hours of the biomass power production system to reduce both waste and electricity purchased. 		×	<ul style="list-style-type: none"> ● Achieve a 3.0% reduction from fiscal 2011 level. 	
<ul style="list-style-type: none"> ● The material recycling rate increased to 90.2%. We met the target by promoting internal recycling, for example, making field chalk by mixing plasterboard waste (Platama Powder) and reusing waste roof tiles as vibration absorbent materials for SHAIDD55 and as raw materials for ceramic exterior walls. 		○	-	
<ul style="list-style-type: none"> ● The rate of our electronic manifest system introduction reached 85%. 		△	<ul style="list-style-type: none"> ● Achieve 100%. 	
<ul style="list-style-type: none"> ● 1,365 kg/house 	<p>Construction waste was reduced by 1.5 tons (50%) per house from the level of 2000, while the reduction rate has barely fallen in recent years. The slight increase in construction waste volumes during fiscal year 2011 is attributable to the increased accuracy in measurement with the IC tag-based zero waste system. (Please refer to p. 55)</p>	-	<ul style="list-style-type: none"> ● Reduce the volume of waste from construction of light gauge steel (LGS) detached houses (Type B) to 1,200 kg/house 	
<ul style="list-style-type: none"> ● 1,824 kg/house 		P.55	-	<ul style="list-style-type: none"> ● Reduce the volume of waste from construction of wooden detached houses (SW) to 1,500 kg/house
<ul style="list-style-type: none"> ● 1,856 kg/house 		-	-	<ul style="list-style-type: none"> ● Reduce the volume of waste from construction of heavy steel houses (β system) to 1,200 kg/house
<ul style="list-style-type: none"> ● 1,173 kg/house 		-	-	<ul style="list-style-type: none"> ● Reduce the volume of waste from construction of LGS low-rise apartment houses (SHM) to 1,000 kg/house
<ul style="list-style-type: none"> ● We completed the nationwide introduction of an IC tag-based next-generation zero waste system in November 2010. The effect of our waste reduction efforts during fiscal year 2011 is determined by accurate numerical data obtained through actual measurement. 			○	-
<ul style="list-style-type: none"> ● We reviewed the assessment criteria and revised the manual. We strived to ensure adequate performance of our intermediate disposal partners by improving assessment tools and offering training sessions. 		○	-	
<ul style="list-style-type: none"> ● We held study meetings with purchase personnel at some sales administration headquarters. Through the dedicated efforts of purchase personnel, the green purchasing rate increased from 88.7% to 93.0%, an increase of 4.3% from the previous year. 	-	○	<ul style="list-style-type: none"> ● Increase the green purchasing rate to 95%. 	
<ul style="list-style-type: none"> ● We began providing major steel-frame homes with the "Airkis" high-quality indoor air system as a standard feature. 	P.27	○	<ul style="list-style-type: none"> ● Further promote and encourage the introduction of the "Airkis" system. 	
<ul style="list-style-type: none"> ● We took electricity-saving measures during the summer and winter seasons on a company-wide basis, and reduced electricity consumption to a level lower than the level set by the national government and the electric power company during these seasons. 	P.48	○	<ul style="list-style-type: none"> ● Continue to take electricity-saving measures, especially during the summer and winter seasons. 	

[Rating legend] ○ ...Achieved target; △ ...Did not achieve but came close to target; × ...Unable to make improvements toward achieving target