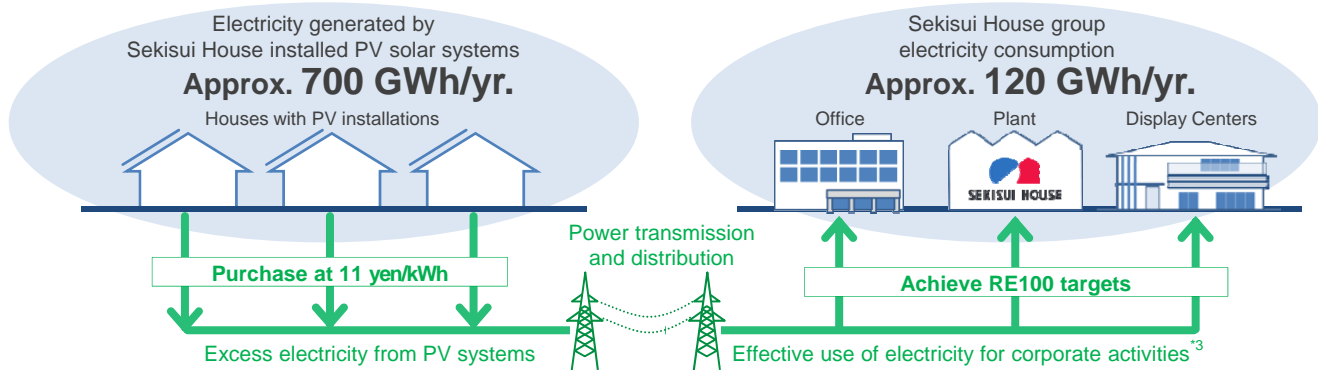


Sekisui House, Ltd.

Sekisui House to Purchase Post-FIT Electricity from Homeowners To Use for Corporate Activities Launch Service to Resolve Post-FIT Issues and Achieve RE100 Initiative Targets

Sekisui House, Ltd. will launch a service to purchase excess electricity generated by PV systems installed on owner's houses for use in Sekisui House Group's corporate activities. To be known as Sekisui House Owner Denki*1, applications for the service will open on March 1, 2019, with the service to begin in November. The initial purchase price will be 11 yen/kWh. Sekisui House is working to achieve a sustainable society through the use of this electricity within the Sekisui House group, in order to achieve our RE100 initiative*2 targets.

- Launch of Sekisui House Owner Denki exclusively for Sekisui House post-FIT owners
- Purchase price of 11 yen/kWh for post-FIT electricity
- Meet Sekisui House Group RE100 initiative targets



Launched in 2009, Japan's Feed-In Tariff (FIT) is a scheme where the national government guarantees that renewable energy can be sold at a specified price for a specified period of time. This guaranteed period for residential PV solar systems (less than 10 kW) is 10 years, and it will start to expire for the first homes that entered the scheme in November 2019. How to handle the excess electricity after this FIT period ends is an urgent problem, known in Japan as the '2019 problem'.

There will be around 10,000 Sekisui House homeowners who face this issue every year, and Sekisui House proposes that Sekisui House Owner Denki purchase excess electricity from post-FIT homeowners for use in Sekisui House corporate operations. When combined with storage batteries installed during renovations, owners can store excess electricity generated during the day and use that electricity at night, and sell any excess electricity that cannot be stored.

The total capacity of PV systems installed by Sekisui House on its detached and rental houses is over 700 MW, with annual generation of approximately 700 GWh. Trial calculations show that Sekisui House can cover its operating electricity needs of 120 GWh annually by purchasing 20~30% of post-FIT electricity, thereby meeting the group's RE100 initiative targets.

Sekisui House Owner Denki is made possible by the large number of PV systems installed by Sekisui House, including on the 76% of newly detached houses the company builds that are ZEH (FY2017). It is the company's innovative business model that solves two challenges simultaneously: resolve the 2019 Problem for post-FIT homeowners to improve their satisfaction, and also to meet our RE100 initiative targets.

Sekisui House will continue to work to build a sustainable society, by reducing the environmental impact and improving customer satisfaction, and will continue to strive to be a leader in ESG management.

*1: "Sekisui House Owner Denki" is Sekisui House's trademark (patent pending).

*2: The initiative to target 100% renewable energy for business activities.

*3: Corporate electricity costs will include wheeling and other fees in addition to the cost of post-FIT electricity purchased





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SEKISUI HOUSE OWNER DENKI

Sekisui House Owner Denki Logo

Reference

Aiming to Meet 2040 RE100 Targets Through Sekisui House Owner Denki

In October 2017, Sekisui House became the first company in the Japanese construction industry to join the RE100 initiative, which aims to supply electricity used for business activities with 100% renewable energy. As an interim target the company aims to cover 50% of its electricity used for business activities with renewable energy by 2030, and then 100% by 2040.



Sekisui House's Initiatives for Decarbonization in ESG Management

Increased use of renewable energy is essential if Japan is to achieve its Paris Agreement goal of reducing greenhouse gas emissions by 26% by 2030 (compared to 2013).

As part of the company's ESG management, Sekisui House declared in 2008 that it would work to decarbonize the company's operations in order to build a sustainable society, and it has taken the lead by supplying houses in the industry that are both low carbon, but that also provide a comfortable lifestyle for the homeowners.

Sekisui House products have helped our homeowners decarbonize their lifestyles, and Sekisui House Owner Denki aims to help the company decarbonize its corporate activities.

- Initiated the Green First Strategy in 2009 which focuses on environmental friendliness, comfort and health for the owners
- Released the Green First Zero net-zero-energy housing (ZEH) in 2013. In FY2017, 76% of new detached houses built by Sekisui House were ZEH, significantly exceeding the government target (minimum of 50% by 2020). Sekisui House has supplied 35,881 net-zero-energy homes (as of the end of March 2018), the most of any home builder in Japan.



Promoting decarbonization in the owner's lives through Green First Zero (ZEH)



Decarbonizing Sekisui House's business activities through the purchase of post-FIT electricity