

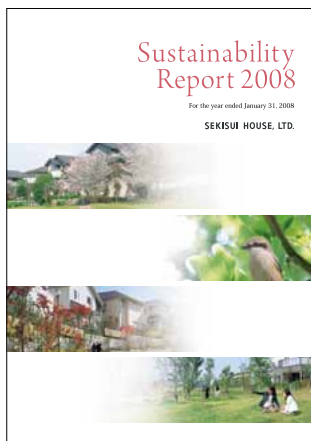
Sustainability Report 2008

For the year ended January 31, 2008

SEKISUI HOUSE, LTD.



Sustainability Report 2008



Scope of coverage

Businesses covered by this report

The scope of businesses covered by this report includes 73 companies, namely: Sekisui House, Ltd., and the following consolidated subsidiaries that are considered important in regard to CSR and environmental management: Sekiwa Real Estate, Ltd. (7 companies); Sekiwa Real Estate KRM Ltd.; Sekisui House Remodeling, Ltd.; Sekiwa Construction, Ltd. (54 companies); Landtech Sekiwa, Ltd. (2 companies); Greentechno Sekiwa, Ltd. (3 companies); SGM Operation Co., Ltd.; Sekisui House Umeda Operation Co., Ltd.; Sekiha, Ltd.; and Sekiwa Support System, Ltd.

Business activities covered by this report

This report covers the business operations of the Sekisui House Group, which includes the design and construction of attached and detached houses (for sale and for renting), real estate sales business (houses, condominiums, land and city redevelopment), real estate leasing, and other business (exteriors and remodeling, etc.). There were no material changes in the types of business operations undertaken by the Group during fiscal 2007.

Period covered Fiscal 2007 (February 1, 2007 to January 31, 2008)

Date of publication

This report is published annually in Japanese around April.

This year's edition is the first to be translated into English.

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Editorial Policy

This report comprises a printed version and a web-based version. Through this report we aim to contribute to the realization of a sustainable society by gaining wider understanding of the approach of the Sekisui House Group, while communicating to readers our aim to further enhance our approach. It is produced with reference to the Environmental Reporting Guidelines 2007 of Japan's Ministry of the Environment, and the Sustainability Reporting Guidelines (Version 3.0) of the Global Reporting Initiative.

Main points of improvement in the Sustainability Report 2008

- This report has been organized by the CSR Committee into ten sections, from the perspective of materiality, following reference to questionnaire responses from approximately 4,100 internal and external respondents and the results of 19 meetings for the exchange of opinions with external specialists.
- In addition to reporting on our activities, this report includes policies adopted by our Group with regard to related social issues, with the aim of clarifying our position on such matters.
- The report now includes more detailed content on core activities of the Sekisui House Group that have a large impact on the creation of a sustainable society, from the perspective of *Taking responsibility for the future*.
- In sections entitled *Taking responsibility for the future*, we have increased the extent of third-party commentary from a wide range of stakeholders.

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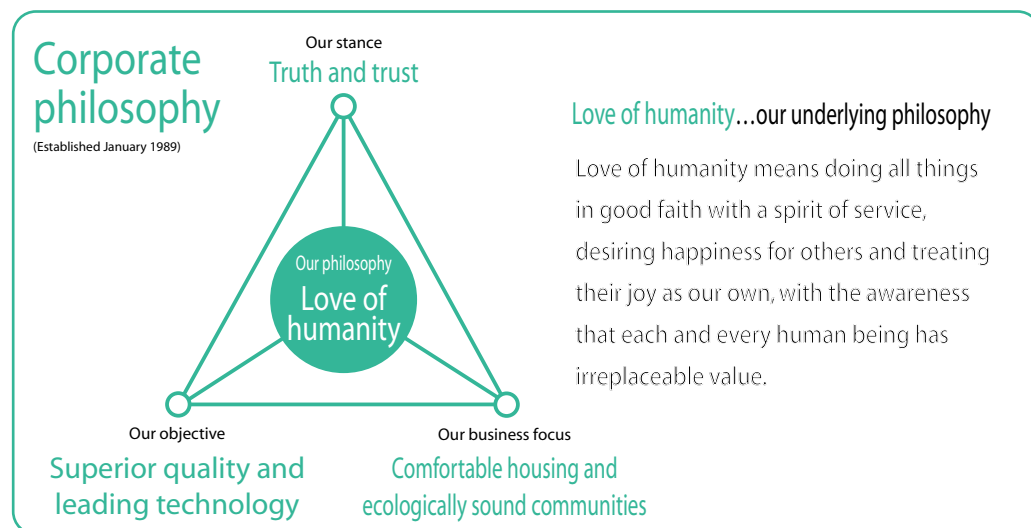
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Toward a Sustainable Society

In an effort to promote a shared awareness among all employees and to move forward in the best direction, Sekisui House advocates a Sustainable Vision as the foundation of our corporate philosophy, the core of which is a love of humanity.

To promote concrete action aimed at achieving this vision, we have established 13 guidelines based on our four values.



2005

- Launched Sustainable Vision
- Established the Urban Development Charter
- Launched Action Plan 20
- Achieved zero emissions at new house construction sites

2004

- Authorized by the Ministry of the Environment to dispose of construction site waste across administrative boundaries

2003

- Met next-generation energy saving standards for all housing construction designs

2002

- Achieved zero emissions at all Sekisui factories

2001

- Launched the Gohon no ki gardening concept

1999

- Standardized our major housing products to meet next generation energy-saving standards

1999

Announced the Environmental Future Plan

The establishment of an environmental charter and a basic environmental guideline aiming to achieve harmony between human beings, towns and the planet.

Release of the Medium Term Management Vision S-Project

A declaration aimed at achieving Corporate Social Responsibility via improvements in the satisfaction triangle of customer satisfaction, employee satisfaction and shareholder satisfaction.

Sekisui House will take the ideas contained in the S-Project and develop them into a more practical vision from the standpoint of sustainable and balanced management.

Declaration of Sustainability

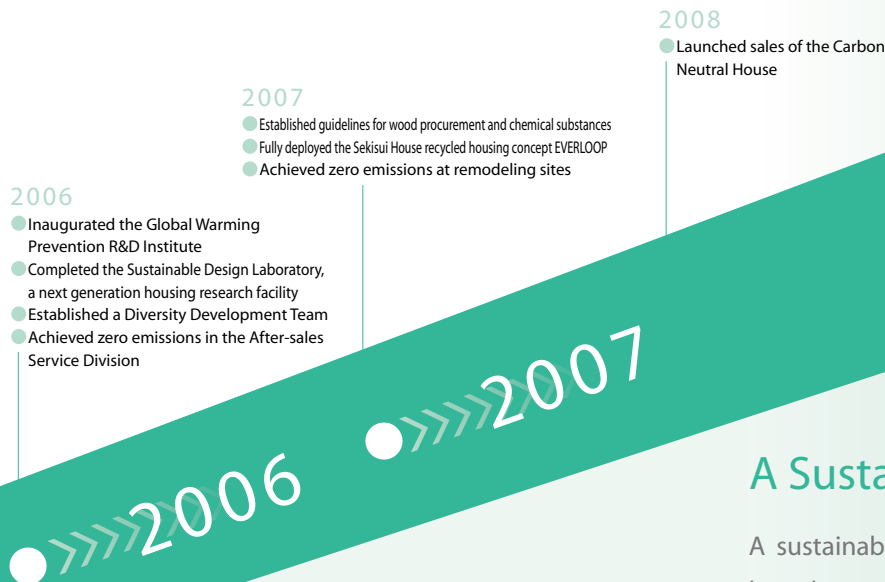
Aiming for a balanced management based on four values: the environment, the economy, society and residents.



● Our four values

The Triple Bottom Line concept is beginning to gain wide social acceptance. This concept refers to the need to pursue balanced business management that includes consideration of the environment and society as well as the economy in order to realize a sustainable society. At Sekisui House, we have carefully reviewed the value we can provide to society through our highly socially oriented core business of creating housing environments, and added a unique bottom line element of our own—residential value.

Realizing a Sustainable Society



Establishing 13 Guidelines based on our four values

Sekisui House has established 13 guidelines in order to realize four values. The 13 guidelines, deeply entwined with our four values, will be the signposts that guide our business activities in a sustainable direction.

*For further information on the 13 guidelines, please see pages 5 and 6

At Sekisui House, all of our businesses are conducted based on our four values and 13 guidelines. Examples include our uniquely established Urban Development Charter (page 20), along with our Urban Development Basic Principles and 24 Guidelines for Urban Development.

24 Guidelines for Urban Development

We have established 24 guidelines to support the application of our basic principles in concrete urban development. These guidelines also serve as our evaluation standards for sustainable urban development.

A Sustainable Vision

A sustainable society refers to a society based on a balanced, global eco-system, in which all people can live in comfort. In addition to contributing to the establishment of a sustainable society through the provision of housing that satisfies all of our customers, Sekisui House aims to become a company that creates housing environments and maintains the lead in providing for the lifestyles in that society.

● The Significance of Establishing the Vision

We have entered a period of tremendous social change, which makes forecasts about the future extremely difficult. We are in now an era that presents companies with tremendous challenges making it necessary to have a vision that clearly outlines the direction the company should head, without merely being swept along by events. In doing so, we seek to avoid taking haphazard measures and will endeavor to position ourselves toward achieving our goals. Guided by our vision of the ideal Sekisui House, we can validate the suitability and adequacy of our activities and more quickly achieve our aims.

The Four Values and 13 Guidelines of Sekisui House

We place importance on our four values and 13 guidelines, not as a way of categorizing each of our businesses and activities, but because it allows us to regularly assess our overall balance. It is our belief that these efforts will lead us closer to a sustainable society.

Environmental Value

Sekisui House is always conscious of the fact that our society and lives are founded on the earth's precious resources and the existence of diverse forms of nature. We are aware of the role and responsibility of the housing industry in contributing to environmental conservation and in preventing global warming. We also understand the environmental impact of our housing throughout its life cycle, and are taking measures to reduce that burden.

The realization of energy usage not reliant on fossil fuels Energy

We will reduce the amounts of fossil fuels used, including gasoline and natural gas, which emit greenhouse gasses such as carbon dioxide. Looking ahead, we will also promote the use of sustainable energy within the limits of sustainable supply.

Resource use not exceeding the regenerative capabilities of the natural eco-system Resources

We will use resources that generate no waste materials through the 3 Rs (reduce, reuse and recycle), and at the same time we will switch from using exhaustible natural materials to renewable or recyclable resources within the limits of sustainable supply.

We will help reduce the concentration of non-biodegradable materials alien to the natural world Chemical materials

We will reduce the types and amounts of chemical materials used, so that the impact of chemical material usage is contained within nature's biodegrading capabilities. In instances where that impact is unclear, materials will be used conservatively and following consultations with related parties.

Protecting the natural life cycle and biodiversity The eco-system

We will respect the delicate eco-system and biodiversity that has supported the existence of living things on our planet for millions of years, continuing to form our lives through its purifying and regenerative capacity. We also aim to maintain and conserve this capacity.

Environmental Value

Sustain

Economic Value

Economic Value

The housing industry contributes widely to the revitalization of society and the economy. Sekisui House will make use of new technologies and services to contribute to sustainability and to enrich the housing environment and lifestyle. We will provide attractive, value added components to, and aim for, a positive economic cycle where the benefits can be given back to society.

Accumulating knowledge and technology to create sustainable values Knowledge and technology

We will increase the productivity of resources, energy and time, and develop and accumulate knowledge and technology in harmony with the environment and society, while continuing to provide sustainable products and business models.

Promoting the regional economy Regional economy

We will use local goods and services in the regions where we provide housing in an effort to promote the local economy and contribute to a regional value cycle.

The pursuit of fair corporate profits and sharing with society Fair profits and social sharing

We will pursue fair profits aiming for sustainable business growth, and distribute economic value to the various parties involved, including customers, clients, employees, shareholders and the regional economies.



Sekisui House provides housing in response to the needs of the family and with a level of quality that allows all people to live pleasantly, safely and with peace of mind throughout their lives. It is also our role to build housing that will be passed down and lived in for many generations, and to protect the asset value of that housing. By taking relationships with nature and society into account, we will support comfortable living for many years to come, and raise value for residents.

Permanence **The creation of housing with increased value, to be cared for long-term**

Sekisui House aims to create housing that will mature with time, be cared for over many generations as the housing responds to changes in lifestyles, achieve a fair life cycle cost, and demonstrate its value over time.

Comfort **The facilitation of peaceful, pleasant lives**

Sekisui House will provide housing that is healthy, pleasant, safe and creates peace of mind for all people, by incorporating universal designs, disaster prevention, crime prevention, customer support and optimum remodeling ideas.

Fullness **Providing enrichment through the ages**

By providing individualized consulting on housing to address the desires of a family, Sekisui House will promote interaction between families, neighbors, and nature to create housing that provides fulfillment over the years.

Residential Value

ability

Social Value

By providing the homes that support our lifestyle, we promote life and culture. It is our role to nurture beautiful and vibrant communities. We contribute to the creation of a new society by promoting strong communications and remaining fully compliant at all levels.

Co-existence and co-prosperity **Establishing prosperous relationships based on trust and affinity among the various community stakeholders**

Beyond simply maintaining legal compliance, Sekisui House actively engages in social contribution activities as a corporate citizen and strives to deepen communication and cooperation for both the present and the future through our corporate activities, the fostering of trust and affinity and by establishing relationships based on equality and mutual benefit.

Creating relationships with regional culture **Inheriting and fostering regional culture and developing communities**

We will create aesthetically pleasing townscapes and scenery that become more pleasant as the years pass by. We will also contribute to the development of communities to serve as the base for families, friends and neighborhoods, and foster existing regional cultures by enabling the creation of regional bonds and relationships.

Human resource development **Human resource development that generates sustainable value**

Sekisui House will develop human resources that contribute to society both at and outside of work, by increasing employee diversity, broadening our outlook, and developing the capacity to create sustainable values based on a love of humanity. We will also improve our employees' work-life balance, and provide a challenging environment in which they can demonstrate their capabilities.

Commitment from the Top



Isami Wada

Chairman and CEO

Constructing long-life housing,
and reducing household CO₂ emissions.
Fulfilling our responsibilities as a housing company.

In an era when environmental awareness is an increasingly important part of our society, the housing industry has an important responsibility. Answers to questions regarding how we should live and what our society should look like can be found to a large extent in the nature of our housing. The Japanese government's continued effort to promote its housing policy and create extra long-life housing, the 200-Year Housing Vision is aligned with the many sustainability initiatives that we have been implementing. We are dedicated to making this vision a reality, as we believe that "quality housing leads to a quality society". On this basis we will continually strive to improve sustainability.

Taking the early initiative in making long-life houses

In 2007, the Japanese administration announced its plans to promote more widely the 200-Year Housing Vision (long-term quality housing), while in the Basic Act for Housing, enacted in 2006, longer-lasting housing was an important theme, and efforts to increase the stock of quality houses commenced. The 200-Year Housing Vision is a symbol of the desire to create extra long-life and long-life housing that will span several generations of occupants. It is based on the idea that housing should not be for individual consumption but should instead be considered an important asset of our society. It is also an indication that we have entered an era of stricter standards regarding housing quality.

Sekisui House was one of the first to pursue initiatives toward more sustainable housing and considering the achievements we have made we feel that the government initiatives are timely. Compared to housing in some other nations, the average lifespan of homes in Japan is generally said to be comparatively short at less than 30 years. However, due to the durability and quality of construction frames (skeletons) used by Sekisui House, the interiors and facilities of our houses can be adapted to the changing requirements of the occupants, and so our houses can serve many different kinds of occupants for long periods of time. We aim to create housing that can adapt to changes in society and lifestyles and is always comfortable. This is the basis of the functionality of our houses.

Promote circulation of housing by adding value to existing homes.

Sekisui House's EVERLOOP housing

revitalization program is a unique existing-home revitalization and distribution business in which we are harnessing the comprehensive capabilities of the Sekisui House Group to stimulate the existing home business.

Due to the high quality and durability of our housing, we can resell our houses by adding value through remodeling these houses with the most up-to-date specifications. For those wishing to sell their homes, our EVERLOOP policy allows sellers to witness the remodeling of their home into a space that can continue to provide comfortable living for new occupants. Buyers are able to purchase homes of a quality similar to those that are brand new, at reasonable prices. Through these operations we believe we can continue to promote the circulation of goodwill amongst both buyers and sellers.

Fundamentally, the key to long-life housing is to build quality homes that can be passed on through the generations. Of the cumulative total of around 1.9 million housing units that Sekisui House has built, approximately 800,000 are detached houses. Whilst continuing the implementation of technologies such as our new seismic damping SHEQAS system (approved by the Ministry of Land, Infrastructure and Transport), we will fulfil our responsibilities for the homes we have built by providing renovation and after-sales service so that our homes continue to provide comfort for future generations.

Preventing global warming, promoting the Carbon Neutral House

In 2008, Hokkaido's Lake Toya will be the venue for the G8 Summit focused on combating global warming. As environmental issues come under ever

increasing scrutiny, housing companies have a very large responsibility. This is due to the striking rise in household energy consumption when compared to that of the industrial sector, and restraining this trend is a pressing issue. In pursuing our Action Plan 20, which we formulated in response to the Kyoto Protocol, we are installing solar power generation and high efficiency hot water systems in our new, thermally supply efficient homes that meet next-generation energy saving standards. Furthermore, to combat global warming and to improve the comfort and energy efficiency of our homes, we are implementing Action Plan R20 in homes that have already been completed. This plan includes replacing single pane windows with high insulation multilayered windows, in order to prevent the escape of heat from inside the home.

In the spring of 2008 we took a step forward with Action Plan 20, introducing measures to reduce CO₂ emissions by improving the thermal insulation properties of our houses and promoting the use of fuel cells and solar power generation. With these measures we created the Carbon Neutral House, housing that is virtually free of CO₂ emissions. We will continue to lead by example in our efforts to combat global warming and other environmental issues, and we will continue to introduce new policies to this end.

Towns, communities and ecology—all are connected

In order to design more sustainable living, we believe an accelerated approach to housing development and community development is necessary. To this end, we have created a new project called "n times richer" life linked

with the *Gohon no ki* gardening concept. Instead of merely improving the comfort and energy efficiency of individual homes, we believe that by 'connecting' homes more closely with the local environment, we can synergistically improve the comfort and environmentally friendly characteristics of homes.

By having more connected homes, we believe the gardens of these homes will help to create channels to improve wind flow. Furthermore, the increased greenery will help to create landscapes that are softer on the eye, which will in turn help to cultivate a shared sense of environmental understanding between property owners.

Another important aspect of town development is the fostering of communities. Through tree-planting projects, social contribution programs and other forms of interest-based community interaction, we hope to develop the necessary social structures to assist the creation of communities that become more beautiful with time, supporting autonomous social associations capable of independently solving communal problems. We will continue to promote new methods of supporting these projects, as community development is a continuous process.

In terms of both housing and community development, we believe greenery is an important part of creating





beautiful communities that bloom with time. Through the cultivation of mainly indigenous plants and trees, we believe the ecological landscape will be revitalized by the gardens of our customers following the plans outlined in the *Gohon no ki* gardening concept. To this end we are also planning to hold bi-annual community visit days, focused on owned housing, in order to deepen our customers understanding of the connections between communities, housing, biodiversity and nature.

Pursuing potential and possibilities

In order to realise a “sustainable society”, we must try to maximize the potential and possibilities of each individual. To this end, I have been telling my staff and all others involved in these projects that “We don’t need explanations as to why we can’t achieve our goals. We need to think of solutions and execute them.” I say this because I believe that if we can think of challenges as our own personal responsibility, then we can work together to overcome these problems and create a greater sense of teamwork that will lead to our goals being achieved sooner rather than later. An example of the success of this teamwork was when we succeeded in becoming the first housing company to achieve zero emissions in four housing industry

categories: factories; new house construction sites; after-sales service; and remodeling sites. It was a combined effort by our branches, factories, subsidiaries and partnering construction companies that allowed us to achieve this goal. In terms of environmental considerations, we have put strong effort into improving our methods of procuring wood as well as improving traceability, following the criteria outlined in our independently conceived Wood Procurement Guidelines. With staff motivation continuing to rise, we have continued our efforts to make our company a place where staff can work toward their goals and dreams, based on our promotion of *Human Resources Sustainability*. Our focus has been towards improving our support system for career development training programs, implementing our work group transfer system to support staff rotations within the company, and creating work environments that are comfortable for women. We have made a particular effort on this last point, recruiting over 100 women per year in sales operation to create an even ratio of male to female employees. By ensuring that women are not in the minority we believe we can create a work environment in which female sales staff will feel less self-conscious and thus able to fully demonstrate their abilities.

CSR improvement should come from within

Our CSR committee (which includes 3 external committee members) is now in its fourth year and has become an arena for increasingly lively debates. The

committee members who are Sekisui House directors meet quarterly to discuss the content and progress of our projects and while canvassing the opinions of external members, we use the ideas and opinions that emerge from these discussions to develop our approach to CSR and compliance. However, according to our perception surveys our departments are not all at the same level in this area. CSR and compliance cannot be taken lightly; it must be undertaken thoroughly.

We deeply regret the administrative order that we received under the Construction Industry Law in 2007* and we vow to return to the basic tenets of compliance, reorganize our business practices, and proceed with internal reforms across all facets of the company. One of the focal points of 2008 will be the extent that we are able to ensure that our departments and employees make sure that everybody in the company understands our reformed approach to these issues and acts accordingly. As the leading company in the housing industry, we will continue to make strides along the path to achieving a sustainable society. We plan to increase the number of opportunities we have to share opinions and information with our stakeholders and through the combined efforts of all employees and people associated with our company, we will steadily work towards creating a sustainable society. This report is based on our operations in 2007. We hope our approach to realizing a sustainable society is clear and we would be very grateful for any opinions on this matter.

* On August 27, 2007, Sekisui House was ordered by the Kinki Regional Development Bureau of the Ministry of Land, Transport and Infrastructure to suspend business for 15 days, from September 11, 2007 until September 25, 2007, in Gifu, Shizuoka, Aichi and Mie due to a breach of construction regulations. This was due to a failure by the Nagoya-Tokken Building Projects Department to provide an approved technical specialist at a contracted construction site for rental apartments. We immediately implemented a company-wide investigation and proceeded to revise our operations. We are aware of the gravity of this order and we are committed to revising our checking systems and operating rules to ensure that similar situations do not occur again. We will continue to undertake thorough compliance to ensure that a similar situation does not occur in any part of our company and to restore confidence in our company.

Our human resources development continues to rise to the challenge of achieving a sustainable society. It starts from the thorough application of our Corporate Philosophy

We have made progress on various fronts with our CSR and environmental activities over the past few years. I have so far been responsible for these activities in my position as Chairman of the CSR Promotion Committee in the Sales Division, but there are still differences between the approaches of our different businesses, and overall we face the challenge of further upgrading these activities. In this age, even if almost 90 percent of the requirements have been fulfilled, if the remainder is not being done then the whole company may be judged to have no forward looking activities. We must keep in mind that the view of society is becoming increasingly strict.

It is for this reason that I particularly wish to pursue compliance and fair operations, see awareness of CSR and the environment permeate throughout all employees, so that it is engaged in at the level of our daily operations. In order to achieve this, the awareness of managers and on-site leaders is important.

It has become extremely difficult to stay ahead of events, and continue healthy growth. However, for this very reason, if everyone works together using the excellent DNA of the Sekisui House Group

and spirit of challenge, I am sure that we can overcome the issues that we face. We have already repeatedly risen to the challenge and been successful by introducing cutting-edge solutions that nobody has tried before, including measures to reduce household CO₂ emissions, unique community development activities, the promotion of zero emissions, and the *Gohon no ki* gardening concept.

It is my fervent desire that we maintain our customer-first starting point, forge close ties to the local community through open management, and put into practice our corporate philosophy with its underlying ideal of "love of humanity." I will continue to relay the words that appear in our Code of Conduct, namely, "Each and every one of us is Sekisui House," and "Using our originality to challenge the age." I will continue to lead by example, aiming for the creation of a company organization held together by those feelings.

Housing is an industry that exerts a great impact on the environment and society. Housing is a once in a lifetime purchase, the stage on which the lives of our customers unfold, the place they bring up their children, and places which



Toshinori Abe

President and COO

continue to be lived in through numerous generations, as well as being a social asset as part of the community and local area scenery. As the company that builds the most houses in Japan, it is our firm belief that by changing our housing to a sustainable model we can help society and the regional environment develop on a positive course. I will make every effort to see that each Sekisui House employee participating in that work, and each and every member of our partner organizations, maintains great pride and self-awareness.

I ask for your ongoing understanding and support in this venture.

Sekisui House makes the following promises

- We will continue to promote Action Plan 20 and Action Plan R20 in order to help prevent global warming. We will expand our adoption of fuel cells, and persevere in the promotion of our Carbon Neutral House.
- We will unfold on a nationwide basis the urban development of homes lived in from generation to generation and becoming more beautiful with time, based on our Urban Development Charter. We will focus on conservation of the ecosystem, and the creation of an affluent community based on the *Gohon no ki* gardening concept.
- By providing housing that is resilient in the face of disasters, and takes into consideration universal design, health, and the environment, we will create high-quality housing stock.
- We will build proper foundation for the Sekisui House EVERLOOP business, and contribute to the smooth formation of a market for existing homes.
- Continuing on from our achievement as the first company in the industry to achieve zero emissions in four industry categories, we will forge ahead with reductions in the actual amount of waste generated and recycling of those materials from the standpoint of resource recycling.
- We will promote fair procurement based on our guidelines for the procurement of wood and chemical substances, voluntary standards that exceed the scope of standard laws and regulations, and cooperate with suppliers to expand activities including the fair procurement of wood.
- We will share a common aspiration with Group companies and partnering construction companies, collaborating on construction quality management and the development of young workers, and aiming for coexistence and co-prosperity.
- Beginning with support for women's activities, we will actively support the development of diverse human resources and foster the next generation.
- We will thoroughly apply compliance in all operations, and forge ahead with improvements in employee awareness and the development of systems to promote fair business practices.

Making homes that can be enjoyed by many generations

Building homes under our *long-life housing concept* nurtures intergenerational relationships with our customers

Our mission is to create ideal homes together with our customers, so that for generations after construction, families feel that they are living in their optimal residence. This applies not only to our newly built homes, but also to existing homes. In our remodeling business, we add new value to older homes by revitalizing them through interior enhancements. The entire Sekisui House Group is united in its efforts to promote the building of recycling-oriented sustainable homes.

“We can really feel the benefits of building sustainable homes.

The remodeling of our home has strengthened our family ties across the generations”



After-sale services for peace of mind after moving in

Representatives from our 66 customer centers regularly visit homes after they have been constructed. In addition to the 10-year guarantee based on laws in the Housing Quality Assurance Act, our homes carry an extra 10 years for a long-term 20-year guarantee. And even when this guarantee period expires, we offer additional 10-year renewable guarantees subject to inspection and maintenance through our unique U-trust house guarantee system.



From owner to owner.

EVERLOOP: The emergence of a high quality home lifecycle

We are undertaking home revitalization operations that aim to improve the quality and longevity of homes. Under the name EVERLOOP, sales of such homes are already underway. These homes, purchased from the previous owners, are rejuvenated with the latest specifications and features using our unique and new appraisal method. Our long life, high-quality homes contribute to the revitalization of the existing home market by offering newly remodeled homes at an affordable price. Resources are not wasted, and cherished homes can be passed on for new owners to enjoy.



Pre-revitalization



During remodeling

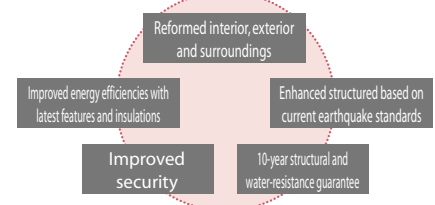


Completed:
A revitalized home with
the same quality as a new home



Remodeling Sekisui House

● Features of EVERLOOP



Actions for sustainability

Our homes are highly sought-after in the existing home market. Our homes retain their value and we believe that adding new value to the home is the responsibility of the builder. This is the sort of operation we have launched. Owners often tell us that they would like someone else to continue living in the home and for it not to be destroyed. Looking forward, I will endeavor to promote the revitalization of homes and contribute to the satisfaction of our customers and the realization of a sustainable society.

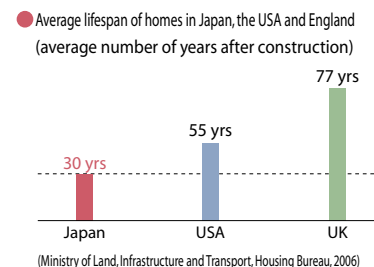
Hironobu Seto

Purchase & Research Dept. General manager



By building recycling-oriented homes—an industry we pioneered and promote—we offer the best in housing consultation

Japanese homes are regarded as having shorter lives than those in the West. However, with earthquake protection and insulation quality having improved over the years, the value of Japanese homes as an asset would increase further if the homes themselves could smoothly handle changes in family structure and lifestyles stemming from an aging society and declining population. The key issues for promoting the resale of homes are pricing and quality improvements, as they are merits to both the buyer and the seller. Having built nearly 1.9 million houses, we are more active in building recycling-oriented houses than any other firm.



Building homes that satisfy

Our Home Amenities Experience Studio and Large Scale Experience-based Facilities provide a taste of everlasting comfort

In order to provide an image of a dream life, we have established demonstration centers across Japan, including a Home Amenities Experience Studio in Kyoto and six Large Scale Experience-based facilities. Those who visit have the opportunity to gain a wide range of information about the features and quality of our homes. Targeting those concerned about home construction, displays include a full-sized model demonstrating the latest technologies for safety and comfort as well as the creation of open spaces, along with home structures, earthquake resistant frames and more. We aim to provide a genuine insight into high-quality homes built to provide everlasting comfort.



Demonstration centers such as our Home Amenities Experience Studio and Large Scale Experience-based facilities are located throughout Japan

Quality supported with the ideas and technology of many researchers and builders

A system that absorbs the energy from an earthquake SHEQAS promotes the longevity of homes

Protecting homes and lives from earthquakes is an essential element for the building of homes and lifestyles. In addition to developing housing structures that meet current earthquake resistance standards and the addition of base isolated structures, we have also developed SHEQAS, our unique earthquake energy absorbing system. The SHEQAS damper converts earthquake energy into heat energy, absorbing the building movement to reduce pressure on the structure of the home by about half. In further promoting the longevity of homes, superior levels of safety and reassurance are provided by demonstrating an ability to minimize interior and exterior damage from repeated earthquake activity.

*SHEQAS is not compatible with all plans and features.



A SHEQAS frame with a K-shaped SHEQAS damper



Pressure on the structure is reduced by about half

Each piece of the home is built to specification under tight production quality management

For each Sekisui house that is built, 60,000 parts are used. In order to provide a consistent level of quality, we employ high-level production and supply inspection systems. We were the first in the industry to acquire the Global ISO 9001 certification for our production division in recognition of our superior quality management, having launched new computer control systems and spot checks and having implemented regular training for factory technicians.



Thorough inspections and improvements

Comprehensive examinations and feedback aimed at raising construction quality

Our inspection systems have been strengthened, based on a system of accepting responsibility down to the finest detail. In addition to our on-site inspectors who inspect the main processes, voluntary examinations are carried out by construction managers from Sekiwa Construction, our group vendors, and others. This is in addition to our own rigorous 3-key checking system, an impartial examination done objectively and on-site by the inspection director from the head office Construction Quality Administration Department.

Third-party comment

Building environmentally friendly homes with families

A house is the largest purchase a family makes. But what really makes a home is the time that children spend growing up and the time that we spend with our parents, as well as the time we spend thinking about the future happiness we can have with our families. A house is full of memories and is lived in by children and grandchildren, and so it should be treated with care. Longevity means not wasting resources and being environmentally friendly. The building of homes should be carried out with this in mind and should be considered with your children.



Momoko Kyukawa
Nikkei Business Publications, Inc.
ecomom Producer

Publishes *ecomom*, an environmentally friendly lifestyle and homes magazine, six times annually. The magazine includes lifestyle-related eco-friendly information and is also published on the web.

Action Plan 20: Global warming prevention

Together with our customers, we are striving to both reduce CO₂ emissions and create a pleasant living environment

The reduction of residential CO₂ emissions has a significant part to play in global warming prevention when the Kyoto Protocol takes effect in 2008. Because of the important role played by the housing industry, Sekisui House has been improving insulation and other basic housing functions through an integrated approach to R&D, production and construction. In 2005, we launched Action Plan 20, our program to markedly reduce residential CO₂ emissions as part of measures to prevent global warming.

Action Plan 20: Aiming to lower CO₂ emissions by 6% from 1990 levels

According to the Ministry of the Environment, CO₂ emissions in the residential sector have increased some 30% over the 16-year period from 1990 to 2006. Sekisui House launched Action Plan 20 in an effort to decrease CO₂ emissions in newly built houses by 6% from 1990 levels, in keeping with the targets set in the Kyoto Protocol. In specific terms, we have projected the level of CO₂ emissions in 2010, based on survey data on emission levels in 1990 and 2000 and assuming no countermeasures, with the aim of reducing the actual level of emissions by 20% compared to the projections.

CO₂ emission reduction equivalent to 1.666 million trees in FY 2007

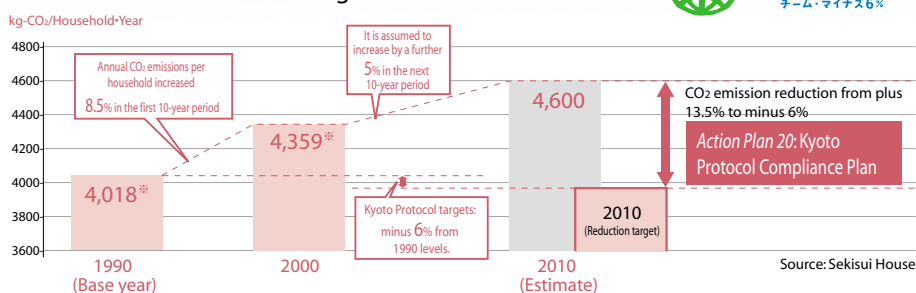
Under Action Plan 20, CO₂ emissions are reduced in the following three ways: through enhanced thermal insulation; the introduction of high efficiency hot water supply systems, including *Eco-Jose* (latent heat recovery), *Eco-Cute* (electric) and *Eco-Will* (gas) systems; and solar power generation. In 2007, annual CO₂ emissions were reduced by 23,379 tons, equivalent to the annual CO₂ absorption of 1.666 million trees. (Note: Total CO₂ emissions have decreased since FY2006 due mainly to a lower level of housing orders.)

Sekisui House receives Ministry of Environment's Global Warming Countermeasures Award two years in a row

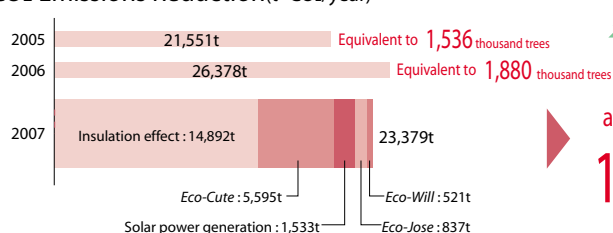


Award ceremony on December 17, 2007

CO₂ Emission Reduction Targets of Action Plan 20



CO₂ Emissions Reduction (t-CO₂/year)



Reduction equal to
annual CO₂ absorption by
1.666 million trees

Actions for Sustainability

Kenichi Ishida

General Manager
Global Warming
Prevention R&D Institute

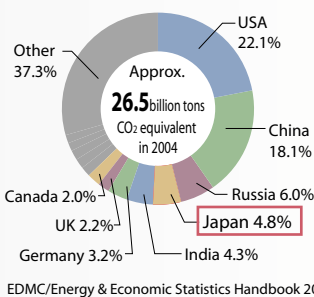
By combining widely used construction technology for housing with cutting edge technologies—including Carbon Neutral House (a zero CO₂ emissions house: see page 15)—we can reduce CO₂ emissions effectively in the residential sector across Japan. By expanding the supply of environmentally friendly houses across Japan, we can contribute meaningfully to the development of a sustainable society.



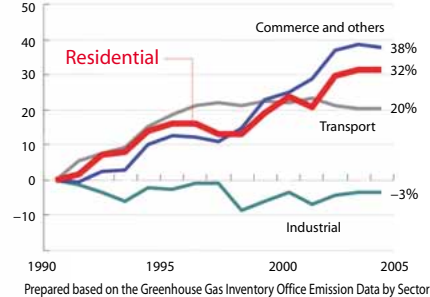
CO₂ emission reduction in residential sector holds the key to global warming prevention

Japan ranks fourth in the world in terms of CO₂ emissions, accounting for 4.8% of the world total. Moreover, as the country accounts for about 2% of the global population, its CO₂ emissions per capita is far higher than the average. We need to take the initiative in meeting the challenge of global warming. Of particular importance to us is the reduction of CO₂ emissions in the residential sector, which have been increasing every year.

● CO₂ emissions by country



● CO₂ emission increases by sector when FY1990 = 100 (Japan)

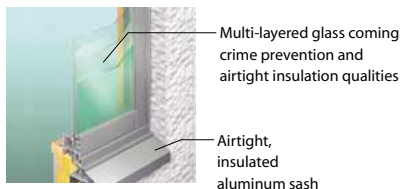


Accelerating global warming countermeasures, based on industry-leading insulation performance

Even though society has become more aware of global warming, we believe that it is important to implement strategies that enhance health and comfort in our houses. Action Plan 20 therefore seeks to create pleasant living environments, concomitant with implementing global warming countermeasures. In FY 2004, only 32% of the houses newly built in Japan met next-generation energy-saving standards. Sekisui House spearheaded the industry by adopting these specifications as standard in core detached housing products in 1999 and in all detached houses in 2003, exceeding the government target of 50% of new houses.

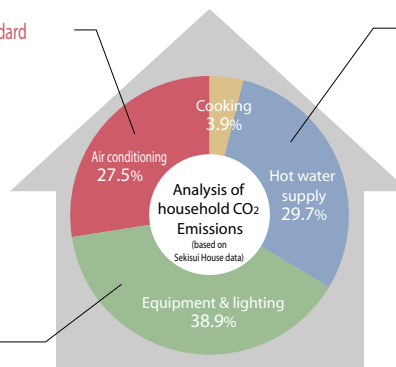
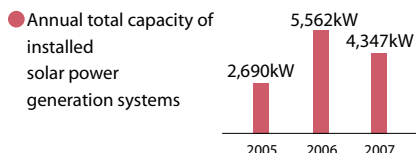
Standardization of the next generation energy-saving specification standard

All Sekisui House's detached houses meet the next generation energy-saving specification standard, offering a pleasant living environment while protecting families from temperature extremes and dampness.



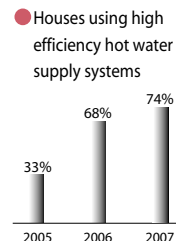
Recommending solar power generation systems

By using solar power systems as a source of clean energy we can reduce consumption of fossil fuels. Solar power generators can also supply householders with energy in the event of major disasters.



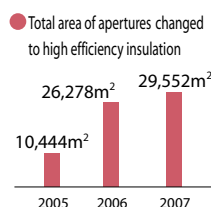
Standardization of high-efficiency hot water supply system

In houses using gas as an energy source, Sekisui House offers *Eco-Jose* as a standardized system which recycles waste heat and achieves efficiency levels 15% higher than conventional gas hot water supply systems. We also recommend the adoption of the *Eco-Will* gas generator and hot water supply system. In houses using electricity for all appliances—the so-called all electric houses—we encourage families to install the *Eco-Cute* system, which offers three times the energy efficiency of conventional electric hot water systems.

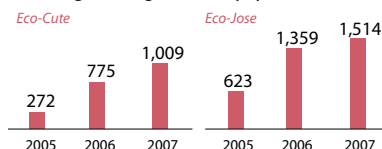


Promoting Action Plan R20 through home remodeling

In existing homes, we are aiming to achieve a 20% reduction in CO₂ emissions by 2010. Sekisui House Remodeling, one of our group companies, is promoting *Action Plan R20* by installing high performance insulation materials in the open parts of the house (windows, doors and ventilation holes in walls and ceilings, etc.) as well as adopting high efficiency hot water supply systems as part of home remodeling.



Total number of hot water supplies changed to high efficiency systems



Global warming prevention starts at home

A visit to the newly built the Hirma house in Kyoto Pref.



Sustainability interview

"Looking at our annual energy costs makes us realize the benefits of saving and generating power"

"We decided on our new house when we found out what Sekisui House is doing to save energy. The house stays warm and comfortable with residual heat even after we switch off the gas-heated hot water floor heating system, and we usually don't use air conditioning even in winter. Now we've got into the habit of checking the amount of solar energy we have generated and sold to the power company. It's a great energy system and we're looking forward to living in this house for a long time."

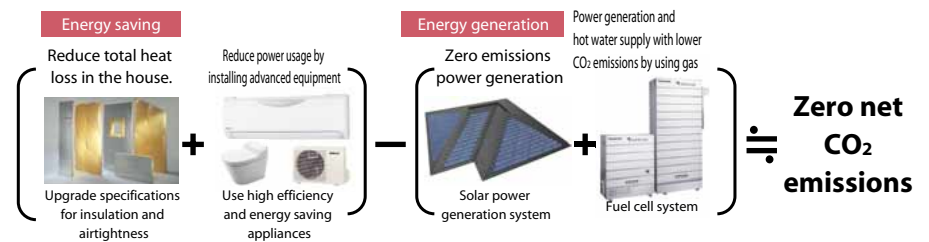


Achieving zero net CO₂ emissions with energy saving + energy creation. Adopting leading technology to develop the Carbon Neutral House

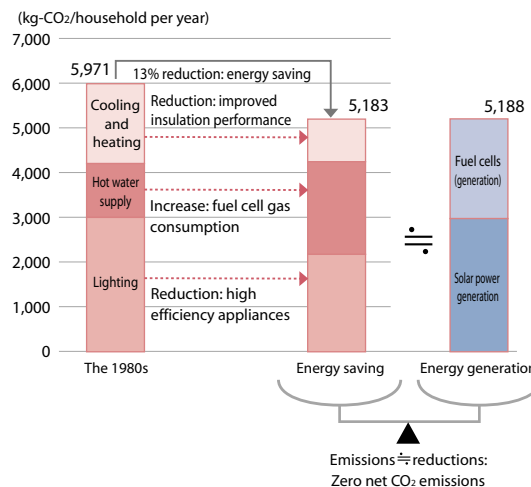
The primary feature of Action Plan 20 is the introduction of energy generation and energy saving technologies to conserve the environment while creating pleasant houses to live in. As part of this initiative, we have developed the Carbon Neutral House. In these houses, energy consumption is minimized, and remaining CO₂ emissions are offset by the adoption of solar power generators and fuel cells. Through these technologies, we are aiming to attain net zero CO₂ emissions by striking a balance between energy generation and energy conservation.

To effectively reduce CO₂ emissions, we need to take the characteristics of individual technologies into consideration and use them in combination. For each home location we need to coordinate a number of factors, such as cutting energy consumption by installing higher efficiency equipment, balancing the use of electricity and gas, or developing a smaller physical footprint for solar power generators installed in combination with fuel cells. In this way, we are able to pursue the twin aims of reducing environmental impact and creating comfortable and pleasant homes.

Mechanisms used in the Carbon Neutral House



Carbon balance in the Carbon Neutral House



Basis of Calculation

This equation assumes a house for four family members with total floor area of 155m² in Tokyo, having a 4.3kW solar power generation system and fuel cells (33% power generation efficiency and 45% heat efficiency). The CO₂ emission coefficient of electricity is based on the average of thermal power generation computed by Tokyo Gas Co., Ltd.



"What a difference a small change makes!" Energy in everyday life

Children's Ecology Study Club

Ecology House Seminar
for Parents and Children

An important aspect of addressing the issue of global warming is educating the next generation. For this reason, we hosted a seminar at our comprehensive Housing R&D Institute in Kyoto to present families with practical ways to reduce energy consumption.

Attendees: 32 children and adults from 12 families

Participants in this seminar learned about CO₂ emissions and electric power, asking questions and enjoying the technical demonstrations. As part of the seminar they measured actual power consumption in new and old home appliances (refrigerators and TV sets), and realized that power saving technology is making progress at a faster pace than they had imagined.



The children showed keen interest in the demonstrations



Common Life Koga: A community-wide project to explore the potential of fuel cell technology

In November 2007, Sekisui House started a two-year experimental project to demonstrate the use of a distributed energy system in which electricity and heat can be shared on a community-wide basis. This project is being carried out jointly with The Japan Research Institute, Limited, and WEB POWER Service LLC as part of the undertakings commissioned by the Ministry of the Environment in Common Life Koga, a housing subdivision block developed by Sekisui House. With currently available technology, fuel cells cannot



Home use fuel cells are installed in all 14 detached houses

be operated optimally, because electricity and hot water generated by these cells must be consumed in the premises where they are installed. In the distributed energy system, several houses within a small area can share surplus electricity and hot water

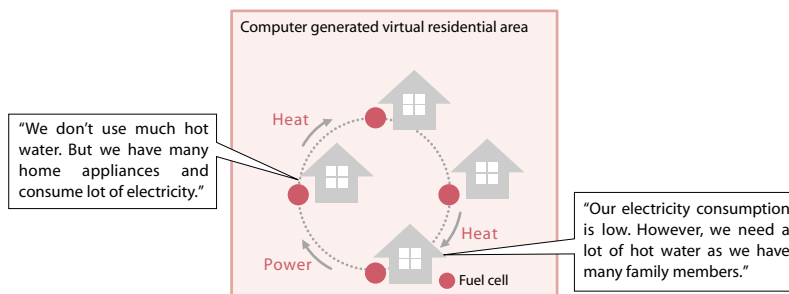
using a network. In this way, fuel cells can be operated with greater efficiency. Fuel cells are gaining attention as an energy system for



Energy savings are being estimated for the entire residential area

the future, because they offer a number of advantages, including reduced electricity transmission losses, greater resistance to the impact of a major disaster, and distributed energy supply risk by combining various forms of power generation. The current experiment has not yet reached the stage where surplus energy is actually shared. Nevertheless, we will explore the possibility of effective energy use on a community-wide basis by measuring and analyzing the patterns of power and hot water consumption in 14 houses in Common Life Koga as well as those of power and hot water supply systems that use fuel cells.

● Demonstration project: Distributed energy system



Actions for Sustainability



Today, an increasing number of children are losing interest in science. I believe that by providing children with a chance to use measuring instruments and reveal scientific facts, we can teach them to obtain accurate information and put it to practical use. I hope that the awareness they have gained through this experience will make a real difference to their actions.

Yasuhito Sugimura

Manager
Global Warming Prevention R&D Institute

Responses from Participants

- "I didn't know there was such a big difference in energy consumption between old and new home appliances." (Boy, Age 11)
- "Now I want to use these power meters to check the appliances in my house!" (Girl, Age 12)
- "We couldn't learn this at school. The lecture was very easy to understand." (Boy, Age 12)
- "I'll try to reduce my use of the electric iron and hair dryer." (Boy, Age 11)
- "We clearly need to reconsider our own lifestyles, rather than merely blaming the government and corporations." (Parent)
- "It would be great if you could hold lecture meetings for a few days while the school is closed for summer vacation." (Parent)

Third - party comment

Rising expectations for energy saving, energy generation and Children's Ecology Study Club

Household activities account for about 20% of total CO₂ emission in Japan. Therefore, homebuilders are faced with the pressing need for CO₂ reduction. It is against such a backdrop that we have rising expectations for further progress in energy saving and energy generation through Action Plan 20 and Action Plan R20. Moreover, the Children's Ecology Study Club provides a valuable opportunity to increase awareness of the extent to which we can reduce CO₂ emissions in our daily lives. I hope the club meetings will be held more often to help spread these ideas.



Toshiharu Ikaga

Professor of System Design Engineering
Department of Science and Engineering, Keio University

Professor Ikaga is engaged in the study of the environment, equipment design and assessment of buildings as well as in the projection of global warming countermeasures undertaken by prefectures toward 2050.

The Gohon no ki gardening concept

Gardening modeled on Japan's *Satoyama* woodlands, aiming to restore pristine ecosystems

Satoyama is a part of the Japanese landscape that has been developed from centuries of agricultural use, in a manner that skilfully harmonizes human activities with the natural environment. However, the thickets of various naturally grown trees, groves around village shrines and footpaths between rice fields and streams have gradually been disappearing. In recent years, the richness of *Satoyama*'s ecosystem and cultural values have been rediscovered, and activities are underway to preserve them as part of Japan's unique landscape. At Sekisui House, we are building an eco-network that links nature in different locations by creating small *satoyamas* in the gardens of individual houses.

Sustainability interview

"It has become our habit to exchange greetings with small birds every morning"

Case study The Gohon no ki gardening concept in action:

A visit to the Sakai House in Kanagawa Prefecture

When they moved to their newly built house 11 years ago, Mr. and Mrs. Sakai started gardening—something in which they had long been interested. They planted a Japanese snowbell, aquifoliaceae and flowering dogwood, as included in the *Gohon no ki* gardening concept. Since then, Mrs. Sakai has acquired expertise and skills in the course of developing her garden and she is now active as a gardening coordinator.



Mr. and Mrs. Sakai with the Sekisui House staff member who advised on the selection of tree species and gardening 11 years ago.

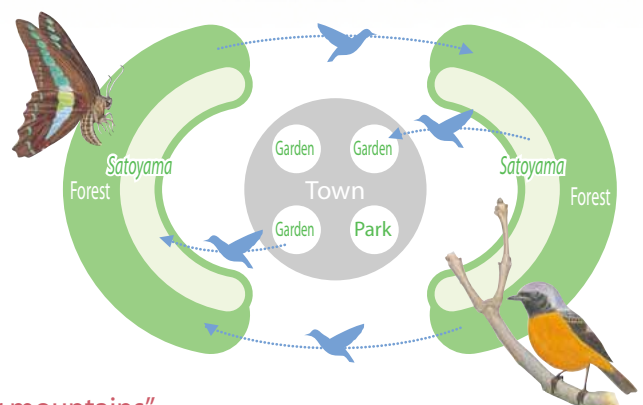
"Small birds and butterflies visit our garden.
It's nice to feel the cycle of nature in harmony with the near mountains"

"We wanted our neighbors to share in the enjoyment of our garden. So after repeated consultation, we chose the style of open exterior. When I am working in the garden, neighbors often talk to me. I enjoy chatting with them about flowers and trees. We chose and bought the saplings of these trees from a nursery quite far from here, so I feel a strong attachment to them and take care of them every day. Although it's a bit of work clearing leaves in the fall, I like deciduous trees because I can feel the change of the four seasons very closely. I recommend that you plant at least one deciduous tree in your garden. We have designed our garden in a way that allows us to observe the season's plants from every room. I specifically requested the gardener to design a garden in which I can spend as



● *Satoyama* network establishing link with nature

Having indigenous plants in the garden encourages birds and butterflies to visit, helping bring nature into the lives of homeowners.



much time as possible. The drooping plum tree, which you can see from the living room and the terrace, was there before we rebuilt this place. Bush warblers and Japanese white-eyes are frequently perched on this tree. I enjoy listening to them chirping. I have a sense of being part of the cycle of nature, observing small birds and butterflies nearby. It is truly peaceful."



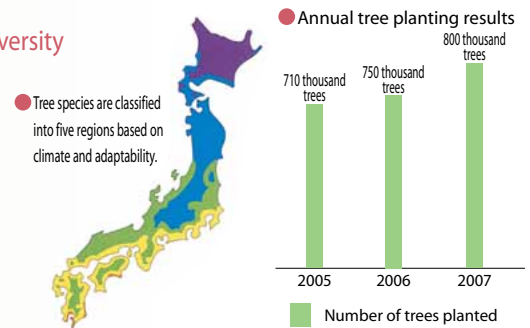
The carefully nurtured garden beyond the grove by the gate



A chickadee visits the garden

Learning from the wisdom of *Satoyama*—living with nature and protecting biodiversity

The *Gohon no ki* gardening concept is a proposal to create a garden centering on the species of plants that have been growing naturally in the region since ancient times. Taking climatic characteristics into consideration, we introduce native tree species that grow naturally in each of the five regions of Japan and which have different birds and butterflies depending on them. By planting regionally native trees in this way we can recover and preserve natural ecosystems. Various small birds and butterflies will visit your garden and, through them, you can keep in touch with nature. This will also help your children develop their sensitivity. In collaboration with Mr. Kazunori Fujimoto of an NGO named the Sharing Earth Society, we are conveying the importance of protecting biodiversity and ecosystems.



Creating a better living environment through tree planting under the *Gohon no ki* gardening concept

Responding promptly to the initiative of the *Gohon no ki* gardening concept launched by Sekisui House, we are working to create a greener living environment by supplying trees. The Japanese archipelago, which stretches along the eastern edge of the Asian continent, features a very cold region in the north and a subtropical climate in the south. There are a great variety of native trees in these regions. I think it is important that we plant native trees in our gardens to create *satoyama* with rich greenery as a link to each region's ecosystem. Our staff are working hard every day to create an environment that can be enjoyed from one generation to the next.



Takaaki Yamazaki

Representative Director of
Yamazaki Zuishoen

Mr. Yamazaki operates a nursery that supplies the saplings of naturally grown and native trees chosen in the *Gohon no ki* gardening concept. He has organized a producer network comprising 80 tree nurseries across Japan.

● Learning firsthand using the "Letters from Dr. Forest" work/study program

"Letters from Dr. Forest" is an educational program to teach children attending elementary and junior high schools firsthand about the *Gohon no ki* gardening concept. Sekisui House provides teaching materials and our employees conduct the program as instructors.



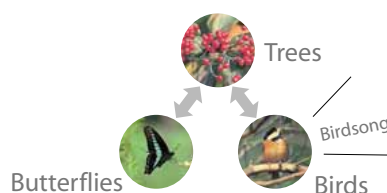
● Joining other companies in a biodiversity initiative

Sekisui House, in collaboration with a range other companies, has established a corporate network aiming to preserve biodiversity. We will conduct joint research and contribute to the preservation of biodiversity from an international standpoint by promoting dialog with other companies and stakeholders, based on research findings.

Field guide to birds on the *Gohon no ki* mobile phone website

<http://5honnoki.jp>

At this site you can instantly find the names of 24 birds (with recordings of their songs), 24 butterflies, and 92 trees.



Third-party comment

Raising awareness of ecosystems by spreading community activities

Both companies and individual citizens need to ask themselves what they can do to address the biodiversity crisis. Through the *Gohon no ki* gardening concept, Sekisui House has not only raised customers' awareness and organized their activities but also expanded its influence to neighborhood communities and producer networks. I hope that this initiative will make further progress toward the preservation of biodiversity on a regional basis.



Naoki Adachi, D.Sc.

Representative Director
ResponseAbility, Inc.

Dr. Adachi is supporting corporate activities that contribute to the advent of a sustainable society. He also provides consulting on biodiversity and CSR procurement practices.

4

Building towns with the concept of *beauty that blooms with time*

A community-wide commitment to ensure comfort and security toward the future.

Sekisui House is building towns that will retain enhanced aesthetic value over many years.

In today's Japan, how many towns exist in which we can live with a sense of security and peace of mind? Town planning that places excessive importance on efficiency and townscapes that lack uniformity will negatively affect the residents' sense of unity and inhibit the fostering of a local culture and community. At Sekisui House, we go to extra lengths to create ideal towns with enhanced beauty – towns in which successive generations of parents, children and grandchildren will continue to live in the future.

Creating townscapes with beauty that blooms with time

Sekisui House is building towns based on the concept of *beauty that blooms with time*. As part of this we stress the importance of preserving topography and greenery on sloping land areas, along with a range of other specific measures that are outlined in manuals such as the Urban Development Charter, Urban Development Basic Policy, 24 Guidelines for Urban Development and 100 Design Methods for Sustainable Urban Development.



Ms. Yoshiko Oda
Leader of the Yunoyama Green Club



Case study

Ehime Prefecture

Visit to Green Hills Yunoyama

Sustainability interview

"Our asset is the fostering of communities in which we can continue to live in security and comfort."

Community-wide exchange

Green Hills Yunoyama in Ehime Prefecture, is the largest subdivision developed by Sekisui House in the Shikoku Region. Since subdivision started in 1986, a total of 950 households, or some 3,000 family members, have moved to live in this town. We are playing an active role in the development of the community, supporting the operation of various organizations. A wide range of activities and events are held, with frequent exchange among the residents. The Yunoyama Green Club, which promotes greenery activities and cultivates vegetable gardens, is one of these community groups.



Rice cake party



Disaster drills

Ms. Orita: "Our resident volunteer group carries out its own greenery plan"

"We have been living in this town for 16 years. We built our new home here on the advice of Mr. Sato. This was the beginning of our long relationship with him. At that time I was thinking that if we

could fill about 1.1 hectares of untended sloping land on the south end of the block, it would serve as a role model for developing a town for the future. In 2007, when I heard Mr. Sato's proposal to create an environment for the sustainable growth of the town, I agreed to form the Yunoyama Green Club. Our members are all volunteers. In March 2007, we cleared the weeds covering the untended land and conducted a tree planting campaign. In addition to the club members, many of their friends also participated in this event. Altogether, we planted a total of about 6,600 trees, three trees for each of 70 different species including fig trees, persimmon trees, acorns and cherry trees. The experts at Sekisui House told us to grow those trees that survive in nature. Remembering this advice, I remove weeds whenever I take a walk on the sloped land, imagining the landscape as it will look in 10, 20 or even 50 years later. We have



Regionally adapted trees are planted

also developed about 400 square meters of rice field and vegetable gardens in a section of the town. We welcome those town people who wish to cultivate them. In this way, we share the joy of growing trees and harvesting agricultural

Building towns that grow and mature with their residents, based on the Sekisui House Urban Development Charter

At Sekisui House, we consider it our responsibility as a company to build towns in which the people will continue to live from one generation to the next. It is in this spirit that we are developing towns sustainable in the future in accordance with the Sekisui House Urban Development Charter, Urban Development Basic Policy and 24 Guidelines for Urban Development. At the same time, we are creating houses that will become valuable regional assets across the nation.

Sekisui House Urban Development Charter

Our sincere wish is to preserve nature and the Earth's precious environment, while nurturing local cultures and communities, helping to stimulate local economies, and protecting the asset value of neighborhoods, so that people are able to live affluent lifestyles with peace of mind. As a socially responsible corporate citizen, Sekisui House is committed to contributing to the creation of a sustainable society through urban development, based on the belief that the living environment of our home and town serves as the foundation of our lives as human beings.

Environmental Management

- Reduce environmental burden
- Conserve and grow nature

Economic Management

- Increase and maintain asset values
- Revitalize local economies
- Manage costs appropriately

Consider the environment

Seek to enhance value

Urban Development Basic Policy

Protect livelihoods

Grow communities

Livelihood Management

- Ensure secure and peaceful living
- Achieve prosperous lives for people

Town Management

- Foster and pass on local culture
- Develop communities

24 Guidelines for Urban Development

Sustainability in Action



I support the building of communities in which residents can solve problems on their own. Although local autonomous groups are organized by volunteers, I'm aiming to develop a system under which these groups can operate on an economically sustainable basis, as NPOs do.

Naotaka Sato

Manager of the Yunoyama Office
Matsuyama Branch

crops, strengthening ties among the community. I am hoping that these activities will help our children develop their sensitivity to nature.

Although the town has no formal building code, we maintain a beautiful townscape because we share aspirations and joy through community activities, holding a common image of ideal living."

Harvesting a vegetable garden



Harvesting and threshing in the town's rice field

Building a richer life linked with the Gohon no ki gardening concept

Case Study

Yamanashi Prefecture

Commore Shiotzu Tricoparc



The entire landscape area is covered with rich greenery.

Started as a subdivision in 1991, *Commore Shiotzu* is a town with attractive scenery that draws on nature and the original landscape of the local area. A block consisting of 45 houses incorporating a new concept of "*n times richer*" life linked with the *Gohon no ki* concept has been developed in a section of the town. The term "*n times richer*" means that, instead of enclosing each lot, properties are designed to be linked with the views of gardens in the neighborhood and beyond. This is based on our new idea for increasing the amenity of the environment.

* "*n*" signifies nature and the number of houses. "*n times richer*" is the name of the town building method jointly developed by Sekisui House and TeamNet Co., Ltd.



All houses face south regardless of land demarcation and lot direction.

Three rules of "*n times richer*"

Weather Link with the wind



The key is to take advantage of the exterior environment to achieve temperatures that are more comfortable. The design draws the ambient climate through greenery into the interior. It is important that all areas, from the edge of the windows, garden and the sections beyond, are covered by greenery.

Landscape Link with scenery



The key is to make the landscape seen from the windows more captivating. It is designed to achieve continuity with distant scenery. It is important to arrange greenery on the edge of the windows to create a visual link with the green areas beyond the property.

Access Link with the town



The key is to expand the living area from the house interior to the exterior, utilizing the space of the surrounding environment. It is important to create space that encompasses the interior and the town in continuity.

Machinami Sankan-bi

The Machinami Sankan-bi is held in spring and autumn every year across Japan. Visitors can see attractive towns developed using the design methodology based on the Urban Development Basic Policy and 24 Guidelines for Urban Development in keeping with the Urban Development Charter. Moreover, these towns have been planned in a flexible fashion, taking the region's unique landscape and the environment into consideration. Those responsible for design, construction, the exterior and gardening are working hard to build excellent quality towns utilizing the characteristics of the location. They consult frequently in advance and obtain the Environmentally symbiotic House certification. In addition, they use the commonly shared concept of gardening based on the *Gohon no ki* gardening concept.

In FY 2007, Sekisui House supplied 1,639 houses in 179 residential subdivisions: 3,141 houses and 337 subdivisions.



Offering a roadmap for desirable towns of the future and living environments that reflect the aspirations of owners

Sha-Maison Town——Building communities of low-rise apartments that offer a quality living environment

Sekisui House puts the concept of *beauty that blooms with time* into practice in the supply of low-rise apartments. Taking future changes into account, we propose plans for the development of greenery and the exterior using trees, boulders and other natural materials so that different views can be enjoyed in each season. We create environments with charm that increases in harmony with surrounding townscapes, enhancing value for tenants, owners and neighbors.

Case study

Fukuoka Prefecture

Sha-Maison Kashii-Oinomizu Garden

Sha-Maison Town – Growing in Harmony with and Providing Added Elegance to the Town in the Past 10 Years



Some 60 species of trees and flowers were growing in 2007, providing a green curtain in the space between neighbors and a touch of gracefulness to each property.



Construction was completed in 1998.

Ten years after the completion of construction, the growth of the trees planted in the entrance area of the parking lot gives you a sense of serenity. The carefully propagated greenery imparts distinctive character to the houses. Here the tenants are satisfied with the environment, so the occupancy rates are high. Young leaves of photinia glabra (Japanese photinia) and other trees are beautiful and, in autumn, they turn to red and yellow. You can also enjoy evergreen trees throughout the year, creating a setting that adds elegance to the community.

Case study

Osaka Prefecture

Sha-Maison Verdi Patio

Sha-Maison town with an exterior highlighting a tree more than 50 years old



The area around the camphor tree is used as community space by the residents. Children play here. There is a relaxed atmosphere, despite the relatively high density of the houses.



We transplanted three plum trees, which an owner has tended carefully.

The camphor tree that rises in the entrance area of the premises is more than 50 years old. We retained this large tree as the symbol of this rental house community. The houses are located around the tree so that the residents can enjoy the view of refreshing green scenery, breeze, and the song of small birds. It is our hope that the camphor tree will continue to serve as the symbol of the community for the next generation.

Building towns offering a high-quality living environment on a nationwide scale

Sekisui House built 1,743 “environmentally symbiotic houses” in FY 2007.

We have taken active measures to acquire the Environmentally Symbiotic House certification of the Institute for Building Environment and Energy Conservation (IBEC).



Common Stage Nishinarusawa
(Ibaraki Prefecture)



Common City Ina Gakuen Toshi
(Saitama Prefecture)



Common Stage Oyumino
(Chiba Prefecture)



Common Garden Nakamachidai
(Kanagawa Prefecture)



Greenland Karayama
(Gifu Prefecture)

Complex malls—Ensuring peace of mind by developing combined medical and nursing care facilities

In today's rapidly aging society with a falling birthrate, Sekisui House is charged with an important mission of developing high quality medical and nursing care facilities. Our Care Facilities Promotion Division is playing a pivotal role in building clinic and residence combined houses, clinics and clinic malls, nursing homes for the elderly and group homes as well as other related businesses, including rental houses for the elderly. Through these undertakings, we are achieving a living environment in which owners can make long-term, stable investment in their land assets, contributing to the community and also providing security to residents.

Case study

Niigata Prefecture

Medical Care Garden Tsubame

The construction of Medical Care Garden Tsubame was completed in 2007 as a model combined medical and nursing care facility. Here, orthopedics, internal medicine and otorhinology clinics, a pharmacy and a fee-charging nursing home for the elderly are assembled in a single block of the town.



Nursing home for the elderly



Helpers' station

Facilities that help local communities and visitors find comfort

"The complex mall has been developed from our desire to help the local community by building a hospital, nursing home for the elderly and other welfare facilities in the environment in which local people can find comfort and peace watching the flow of the stream and hearing the songs of small birds. There are growing expectations for joint operations by medical and nursing care providers, who bear increasing social responsibilities. As our facilities are located in Niigata, which has deep snow in winter, we adopted a tropical theme in our design to create an image of warmth. We hope the patients and the elderly who stay in our facilities will continue to live in peace and comfort."



Mr. and Mrs. Endo, owners of Medical Care Garden Tsubame

Third-party comment

Growing expectations for the development of intangible community value

Today the value of real estate is shifting from land to houses and the living environment. The tangible value of the living environment consists of community facilities, common spaces, townscapes and scenery, while the intangible values include the community and housing services. We need to sustain these assets, generate value in an efficient and effective way and manage the living environment economically, democratically and autonomously. As Sekisui House has a proven record of creating these values in tangible assets, I believe it will also make significant progress in enhancing the intangible assets of the living environment.



Hiroko Saito, Ph.D.

Professor
Real Estate Studies
Meikai University

Dr. Saito specializes in the design and management of the living environment of detached houses and condominiums. She evaluates residential land at home and abroad.



Common City Midorigaoka
(Mie Prefecture)



Refre Misaki Refre Wahaha House
(Osaka Prefecture)



Vercollina Yamaguchi
(Yamaguchi Prefecture)



Common Hills Yamatodai
(Nagasaki Prefecture)



Common Garden Ohji
(Kumamoto Prefecture)

Resource recycling strengthened by Group capabilities

For the first time in the industry, the Sekisui House Group has achieved zero emissions in the four categories of production, construction, after-sales service and remodeling

The Group is committed to zero emissions to bring about a sustainable society. Having already achieved zero emissions in production, construction, and after-sales service, in October 2007 we achieved zero emissions for our nationwide residential remodeling activities. In keeping with this commitment, we are now tackling new challenges.

Our home remodeling operations have also now been certified by the Minister of the Environment as we move ahead with the creation of a sophisticated, comprehensive zero emissions system.

For the first time in the construction industry, Sekisui House in 2004 was authorized by the Ministry of the Environment to dispose of construction site waste across administrative boundaries under special provisions of the Waste Disposal Law. We have now been granted new certification that includes the home remodeling sector, enabling us to manage the recovery and recycling of waste in an integrated manner in our residential remodeling operations. As a result, Sekisui House has become the first homebuilder to achieve zero emissions at home remodeling worksites under the special provisions of the law.

At home remodeling worksites, we apply the principle of zero emissions to waste generated in the course of dismantling, remodeling and extending the houses built and sold by Sekisui House. During the home remodeling process, it is often necessary to dispose of construction materials and large equipment installations from many decades ago. Although the sorting and recycling of these materials has been considered difficult, we have ensured their recycling and a high level of traceability by thoroughly sorting waste using a process in which dismantling and new construction are clearly divided.

Expanding zero emissions

Factories
Accomplished
May 2005

New house
construction
July 2005

After-sales
service
March 2006

Home
remodeling
October 2007

Flow of zero emissions



Resource management

The Resource Management Center and outsourced recycling operators recover waste collected from worksites and use some of them as building materials internally.



Waste packaging materials are used in bathroom entrance frames in Sha-Maison rental apartments.



Waste packaging materials are used to produce 2,200 tons of roofing tile underlay annually for Sekisui House across Japan.

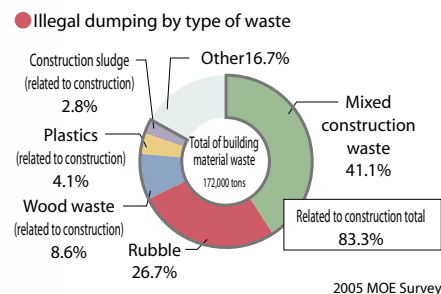
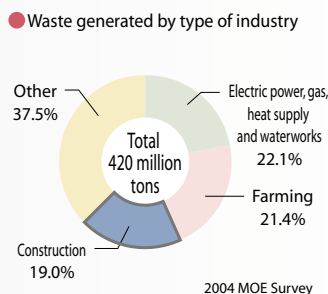
Examples of the production and internal use of recycled building materials



Waste wood is used as the material for wooden decks.

Resource recycling promoted under direct control to ensure effective use and environmental protection

Waste building materials account for about 20% of total industrial waste. Moreover, there is growing concern about the problem of illegal dumping, with the housing industry having been identified as responsible for more dumping than other industries. At Sekisui House, we have accomplished 100% recycling of waste without disposing of it in landfills or incineration without heat recovery. At the same time, we are preventing the possibility of illegal dumping to the greatest extent possible via a rigorous system of checking.



Trial of next-generation zero emissions system using IC tags

In January 2007, Sekisui House started trial operation of a comprehensive next-generation zero emissions system that collects and analyzes data on waste generation using IC tags.* Waste building materials generated at new construction sites are sorted into 27 categories which are measured and managed using information technology and IC tags. Using this system, we monitor and analyze waste generated in the construction of each new house.

*This project is conducted under the Advanced Technology Development Support System of the Ministry of Land, Infrastructure, Transport and Tourism (MLIT.)

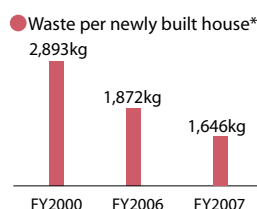


Data is transmitted to production and construction sites using PDA terminals.



Playing an active part in waste reduction and zero emissions at the worksite

Having achieved zero emissions, we are continuing with a wide array of measures to further enhance the quality of our green campaign at worksites throughout our domestic operations, placing special importance on waste reduction. For example, the amount of waste at each new construction site is managed using a circular e-mail system called Gurutto Mail. Based on this data, we calculate and set waste reduction targets for each new home, and our employees work hard to achieve these goals. We also encourage our contractors to send in suggestions for work improvement and waste reduction through our My Idea 21 scheme. Working together with our contractors and partnering companies, we are making steady progress in reducing waste.



Waste has been reduced by
1,247 kg
from FY2000 levels.

*Waste calculations are based on homes with total floor area of 145 m².

Third-party comment

Outstanding total system based on the Resource Management Center

It is no exaggeration to say that Sekisui House has the most advanced resource recycling system in the construction industry. Comprehensive recycling is achieved by collecting and sorting even small quantities of waste generated at each construction site. Specifically, the company has set guidelines for waste sorting not only at the Resource Management Center but also at worksites, as well as pursuing efficient transportation operations. I am impressed by the ingenuity with which they have devised various methods of reducing waste at each step of the construction process. I believe the development of this recycling system will significantly reduce environmental burden.



Tsuyoshi Seike, D.Eng.
Assistant Professor
specializing in Socio-Cultural
and Socio-Physical
Environmental Studies
Graduate School of Frontier
Sciences, The University of Tokyo

Professor Seike is mainly engaged in the study of building construction systems and building production. Since 1999, he has been conducting research into the dismantling and recycling of buildings and the assessment of environmental impact. He has also been involved in the development of CASBEE (Comprehensive Assessment System for Building Environmental Efficiency).

Technological development for a sustainable society

Sekisui House is using unique research systems and technological capabilities to support sustainable lifestyles

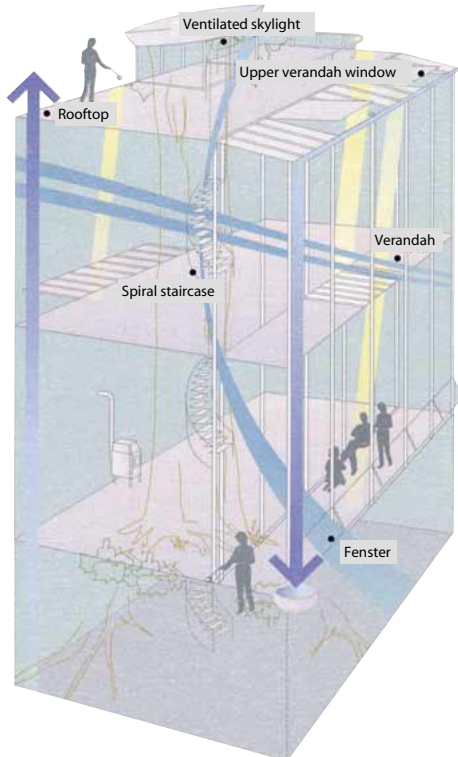
In order for housing to be passed down from generation to generation and lived in through the ages as good quality social stock, we are making use of the technological capabilities we have nurtured over many years, and continue to consider advanced lifestyles focused on the sustainable society of the future. Sekisui House is forging ahead with a number of initiatives on a simultaneous basis, either independently or via industrial/academic collaboration, covering themes such as living in symbiosis with nature, improving health-conscious living environments, and proposing new options for residents' lifestyles.

Numerous examples of advanced research conducted in collaboration with experts from various fields.

One example is our Sustainable Design Laboratory, where we conduct numerous field tests from the standpoint of global warming issues and the importance of sustainable design. In addition to announcing those results at academic meetings, we carry out joint research with researchers and experts from industry, government and academia, and undertake exchanges with opinion leaders as a basis for considering the housing and lifestyles of the future. Our activities have been highly appraised both in Japan and overseas.

Examining comfortable life styles from multiple angles

Effective research on comfort cannot be achieved by merely examining the numerical data; it requires the participation of people to experience and judge the practicalities of comfortable living. Since being established, the Sustainable Design Laboratory has accumulated results from countless field tests which have given expression to the unique characteristics of the research facilities. Through the implementation of such initiatives as a stay-over hospitality experience, which incorporates the use of biosensors, we are assessing and examining living comfort, sunlight on winter days, the comfort of pellet stoves and a host of other items.



Research and analysis of Children's Behavior

(In cooperation with Shibaura Institute of Technology)

Sekisui House, with the cooperation of the Shibaura Institute of Technology, between October and December of 2007 conducted research under the theme of assessing the comfort of adults and children living in symbiotic housing which makes full use of the natural environment. We surveyed the difference in assessments of comfort based on age, targeting parents and children living in the same household. As a result, we discovered that the brightness of natural light, ventilation from natural wind and the sense of airflow produced by convection within buildings impacted assessments of comfort, and that while adults attempt to create comfortable spaces by manipulating windows and light, children were more sensitive to the sense of things actually touching the skin, and tended to be influenced by the natural



warmth and smell of trees and the materials used in furniture. Through experiments such as these we will look to engage in the necessary technological developments for housing and lifestyles of the future.



Parents and children in behavioral surveys

Surveying the thermal environment

Experiments in floors designed to store heat using groundwater



Immediately following the start of the experiment

Ceiling panel cooling experiment



After three hours
Uniform temperature distribution

Actions for sustainability



Sustainable Design Laboratory, Design Headquarters
Fumio Kimura Institute Head
Kazuaki Emi Manager

We have had in excess of 2,600 visitors and exchanged opinions with many researchers and local residents. We have gained a wealth of information, because we had people actually experience our experimental housing, with all their five senses. We would like to include these findings as we move ahead with the creation of sustainable housing.

Recycling oriented experimental facility, Sustainable Design Laboratory

The Sustainable Design Laboratory, which Sekisui House has established in Tokyo, is a facility to conduct research into lifestyles, and where people can learn about lifestyles which include the available nature in our cities, the wisdom of traditional lifestyles and the provisions made for living on a seasonal basis, as well as eco-friendly methods for living in harmony with the planet. Since commencing operations in 2006 as an open and participatory experimental facility considered unique in the housing industry, many individuals and organizations have both toured and used the facility, which is steadily producing results in field tests and other areas.



The pursuit of three topics that allow us to experience the four seasons, and exist in a symbiotic relationship with nature.

- ◆ Enjoying life in harmony with nature
- ◆ Making efficient use of energy
- ◆ Using eco-friendly materials

Sensory experiments

Environmental surveying of areas where people feel comfortable. Clarifying the conditions of comfort.



Assessing the comfort factor of the wind and measuring sound sleep using biosensors

(In cooperation with Nara Women's University)

Testing and assessing the ventilation obtained by opening various parts of the verandah during the daytime. Assessing bio-reactions and comfort factors via the use of biosensors at night.



Using the characteristics of the participatory, hands-on facility to send out a message both inside the company and beyond

Increases seen in visits from all quarters, with a total of 2,669

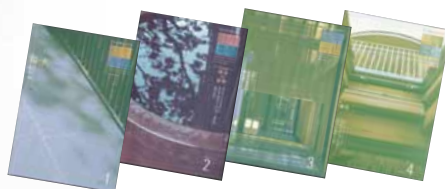
(As of January 2008)

visitors (some 1,547 from outside the company)

Many people have visited the Sustainable Design Laboratory since it commenced operations. Sekisui House has invited researchers and experts from various areas, along with local residents, and hosted seminars, forums and workshops for the active exchange of opinions.



Developing and publishing educational tools



Sekisui House periodically publishes *SD Lab Communication*, an information magazine about sustainable housing and living. A central theme is decided for each issue and special articles issued in line with this theme, along with reports on Sustainable Design Laboratory activities.

● Making bamboo chopsticks during winter vacation

Children from a neighborhood public elementary school attempted to make original bamboo chopsticks using waste bamboo. Almost all of the activities involved in making the chopsticks were a first for the children involved, including using a hatchet to split the bamboo, or the bladeless bamboo sword to remove knots, and they could be seen listening earnestly to explanations from their instructor from the Tokyo University of Art and Design, Mr. Otake.



Third-party comment

Sustainable housing and towns will be the standard of the future

We must make sustainable housing and towns the standard if we are to achieve a low carbon society to prevent global warming. It will probably be necessary for companies involved in building to supply, all their products in the format of sustainable building. It is my belief that a sustainable environment (sustainable housing and towns) is the proper nest for humans as animals of the planet. It is my desire to see Sekisui House provide housing that brings joy to us as human beings experiencing Japan's four seasons.



Sachiko Zenyoji

Architect and CEO of Organic Table Co., Ltd.

Ms. Zenyoji makes health, environmental and energy conservation oriented eco-housing proposals. She has been particularly active across a broad spectrum of topics in recent years as an eco-consultant, including making policy proposals to the Japanese government.

Sekisui House participates in the Chemi-less Town[®] project, which researches healthy lifestyles

*Five house makers participated in field tests for this project. "Chemi-less," "Chemi-less house" and "Chemi-less housing" are the registered trade marks of the NPO Next generation Health Science Center.



Sekisui House Chemi-less house[®]



Chemi-less town[®]

Air environment research at the Technology R&D Institute

Sekisui House also carries out inspections at the Technology R&D Institute in the Comprehensive Housing R&D Institute, including measuring the levels of chemical substances dispersed by our building materials, and resultant concentrations in the air. The results of these inspections have been used in our Chemi-less research.



Testing health improvement effects

Sekisui House participated in the Chemi-less Town project and conducted joint research with Chiba University in order to protect the health of future generations – the children. This project involved building a healthy lifestyle-oriented house in one corner of the Chiba University Center for Environment, Health and Field Sciences, Chiba, and having children at risk of sick house syndrome stay there for a period of time, aiming to improve their symptoms.

Achieving chemical concentrations 1/10 those of Ministry of Health, Labor and Welfare guidelines

Sekisui House designed the field test housing "Chemi-less House", targeting a reduction of chemical concentrations to 1/10 the guidelines laid down by the Ministry of Health, Labor, and Welfare. We are pleased to announce that we achieved those numerical targets. Moving forward we will aim for even further reductions in chemical materials using the results gained

through our research, and will medically test symptom-based improvement effects. We will also cooperate with nearby local governments, and have great expectations for urban development based on eco-universal design, making it possible for all people to live in a healthy manner, and not just families with allergies.

Using Universal Design in the pursuit of technology to increase occupant comfort



Sekisui House was an early adopter of Universal Design connected ideas, which is seeing increasing interest around the world, working to create housing that are easy to live in for an extended period for a variety of different people, regardless of age, body type or mental and/or physical functions. And based on our long-standing research and knowledge of how to produce easier life styles for the physically and mentally challenged and senior citizens, in 2002 we established a unique guideline, Universal Design in Housing, that we are using in our housing development.



Research and experiments on bathroom handrail supports

Sekisui House receives the first Kids Design Award presented for proposals from the standpoint of raising children and of children achieving growth independently.



The Sekisui House Kids Design is a proposal style for housing creation based on a standpoint which combines the existing idea of raising children from the parent's point of view, with the child's own life force and growth capabilities encapsulated in the idea of "kids growing up." This initiative has been in use since May 2006 with a prior deployment seen in the Saitama area, with the large-scale experience-based facility in the Kanto factory, and one concept model of the BECORD (steel-framed house) series. The company has taken its spatial designs and items and further developed them into a more systematic proposal tool, which has been deployed in all Sekisui House housing since September 2007.



A living space where the floor level has been purposely lowered.



Folding storage doors designed to prevent children from catching their fingers.

Sekisui House Cooperates and Contributes to the Construction of a Research Exchange Building. Joint Research with the Osaka University Sustainability Science Research Structure

The Sustainability Science Joint Institute of Research Structure (IR3S) has been launched, formed from a core of five universities including the University of Tokyo and Kyoto University, with the object of performing comprehensive research pertaining to sustainability. The Osaka University Sustainability Science Institute of Research Structure (RISS) has been launched as part of this initiative. Sekisui House is one of a number of private sector companies participating in this initiative, and constructed a research exchange building known as the Sustainability Design On-site Research Center (attached to the Osaka University Graduate School of Engineering Research) in Hyogo Prefecture for presentation to the university.



Osaka University Sustainability Design On-site Research Center (Image of completed facility)

Field Tests of Woody Biomass Gasification Power Generation System

Sekisui House is conducting field tests of a woody biomass gasification power generation system in cooperation with the New Energy and Industrial Technical Development Organization (NEDO) at our Azai factory in Shiga Prefecture. This is a facility to extract combustible gasses from wood and supply heat and electrical power, and is the focus of attention as a globally pioneering effort. This system makes efficient use of waste wood generated during the wood milling process, and uses the energy generated in production at the same factory.



Sawdust from timber processing and the resulting fuel bricks.



The woody biomass gasification power generation plant

● Annex Laboratory: Research model housing based on eco-friendly and health-oriented specifications

Sekisui House Annex Lab is a model housing research center we established within Comprehensive Housing R&D Institute, in Kyoto. It was constructed using advanced technology, with a focus on the future housing environment, and at this venue we conduct experiments into the latest eco-friendly and health-oriented technologies. Examples of research topics include the use of natural materials and healthy materials for indoor environments, the use of paint containing charcoal powder, the chemical absorption efficiency of various substances, and a range of other projects.



● Developing industrial and academic collaboration projects with students, focused on next-generation housing

Sekisui House has launched a product planning project to consider spatial design, targeting university students studying design. This project canvasses for novel housing creation initiatives and spatial creation proposals while hosting workshops and carrying out student guidance. We also consider the possibility of commercializing superior creations. We have carried out three collaborative efforts with Osaka University of the Arts, and will expand these efforts to other universities in the Kansai area from FY2008.



"Healing light" the Grand Prix Winner in 2007

● Workshop with the Massachusetts Institute of Technology

Sekisui House and the Massachusetts Institute of Technology jointly hosted a workshop focused on community design toward the year 2030. Through reviews of related anecdotal surveys and case studies both in Japan and overseas, we were able to accumulate new insights and expert technological knowledge, which we will apply in our housing and urban development efforts.



Sustainability-based procurement guidelines

We have established Sekisui House guidelines aimed at achieving sustainable wood procurement, and in collaboration with our trading partners are pursuing FairWood purchasing.

Illegal logging destroys the local infrastructure of people who have traditionally used forest resources. As a result of this kind of activity, we are faced with serious, ongoing destruction of eco-systems. In order to prevent the harvesting and procurement of environmentally unfriendly timber, Sekisui House has established an independent guideline for the procurement of socially just FairWood®, and together with our suppliers we are pursuing guideline-based wood procurement.

Ten principles aimed at achieving diverse, sustainable wood supply

Achieving proper wood procurement practices requires consideration of a variety of issues, including potential loss of natural eco-systems due to illegal logging and the decline of the domestic forestry business. Sekisui House has established ten principles that encompass not only the legality of timber supplies, but also the eco-system and impact on the lives of local communities. Under these principles we can assess wood procurement on a multi-lateral basis, while also dealing flexibly with changes in supply.

● Wood Procurement Guidelines: Ten principles

Sekisui House evaluates and awards ranking points to guide the procurement of wood products, with the aim of identifying and prioritizing:

1. Wood products that are sourced from areas where there is low risk of illegal logging.
2. Wood products that are sourced from areas that do not form part of ecosystems recognized as having outstanding value.
3. Wood products that are not sourced from ecosystems that are severely damaged or areas where large-scale logging of natural forests has occurred.
4. Wood products that are not sourced from endangered species.
5. Wood products that are sourced from areas close to where they will be used.
6. Wood products that are not sourced from areas subject to conflict or hostility with regard to wood production.
7. Wood products that are not sourced from areas where the amount of logging does not exceed the recovery rate of the forest.
8. Wood products that are sourced from domestic forests in Japan.
9. Wood products that are sourced from plantation forests that are managed according to methods that encourage the preservation and generation of a natural ecosystem.
10. Wood products that are made from previously used wood.

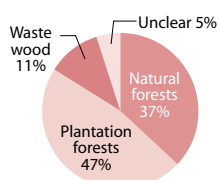
Guidelines created in cooperation with environmental NGOs

In order to bring objectivity to our company guideline, we sought input from FoE Japan, the international environmental NGO. Using survey data from a variety of environmental organizations as our criteria, we were able to establish a fair guideline with the cooperation of external third parties. As we continue with our program, we intend to retain this objectivity by maintaining ties with environmental NGOs.

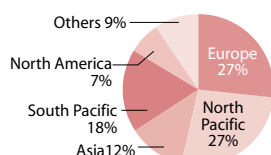
● Data from a total of 387,997 m³ of wood

(February 2006 – January 2007)

■ Procurement composition on a production basis



■ Logging area composition



NB: North Pacific: Russia Asia: Includes domestic timber
South Pacific: Indonesia, Malaysia, Papua New Guinea, etc.

Improving procurement standards through dialogue with suppliers

Based on these assessments, and in order to improve procurement standards, Sekisui House is engaged in efforts to change the types of trees and purchasing routes. We convey guideline criteria to suppliers, and suppliers consider and make proposals that include the quality and cost of wood procurement that can clear our conditions. In 2007 we reviewed our floor materials, as a result of which in 2008 we are making changes to the types of wood we purchase.



Sustainability in action

To ensure the highest possible quality of our housing, we assess housing materials based on a range of factors, including local conditions and how a home will be used. Meeting our performance targets while using FairWood Procurement is a challenge, but we view this as a priority issue and are actively engaged in day-to-day developments.

Masayoshi Ishii

General Manager
Exterior & Interior System Development Department

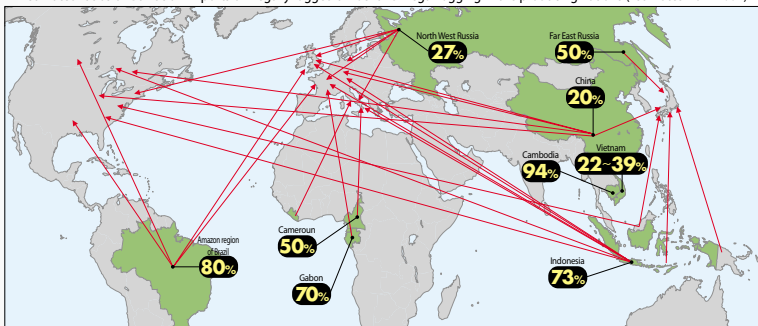


Using FairWood Procurement to achieve sustainable timber harvesting in the fight against illegal logging and other forestry problems

Illegal logging destroys precious eco-systems and impacts the lives of people who depend on forest resources. Along with global warming, this is a priority environmental issue. Data suggests that approximately 20% of the timber imported into Japan is illegally logged, and given the large amount of timber imported this means that Japan's efforts are particularly important. As a company that uses a significant quality of resources to provide society with housing, we are moving ahead with sustainable wood procurement.

* FairWood refers to eco-friendly, socially just timber, as proposed by the Global Environment Forum and the international environmental organization FoE Japan.

▼ Estimated ratios of G8 nation imports of illegally logged timber and illegal logging in the producing nations (Estimates from 2004)



Source: "Scale of illegal logging around the world: currently available estimates," WWF European Forest Programme, April 2004

"G8 imports of illegal timber during 2004," Global Timber, 2004

Prepared by Sekisui House based on the aforementioned sources

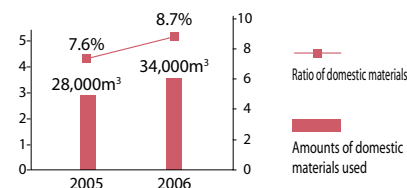


FoE Japan conducting site survey

Promoting the use of domestic resources

The Japanese self-sufficiency ratio in wood has declined to approximately 20%. If we do not revive the cycle of forestry → tree thinning → final cutting, Japan will be left with only poor quality tree stock. Sekisui homes use domestic materials in the interlining portion of plywood, and we are actively considering further use of these materials.

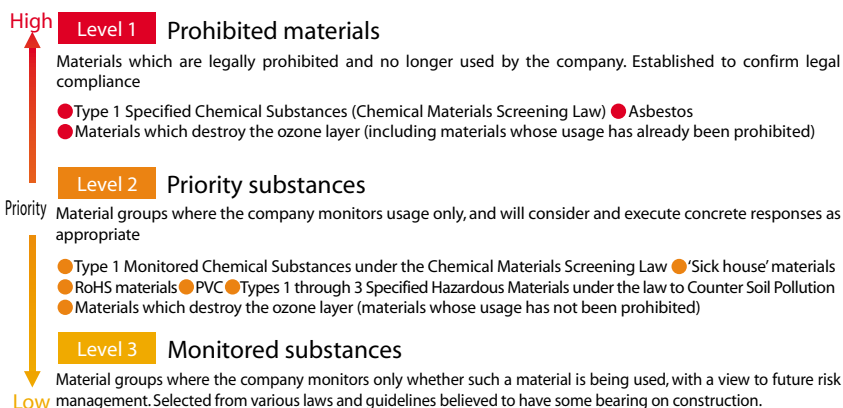
● Domestic material volume



● Guidelines for chemical substances

Sekisui House is implementing a variety of measures relating to chemical materials, including introducing exterior wall paint that does not use toluene or xylene, and shifting to non-chromium plating of screws and other fittings. In order to disseminate efforts based on these guidelines, we are engaged with our suppliers in the establishment of proper management systems, including investigating management formats for chemical material contents reports, and development flow auditing systems.

● Chemical substances guideline categories



Third-party comment

Sekisui House should steadily expand its FairWood purchasing

I imagine there were a number of challenges relating to product development and procurement in the first year of FairWood purchasing, but it is wonderful to have witnessed Sekisui House change its flooring materials, for which there is a high risk of illegal logging, and retroactively confirm the legality of its supply chain. FairWood purchasing practices are beginning to permeate down to suppliers, demonstrating once again the influence of Sekisui House as a major housing maker. By steadily continuing and promoting these activities, I would expect to see a positive influence exerted on the forests of the producing nations.



Kenichi Nakazawa

Director and Forest Program Manager
International Environmental NGO FoE Japan

FoE uses its global network to actively engage in the issues of climate change, forest destruction and aid for developing nations.



Alliances with partnering construction companies

Creating higher levels of customer satisfaction through the power of our Group, with every employee united in a common purpose

We build quality into our homes through the vision and concerted efforts of everyone connected with the building process. Every member of our nationwide Sekisui Housing Association shares the Sekisui House philosophy of pursuing customer satisfaction, passing on skills, fostering personnel, and engaging in a wide range of activities to achieve this. Now we are setting our sights even higher, strengthening our relationship with the Sekisui Housing Association as we pass the baton to the next generation.

Tochigi Prefecture

A visit to Hayakawa Building Contractors Limited

Sustainability
interview

Our operations and actions are based on the idea of demonstrating exemplary behavior

Sekisui House has partnered with Hayakawa Building Contractors for 29 years, building a strong track record through a shared approach of continually asking, "What can we do to better serve our customers?" We met with company president Teruo Hayakawa, who is chairman of the Ryomo Sekisui Housing Association.

Quality is created through the accumulation of our actions as individuals—President Teruo Hayakawa

Sekisui House meets with partnering construction companies on a regular basis to share information and exchange opinions regarding important issues and the direction of our current efforts, as well as our cooperative framework, safety issues and quality issues. These meetings help give a unity of purpose to everyone involved in the construction process, and serve as a driving force in our efforts to increase customer satisfaction. One of our key projects is the development of young carpenters. To this end, veteran carpenters manage our sites and focus is placed on improving the ability of new builders to adapt to working on-site. To improve technique, carpenters are required to pass an internal screening test, the Senior Technician Test, which thus far all our building staff have passed. Our training also includes initiatives to improve the manners of our workers, as well as their building skills.

If a customer visits a site, workers are encouraged to temporarily suspend their work and greet customers in a friendly manner. We make sure our workers try to understand the customers' perspective and behave in an exemplary manner, whilst always being grateful to the customer. This is because we believe that the cumulative efforts of this approach will lead to an increase in quality. We have also started a point card system in which Sekisui House site managers provide workers with a green card on which they can accumulate reward points for increasing customer satisfaction or working in a way that takes environmental considerations into account. We feel that this system will help to improve the attitude of our workers. Accumulated points can be redeemed against new equipment and other items of practical value.

This approach is also in line with our desire to contribute to the local community.



Teruo Hayakawa

President, Hayakawa Building Contractors Limited
Chairman of Ryomo Sekisui Housing Association

Through a collaboration between Sekiwa Construction and Sekisui House customer service centers, we have started a program to help disabled persons and a widespread voluntary program to help clean up parks. We plan to continue our efforts to contribute to work and society together with Sekisui House.



On-site meetings ensure housing quality

Sustainability
in action



Not solely concerned with providing quality housing, we are also making efforts in collaboration with the Sekisui Housing Association to help contribute to the community. From the teamwork we have cultivated through our profession we hope to expand these efforts internally and externally.

Makoto Mitsui

Ryomo Branch Technical Manager

We aim to realize mutual benefits through our unity and powerful teamwork.

The Sekisui Housing Association is comprised of 48 Sekiwa Construction Companies and approximately 7,000 partnered construction companies joined together on a voluntary basis. The Sekisui Housing Association, in collaboration with Sekisui House, organizes activities throughout the country. So far we have increased the quality of our construction, implemented safety measures, worked toward zero emissions, worked toward the beautification of our sites, and assisted the development of our young employees. We will continue to make unified efforts in these areas. As we pursue our goal of increasing customer satisfaction, we aim to contribute to higher regional confidence while undertaking mutually beneficial activities.

● Aims of Sekisui House and the Sekisui Housing Association



I work as an instructor for the young employees at our study groups. Sometimes customers commend certain contracting companies or carpenters, and it gives me great satisfaction when customers recognize our good manners and not just our technical skills. We are certainly going to continue building on our efforts to date.



Akira Hoshino

Senior Managing Director, Hayakawa Building Contractors Limited

We feel that providing services beyond our customers' expectations is what makes us professionals, so in our work we strive to make our customers say, "I'm so glad we chose Sekisui House." My aim is to contribute to building sites of such a high standard that customers can visit any time and be impressed.



Koichi Ito

Carpenter, Hayakawa Building Contractors Limited

Teaching specialist knowledge, construction skills and manners at three training colleges around the country.

Looking to a future where we can continue providing high quality housing, we have opened Education Training Centers in Ibaraki Prefecture, Shiga Prefecture and Yamaguchi Prefecture, which function as vocational training schools. This school accepts students from companies in our group and partnering companies, and not only teaches students basic foundation, framing, interior and exterior work skills, but also how to act appropriately as members of society. (Total number of current graduates from Training Schools: 1,698)



Training school activities include practicing building and safety skills both onsite and offsite.

Sekisui House receives the Incentive Award at the 2007 Nagasaki Union Leader's Health and Safety Awards

Our Nagasaki branch received a glowing commendation for efforts made to manage, simplify and record construction and safety processes, with the union noting that the branch's "efforts in health and safety education and safety policies are excellent and provide a good example for others."



Mr. Kawazu, Manager of Nagasaki branch receives the award (October '07)

● The unique Senior Technician Test, which supports quality improvements in housing construction. Total number of successful examinees: 11,710

This test promotes technical development and the desire to improve skills.

● Improving CS, quality and environmental issues management with My Idea 21

We have presented Environmental Awards since 2006 to recognize workplace innovations and improvements.

● Health and welfare support through Sekisui Housing Association

The Sekisui Housing Association, a voluntary organization comprising related companies and partnering construction companies nationwide, manages pension, health and other such programs so that our craftsmen can work with greater security and peace of mind.

Third-party comment

Bringing stability and sustainability to partnering companies and technicians

In the longer term a lack of skilled housing workers is an issue of concern, so this school is providing a valuable function by offering ongoing education, training and post-graduate career planning. It's no exaggeration to say that the teamwork and trust developed through the unity of the specialist Sekiwa Construction companies and the partnering construction companies leads directly to higher quality housing. From the perspective of quality management, we can expect higher technical and moral standards from the on-site technical managers.



Tetsukazu Akiyama

Professor at Toyo University
Engineering Department
Construction Faculty

Professor Akiyama's area of expertise is building production. Recently his research themes have included systems of training international and domestic building technicians, criteria for the treatment and recruitment of technical workers in specialist building operations, and productivity analysis based on entry/exit data analysis from detached house construction sites.



Adopting Human Resources Sustainability to create a fulfilling workplace

Enhancing training and policy with new initiatives to realize employee potential

A company and its employees can only continue to develop if the work environment enables individuals to express their capabilities and develop their potential. Recognizing this, in 2006 we adopted Human Resources Sustainability as our fundamental policy approach, under which we are actively supporting the participation of women in the workforce, fostering a new generation of employees, supporting career development, and pursuing a range of other initiatives.

Sustainability interview

Creating environments that facilitate the participation of women

Women's Sales Support Committee backs progress of female sales staff

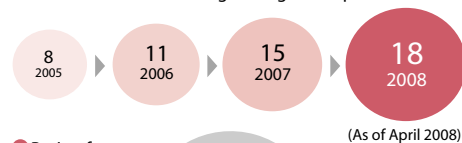
In 2004, only 15% of our offices had female sales employees. That number has now risen to 85%, and we are continuing to develop our work environments to support the performance and career development of female employees. Our aim is to help instill a career vision, so that female sales employees can develop on both the professional and personal levels.

Making the strength of women, the strength of the company

Sekisui House Women's Sales Representative Association

Through events such as the Women's Sales Representative Conference run nationwide and Women's Progress Meetings held by local sales offices, we are providing our female sales staff with an increasing number of opportunities to exchange information and ideas in a motivating environment, contributing to the development of working environments in which women can make best use of their capabilities.

Trends in women holding management positions



Ratio of men to women



Midori Ito

Group Leader
Diversity
Development Team



Sustainability in Action

My job is really fulfilling. My participation in the Women's Sales Representative Conference is highly motivating, and makes me want to develop the best possible customer service. I also hope to improve myself as a member of the promotions team in the Tokyo sales administration department.



Ayako Taniguchi
North Tokyo Branch

Self-directed career development courses proving popular

This Self-Directed Career Development course was created to help employees who have been with the company for seven years develop the professionalism required to prosper in these times of great change. More than 2,500 staff have already participated.



The content of the training I received two years ago was even better than I expected. My motivation increased and my interaction with the facilitator was a real highlight. There was so much I wanted to ask him. After the training I decided to switch from a technical role to a sales role, and every day has been very fulfilling. Getting enjoyment out of your job is up to you. For me, switching roles was a real turning point.

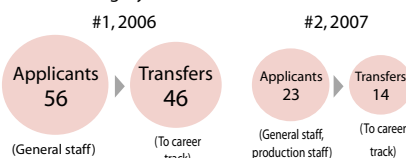


Toshiya Tajima
Machida Branch

Work category transfer system helps create a fair and dynamic workplace

Under this policy we enable employees from administrative or technical departments with Sekisui House to upgrade their skills by changing their work roles, through which we are able to provide challenges for ambitious employees in a fair working environment.

Work Category Transfer Results



Having studied product design and construction design at university, I wanted to undertake work that allowed me to see our customers' ideas take shape, so I applied under the Work Category Transfer System and transferred from general office work to the design field. My everyday routine changed and I have much more responsibility and a heavier workload, but the scope of my work has expanded and I find my job to be very satisfying. My four years of experience working in display homes has been very useful.



Maiko Iseki
Shiga Branch
Design Department

The key to being a good remodeling advisor is awareness of lifestyle needs

Because our company is pursuing the development of long-life housing, remodeling business is becoming very important. We actively hire women to provide regionally specific assistance and detailed assistance to ensure comfortable living. In order to make sure that women have time to take care of children and take care of the home after marriage, we have implemented a policy in which women are given the option of a four-day work week.

● Sekisui House Remodeling Co., Ltd. Shifting from contracting advisors to regular full-time employees

Of the 265 enrolled advisors, 127 are already working as regular employees. Of these, around 89% are female.

My previous role was in display homes. After that I used my qualification in interior coordination to work as a curtain planner. However, in 2006 I started working at Sekisui House Remodeling. One of the merits for me is that my work place is within my part of town, as this allows me to evaluate sites during my regular day. As I have three days off per week, I can learn new things and be with my family. At the same time, I'm on hand to help if homeowners temporarily can't use their kitchens during remodeling, or if other such matters arise.



Miyuki Inamura
Sekisui House Remodeling
Hiroshima Office

Recognized by Health, Labor and Welfare Ministry for child-care support program

In 2007, our company was recognized as “a company that makes active efforts to support child-care” based on the Law to Support the Development of the Next Generation. This recognition reflected the efforts we had made over the two years between April 2005 and March 2007 to develop and implement an action plan in support of this law.



Sekisui House initiatives contributing to the official recognition

- Establishment of the Diversity Development Team (August 2006)
- Revision of Rules for Child-Care Leave. (Including enabling child-care leave in excess of that prescribed by the law.) (April 2006)
- Creation and distribution of the Next Generation Development Support Guidebook (April 2006)
- Retiree Reinstatement Registration Policy (April 2006)
- Implementation of accumulated annual leave policy (Up to 100 days) (April 2006)



Building the Sekisui House fan base with housing seminars planned by general staff.

Our housing seminars were begun to enable the involvement of general staff who have relatively few opportunities to meet with customers. The seminars give customers the chance to have fun while satisfying their interest in home building. The creation of curriculums, instructor selection, post-event information and related gatherings are organized primarily around our general staff, which gives them the means of continuing to interact with customers and contribute to building the Sekisui House fan base.



Customers praise the fact that display homes and kitchen show rooms visits are part of the curriculum. In the future we hope to continue creating new projects and works to make our customer's desires come to life.



Hiromi Togawa
Kurume Branch
General staff

Winning a gold medal at the 7th International Abilympics.

At the 7th International Abilympics held in Shizuoka in November, one of our staff won a gold medal in the flower-arranging category. This was the first time in 12 years that a Japanese participant had won a gold medal.



My appointment as manager of the roof garden of the Comprehensive Housing R&D Institute led to my interest in flower arranging. Looking ahead, I'd like to incorporate plants and shrubs in order to make more comfortable living based on the *Gohon no ki* gardening concept. I'd also like to pursue self-development through housing tutorials and seminars for employees.



Yayoi Ugatani
Heart-ful Living R&D Institute

Third-party comment

Looking forward to further initiatives to promote the success of women in the workplace

The expansion of the areas in which females employees can work, the recruitment of female employees in managerial positions, improvements in support for career maintenance, and organized efforts to aid female career paths are all encouraging developments. We look forward to the results of participation in our Women's Career Progress Support Forum (which has women's success at work as its theme), training programs and the development of a network between female employees from different companies. We have also seen housewives rejoining the workforce to become remodeling advisors and opening up a path to becoming regular employees. This is a good example of the varied ways in which proactive measures can work, and I have high expectations for Sekisui House to pursue further developments in this respect.



Aya Murakami

Senior Director of the Japan Institute of Workers' Evolution (JIWE)

Using her experience working in Labor administration at the former Ministry of Labor, and experience working at the cabinet office of the Ministry of Health and Welfare, Aya Murakami is now Senior Director of the Women's Career Progress Support Forum, putting her efforts into helping women to be successful at work and also helping women to maintain a good work/life balance.

10

Social contribution and communications

As a company and as individuals, we are engaging closely with communities and regions

How deeply can we relate to people's lifestyles? At Sekisui House we are closely connected to local communities and society through our core business. In a broad range of areas, including the environment, welfare, nurturing the next generation and improving housing culture, the company also promotes the creation of structures that allow every employee to engage in voluntary initiatives. We are continuing to build strong community ties through our regionally based social contribution activities.

Planting and preserving 5,300 trees at the Sekisui House Forest in Wakayama

Sekisui House makes use of the "Company Forest"* system operated by Wakayama Prefecture to engage in forest conservation activities. The company leases approximately 2.6 hectares of forest land, which we have named the Sekisui House Forest, in Tanabe City, close to the Kumano-Kodo World Heritage Site. We participate in activities in this area in a voluntary capacity, and in April 2007 approximately 85 Sekisui House employees helped plant approximately 430 hardwood trees of the type selected in the *Gohon no ki* gardening concept, increasing the total number of trees planted by the company to 5,300. In September, around 100 employees



Tree planting
(April 2007)



Clearing undergrowth
(September 2007)

participated in cutting away the undergrowth, and we plan to continue with these kinds of conservation activities as occasions arise.

* A system designed to preserve forests, by having companies borrow land from forestry owners and engage in tree planting and undergrowth clearing in order to protect forests that have been allowed to fall into poor condition.

Experiencing rice planting and harvesting in the city. Contributing to education at the Shin-Satoyama

The Shin-Satoyama, an area of approximately 8,000 square meters created in the grounds of the Umeda Sky Building that houses our head office in Osaka, features a wooded area, bamboo forest and rice terraces, along with vegetable and tea gardens visited by wild birds and insects. It has become well known as a place for healing and repose in the inner city. The Shin Umeda City Satoyama Club, a volunteer organization for office workers, hosts activities such as rice planting and harvesting, vegetable farming and nature observation sessions. The group also conducts food education classes targeting nearby elementary school students, and hands-on teaching experiences, including having kindergarten children and their guardians grow sweet potatoes.



Kindergarten children growing sweet potatoes



Fifth year Oyodo elementary school students planting rice.



Essays submitted by elementary students who participated in growing rice from a single seed.

Sekisui House social contribution activities throughout Japan

● Local cleanup activities

At the Sekisui House Shizuoka factory our employees, their families and members of partnering companies gather together every year on the anniversary of the founding of Sekisui House to engage in a cleanup of local public facilities and the surrounding areas. This activity has been run annually for five consecutive years since 2003, and in 2007 a total of 701 people participated. Some 530 kilograms of rubbish was collected, and 275 people also participated in a beach cleanup organized by Kakegawa City.



Awarded the Third President's Special Prize for Social Contribution Activities (In-house citation)



Sekisui House awarded 5th Partnership Prize for adoption of handmade novelty goods produced by the disabled

Sekisui House, together with Nara-based NPO Together, jointly planned and have been executing a venture under which people with disabilities produce handmade novelty goods. This operation was awarded the Partnership Prize at the 5th Partnership Grand Prix, jointly sponsored by the NPO Partnership Support Center and the Nippon Foundation. This award was made in recognition of the active adoption of these products at the company's business offices throughout Japan.



Product example. Sekisui House has made use of a total of 49,250 eco-bags.

The 11th Eco-communication Grand Prix: Sekisui House is awarded the Outstanding Performance Award in the TV Eco-CM Division

A version of the Gohon no ki gardening concept TV commercial, which featured stag beetles, was highly commended by the Ministry of the Environment and the Global Environmental Forum, with commentators saying that the company's concept of planting trees in residential gardens would exert a positive influence on both people's health and the environment.



Supporting community organizations with an employee donation-matching program

In 2006, we began our Sekisui House Matching Program, under which we match employee donations to organizations that are promoting the establishment of a sustainable society. The 1,743 members of this program elect to have a certain amount of funds withheld from their salaries, in units of ¥ 100, for donation to various organizations, and Sekisui House matches these donations by the same amount. An administrative board assesses which groups and organizations are eligible for support, based on factors such as the continuity of the activities, their public good, and their economic viability. In FY2007 a total of ¥4.97 million was contributed to eight organizations.

A grant recipient in FY2007
NPO Center for Assault Prevention (CAP) Japan

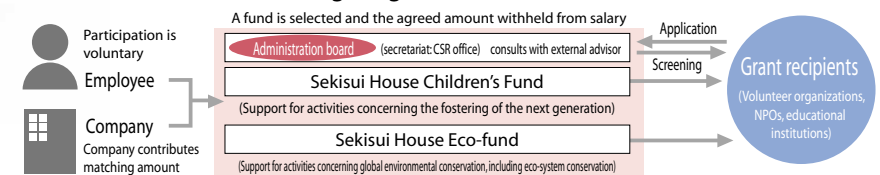


Members of the CAP Center Japan

We originally promoted activities designed to prevent violence towards children mainly at schools, but believed it was important to increase the number of adults who would support children, and as a result have in recent years also hosted local CAP workshops for adults. This was our first experience of benefiting from a corporate donation-matching program, and we are grateful for the opportunity of having more people get to know our organization.

Kyoko Sakuno CAP Center Japan

The Sekisui House Matching Program



Groups receiving grants in FY2007

- NPO CAP Center Japan (Hyogo Pref.)
- NPO Florence (Tokyo)
- Certified NPO World Vision Japan (Tokyo)
- Certified NPO Medecins Sans Frontieres (Tokyo)
- NPO Akame-Satoyama (Mie Pref.)
- NPO Sea Turtle Association of Japan (Osaka)
- NPO Osaka Midori and Tree Consultants Association (Osaka)
- Certified NPO Green Eco-network (Osaka)

Promoting interaction with our stakeholders

Sekisui House hosts informal meetings with CSR experts, and study tours at research facilities including the Sustainable Design Laboratory and Nattoku kobo (Home Amenities Experience Studio). The company calls on opinions from a broad spectrum of sources and applies them in forward-looking company activities.



Supporting events at the Disabled Persons Week



Sekisui House participated in an event, titled "Aiming for a symbiotic society - deepening connections between the physically disabled, society and regions", during the Disabled Persons Week. This event was hosted jointly by Sekisui House and the Cabinet Office, along with economic and NPO organizations in the Kansai area. Sekisui House presented exhibit booths for Universal Design and products made by people with disabilities.

Contributing publications to libraries and elementary schools



Sekisui House was fully involved in planning and editing during production of "The Secret of Housing," the 28th volume in the popular Manga de Yoku Wakaru (Learning through Comic Books) Series published by Gakken Co., Ltd. The company contributed the publication to elementary schools and libraries throughout Japan as teaching material for elementary school pupils.

Third-party comment

Sekisui House should take a leadership role in social contribution activities

The social contribution activities promoted by Sekisui House are easy for stakeholders and employees to associate with. These activities include the Sekisui House Forest, which relates deeply to the company's core business, the Donation Matching Program, which promoted employee participation from the planning stage, and the Shin-Satoyama, which makes use of the grounds that house the company headquarters. Sekisui House is seen as a leader in social contribution activities, and I am watching the company's initiatives closely. This includes playing a role on the secretariat, alongside NPOs, at events hosted as part of the Disabled Persons Week, which was organized with a planning committee comprised of economic organizations, numerous companies and NPOs. More and more consumers are actively selecting companies that take a forward-looking stance to improving CSR. My sincere hope is that Sekisui House will integrate CSR into its core business activities on an ongoing basis, rather than considering CSR as a fad that will soon pass.



Noboru Hayase

Standing Director and Director General of the Secretariat, Osaka Volunteer Association

Mr. Hayase vigorously promotes volunteer and civil activities and partnerships with companies and NPOs. He is active in a broad range of areas, including serving on committees such as the Cabinet Office Consumer Commission and working with universities.

CSR Policy and Structure

Sekisui House and each of the Sekisui House Group companies are undertaking business based on a corporate philosophy, with the aim of pursuing profit through fair competition at the same time as fulfilling a useful social role and earning the trust and understanding of society.

In this section, we outline the framework and approach that form the foundations of our business activities.

CSR Policy

In 1989, we formulated a Sekisui House corporate philosophy centered on the theme of *love of humanity*. In formulating this philosophy we received input from throughout our workforce, and based on this philosophy we have set a vision for sustainability as our goal. Through our CSR program we seek to raise corporate awareness and meet our responsibilities to all stakeholders in good faith as a trusted corporate citizen.

Reflecting our aim to become a sustainable company, we have adopted this CSR approach as a central tent of S-Project, the medium-term management vision we established in 2004, in addition to CS (Customer Satisfaction), ES (Employee Satisfaction) and SS (Stockholder Satisfaction).

CSR Promotion Structure

The CSR Committee meets every three months. This committee is chaired by the Chairman and CEO and comprises 22 internal committee members (all of the internal directors and some of the corporate officers), as well as three external committee members with respective backgrounds in corporate management, business academia and law. With the input of third-party members, this committee assesses the conformity of the Company's present activities with societal norms and expectations, and in contributing to the acceleration of our CSR initiatives.

Operating under the CSR Committee are a number of other committees responsible for management and production, the environment and risk management, in a structure that enables sound cross-sectional communication and collaboration on various themes. To assist the promulgation of CSR activities at the operating level, a CSR committee member is located at every regional office.



Corporate Governance and Internal Control System

We have positioned corporate governance as a key management responsibility, and are endeavoring to ensure a prompt and sincere management approach through a corporate governance structure that enables us to earn the trust of all our stakeholders.

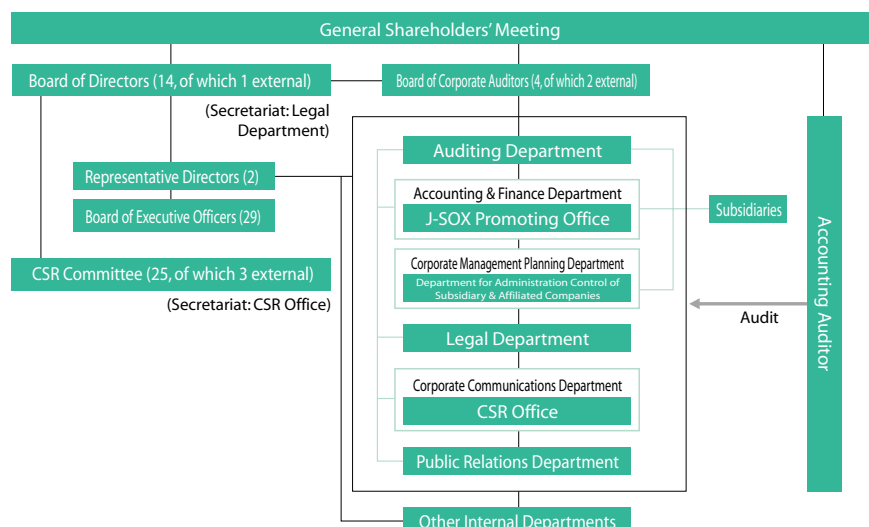
To facilitate transparent, timely checking and monitoring of management, we have appointed one external director to the board of directors and two external auditors as corporate auditors. In addition, in 2002 we moved to clarify responsibilities and accelerate business execution by halving the size of the board of directors and introducing an executive officer system.

In May 2006, the board of directors formed a Basic Policy Concerning the Development of an Internal Control System. Under this policy, we are working to develop an internal control system correlating to ten basic policies,

including *Systems to ensure the legal compliance of directors' business execution*, and *Articles of incorporation*. In July 2007, a J-SOX Promotion Division was established within the

Accounting & Finance Department, and this division is focusing on the development of internal control systems relating to financial reporting.

● Basic Outline of Corporate Governance Structure (as of April 2008)



Compliance

Promotion Structure and Activities

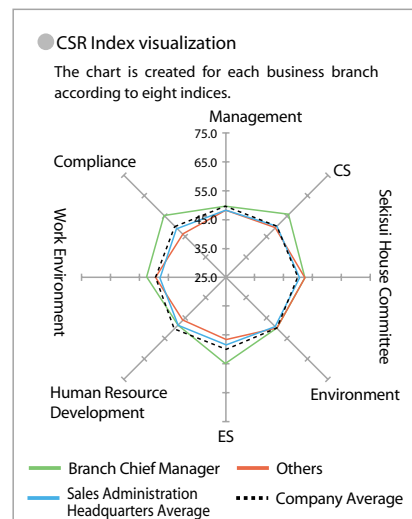
A Compliance Risk Management Group operates under the CSR Committee, serving to promote the education, training and awareness raising of employees. From 2005, we have conducted a twice-yearly compliance awareness survey, covering 10% of employees, in order to quantitatively gauge the compliance awareness of employees. The resulting feedback is reviewed by the President and discussed and reviewed at the CSR Committee in the attendance of independent committee members, and steps are then taken to address any issues that have been identified.

In 2007, we began using the results of this compliance awareness research to develop a CSR Index tool to visualize CSR awareness and activity levels. This tool comprises eight indices (Compliance, Management, CS, Sekisui House Committee, Environment, ES, Human Resource Development and Work Environment) and allows the strengths and weaknesses of each business division to be visually depicted, serving to assist improvement efforts. The CSR Index is contributing to steady progress in the promotion of CSR.



The CSR Compliance e-learning program

In addition to training at each management level within the company, we have developed a new CSR Compliance e-learning program through which we are working to improve compliance awareness throughout the company.



Internal Reporting System

In August 2001 we established the SCS System (Sekisui House Group corporate ethics helpline). This system supports the enforcement of compliance if employees become aware of unlawful actions or violations of corporate ethics within the company. The guidelines to this system clearly protect the anonymity of the whistleblower and the confidentiality of the report, and prohibit any discrimination as a result of expressing a concern. We also established a Sexual Harassment and Power Harassment Help Line and a Labor Management Help Line as part of measures to develop a compliance culture among employees.

Protection of Personal Information

Our Customer Personal Information Management Office is responsible for reviewing company guidelines and measures undertaken to protect personal information. Employee understanding is enhanced through the distribution of a guidebook that incorporates visual representations of key issues.

Risk Management

In 2007, we undertook a comprehensive assessment of risk across the entire Group, and after identifying the most material risks set up special projects to address the respective issues. As a housing manufacturer, one of the most critical risk management issues we face is quality control at construction sites. We are able to leverage the advantage of using a prefabrication process to undertake thorough quality of building framing at our own factories. At construction sites, which can be viewed as a second production site, our specialist subsidiary Sekiwa Construction or other partnering companies construct the buildings. Quality control at this stage is implemented through strong mutual cooperation. Environmental risk is managed with a particular focus on the control of construction waste. Other risks that fall within the scope of our system for investigation and control include land contamination risk and natural disaster risk.

Comments from External Members of CSR Committee

The CSR Committee, which is chaired by the Chairman and CEO, meets every three months to plan and promote as well as to review the activities of important CSR policies. Activities regarding compliance and the environment or urban developments are reported on by each director in charge who is a member of the committee, and are then subject to discussion by the entire committee, including three external members. On this page we feature some comments from the external members of our CSR Committee.



CSR Committee

Creating innovative living environments



Haruo Tsuji

Advisor, Sharp Corporation

The steps Sekisui House has been taking through residential and urban development to promote the creation of a sustainable society have been warmly received. Following the company's Action Plan 20 for the prevention of global warming, the Urban Development Charter has also been recognized by an award from the Minister of the Environment, helping accelerate CSR activities throughout the company.

In recent years, confidence in the food and housing sectors has been greatly undermined. From a customer's perspective, it is not possible to live a healthy, comfortable, secure and safe lifestyle without having this confidence.

Sekisui House bears a considerable responsibility as an industry leader in the provision of housing stock to society, and as such I expect them to view this responsibility as a challenge. By constantly considering things from the customer's point of view, Sekisui House can not only carry out its social responsibility, but also contribute directly to society and increase its value as a corporation. By sharing dreams and aspirations among employees, I hope Sekisui House can continue innovating to create the living environments that will be required by society ten or twenty years in the future.

Connecting environmental technology and customers



Tadao Kagono

Professor, Graduate School of Business Administration, Kobe University

With environmental issues expected to be the main theme at this year's G8 Toyako Summit, environmental awareness has been growing. Japan's environmental technology is at the forefront of the environmental industry. Looking at the auto industry, Japan pioneered the commercialization of hybrid engines. It is difficult for competitors to catch up with this progress, because it requires comprehensive technology not only from the auto manufacturers, but also from a whole range of suppliers.

In the solar panel industry, too, Japan has become one of the most important suppliers, in an industry where supply shortages have developed in Europe. Solar panels have previously been criticized for their inefficiency in terms of the power required to produce panels compared to the power the panels themselves can generate. However, as a result of intensive research and development Japanese manufacturers have developed a technology that is economically viable. The improvement of residential fuel cells is also underway.

It is the responsibility of housing manufacturers to make this kind of environmental technology available to consumers. Housing manufacturers should therefore also be considered as distributors of environmental technology.

Continuous efforts to realize a sustainable society



Shunsuke Kano

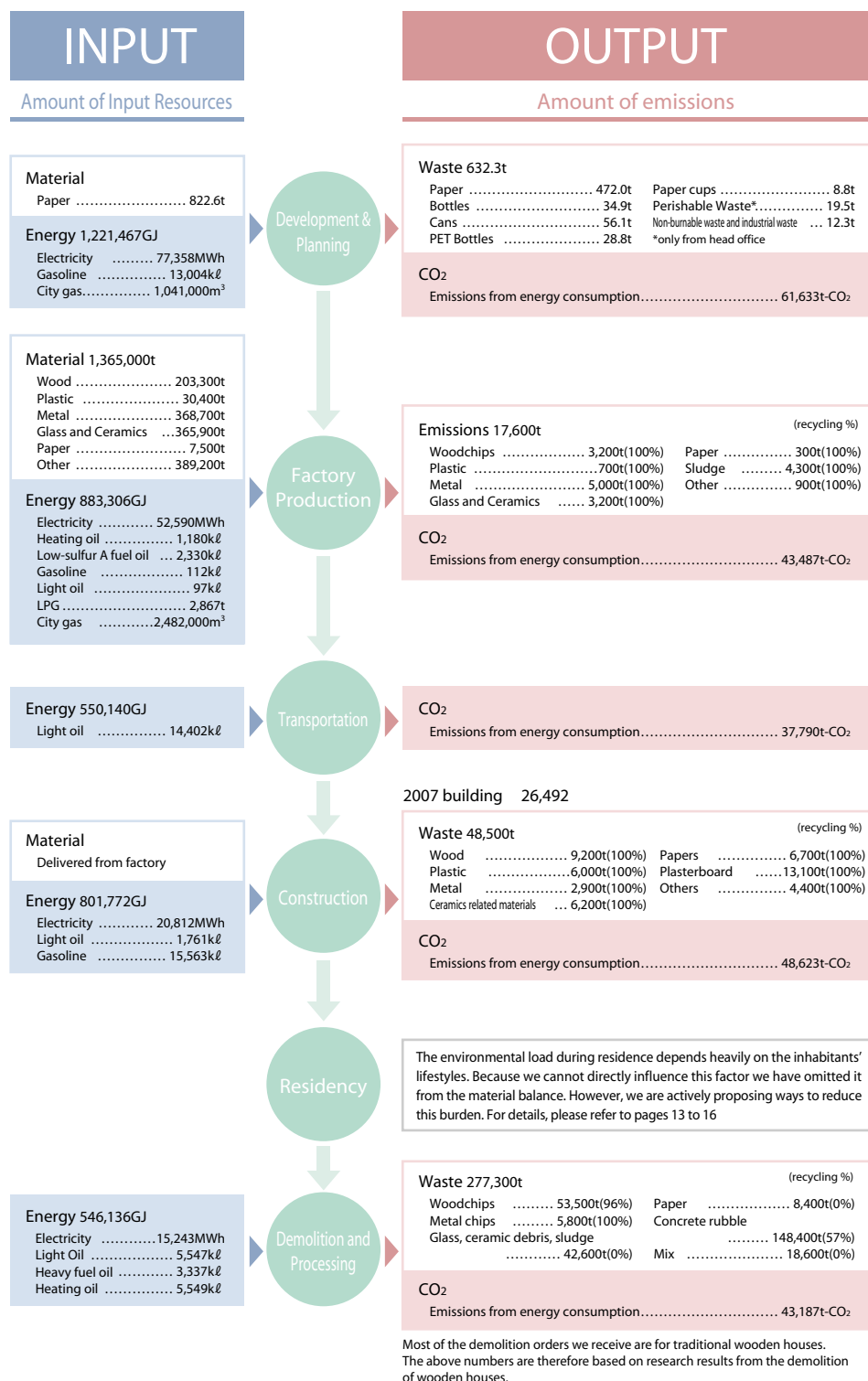
Lawyer

The announcement that an elite marathon runner had decided not to participate in the Beijing Olympics because of the air pollution in the region surprised the world. Although we are at a critical stage in sustaining the global environment by reducing CO₂ and other greenhouse gas emissions, conflicts of interest among countries are interfering with progress. In this context, I believe that Sekisui House's actions in making its Declaration of Sustainability demonstrate a very progressive approach. Through the CSR Committee, committee members including the Chairman and President are earnestly addressing these issues. Realizing a sustainable society will require patient, step-by-step efforts by individuals. As a leading housing provider with more than 20,000 employees, the impact of mobilizing the passion of each individual in the organization can have a very positive impact on society. However, by looking at the results of several compliance awareness surveys that have been undertaken, we can see that further ongoing effort is required to change people's awareness and actions. For this reason, when companies are considering their responsibilities under CSR they need to remember that practice indeed makes perfect.

Environmental Burden Material Balance

Together with all group companies and partnering construction companies, we are calculating the environmental load of the production, transportation, construction, residency and demolition of houses at each lifecycle phase, seeking to understand the environmental burden of our business activities as a whole and to promote efforts to effectively reduce this burden.

Material Flow Chart



Calculation methods for each Data

Data based on FY2007, using basic CO₂ emission units adopted by the Japan Prefabricated Construction Suppliers & Manufacturers Association.

Development and Planning (include sales and administration department)

Electricity, gas, and gasoline consumption is calculated from actual data. Waste data is derived from head office waste and sampling research at other locations.

Factory Production

Data is based on materials shipped and construction waste volumes. Emissions and energy use data based on research at six in-house factories.

Transportation

Energy: Light oil (diesel) consumption data based on research on dispatching trucks at six in-house factories.

Construction

Electricity, gasoline and diesel data based on actual usage. Waste data based on actual outcomes.

Demolition and processing

Energy and waste data based on actual outcomes.

Social Targets and Actual Performance

Summary and outlook

In 2007, we concentrated on evaluating objectively visible results of our CSR activities by creating multifaceted indicators and focused on conducting verification on each business division and the feedback on these. In addition, by ensuring the effective functioning of the PDCA (plan-do-check-act) cycle, we acted to raise the level of activities companywide and eliminate differences between our business divisions in the level of activity. Meanwhile, in order to build an organization that can achieve legally compliant and sound business activities under its own volition, we enhanced our risk management system and built an internal control system. We also sought to instill a thorough awareness of compliance by enhancing internal training systems and continuously setting compliance policies for board members and employees, such as our Corporate Activity Guidelines and the elements of our Corporate Philosophy.



Hidehiro Yamaguchi

Executive Officer and
Head of Corporate
Communications Department

CSR policy and framework

Targets and outcomes for FY2007			Evaluation
CSR policy and framework	Target: Formulate CSR indicators for business divisions and evaluate, visualize and accelerate CSR activities. Actual performance: Created CSR indicators, evaluated degree of activity from various viewpoints and provided feedback to each business office. CSR activities have been accelerated by formulating aims for each area of activities in compliance, environment and society and evaluation of actual performance by the CSR Committee of the Sales Administration Headquarter.		○
Compliance targets and policies	Target: Continue to build up internal control system and risk management system. Actual performance: Formulated "Basic policy regarding establishment and development of internal control system" and are currently creating an internal control system. Set up J-SOX Promotion Department, which is specifically in charge of financial reporting.		○
Communication with society	Target: Increase opportunities to communicate with stakeholders by setting up forums, etc. Actual performance: Organized a workshop at our Sustainable Design Laboratory, a meeting for the exchange of opinions with those involved in CSR, and public tours; 2,669 people participated in total.		△

FY2008 target
To raise the level of activities at each business office by implementing the PDCA cycle while using our CSR indicators and the targets and actual performance of each business office.
Complete internal control system ready for launch by February 2009 and continue to develop risk management system.

For our customers

Targets and outcomes for FY2007			Evaluation
To improve customer satisfaction	Target: Enhance training to improve customer satisfaction. Continue to expand various channels for homeowners and enhance communications with them. Referred order ratio: 47.2% (up 2.4 percentage points on 2006)		○
Sustainable society and long-lasting housing	Target: Fully develop a business project in which we repurchase detached housing and Sha-Maison low-rise apartments of our development and completely remodel them for resale. Outcome: The home revitalization operations EVERLOOP has started. A total of 94 houses have been purchased.		○
	Target: Further enhance marketing of remodeling business, reduce costs and concentrate on following up with housing stock. Outcome: Sales from remodeling business were ¥46.25 billion. Zero emission of waste products from remodeling sites nationwide.		○
Construction of reliable, safe and comfortable houses	Target: Increase new facilities and experience-based facilities in each area and promote awareness. Outcome: Number of visitors at experience facilities; 30,975 at Home Amenities Experience Studio, 75,858 at Large Scale Experience-based facilities and 23,356 at other facilities.		◎
Local culture succession and community formation	Target: Based on "Urban Development Charter," and "24 Guidelines for Urban Development," create good quality communities and implement Machinami Sankan-Bi with beautification as a theme. Outcome: 179 apartments and 1,639 houses supplied as a result of two Machinami Sankan-Bi held in April and October.		○

FY2008 target
Promote enhancement of communication with homeowners via the internet and publications.
Expand the EVERLOOP business.
Further enhance activities such as energy saving remodeling.
Create more easy-to-understand experience facilities in each area.
Create good quality communities and implement Machinami Sankan-Bi, with beautification as a theme.

For employees and business partners

Targets and Outcomes for FY2007			Evaluation
For employees	Target: Further promote active role of women Outcome: <ul style="list-style-type: none"> Established women's sales network, hosting events such as Women's Sales Representative Conference and other business networking events for women. Launched the Diversity Development Team creating a forum for regular events through aligned activities at each branch office. Held study groups and seminars on working methods, skill development and a range of other topics. Appointed female mentors in each division to help educate and support the professional development of female staff. Launched in-house website for female sales representative, providing a wide range of information on activities, success stories and suchlike. 		△
	Target: Promote diversity in human resources Outcome: <ul style="list-style-type: none"> Revised and implemented work category transfer system. Five production employees transferred to the sales or technical department (main career track) on April 1, 2007. In 2007, a work category transfer system was implemented for general employees and production department employees, with transfers taking place on April 1, 2008. Two employees were reinstated as regular employees after having previously resigned because of child-bearing, child-care or nursing care, under our reinstatement program for registered former employees. Through the internal hiring program, 81 employees applied for three projects and 19 employees were transferred. Disabled employee percentage: 1.9% 		○
	Target: Support a variety of work styles and work-life balance Outcome: <ul style="list-style-type: none"> Enhanced support system to enable management of work with childcare and nursing care. Extended child-care leave scheme to level above legal requirement, so that parental leave is available until the day before a child turns 3, rather than the current age of 1.5 years or April after a child reaches turns 1. Extended shortened working hour system to the end of Year 3 elementary, instead of the current time period of when a child first starts school. Made the first four days of child-care leave paid leave. Participants: Child-care leave: 67 (including 24 male employees); Shortened working hours: 42; Nursing care leave: 3 Review working conditions in the scheme for reemployment of persons reaching retiring age Received approval from the Ministry of Health, Labor and Welfare based on the Law to Support the Development of the Next Generation 		○
	Target: Promote workplace safety and health Outcome: <ul style="list-style-type: none"> Industrial accidents: 64 Commuting accidents: 20 		○

FY2008 target
<ul style="list-style-type: none"> Maintain working environment and plan new system to ensure a sales and marketing environment aligned with needs and capabilities of women so they can be successful over the long term. Build a nationwide network of sales assistants at each display home with the aim of building motivation and skills.
<ul style="list-style-type: none"> Make best use of a variety of human resources Improve work category transfer system and enhance follow-up of transferees. Continue registration program for former employees, to continue making use of experienced personnel Continue internal hiring program to make effective use of internal human resources Promote employment of disabled persons and ensure compliance with employee ratios required by law
<ul style="list-style-type: none"> Support a variety of work styles and work-life balance Maintain support system to enable management of work with childcare and nursing care, and improve manual guidelines. Prepare for extension of the Law to Support the Development of the Next Generation and continue to the second stage of action plan. Improve business efficiency by encouraging employees to use their paid leave and work efficiently. Create a dynamic, motivating work environment by pursuing Labor Compliance (Labor CSR).
<ul style="list-style-type: none"> Reduce industrial accidents by sharing safety activities of each branch companywide, and improve accident prevention activities.

For shareholders and the community

Targets and Outcomes for FY2007		Evaluation	FY2008 target
For the Shareholders	Target: Increase dividends per share by ¥2 yen to pay total dividend of ¥24 per share in FY2007 with the expectation that cash flow will improve through improved business performance. Outcome: Distributed IR news email and facilitated exercise of voting rights via mobile phone. Introduced shareholder complimentary gift system, an addition to the shareholder special benefit point system. Paid dividends per share of ¥24 in FY 2007.	○	Continue stable dividend payments. Improve asset efficiency through cancellation of treasury stock.
Improvement of Housing Culture/ Supporting Education	Target: Improve housing culture, both in the material sense and in the human sense, using existing facilities and accumulated expertise and as a company that is open to the community Outcome: Conducted 11 sessions of the Housing School Open Seminar, attended by a total of 819 people, and the Housing School Commitment Seminar, attended by 56 people. 1,195 people attended the nationwide seminar Housing School - Office Seminar. 2,343 people visited the Housing Library.	○	Improve housing culture using existing facilities and accumulated expertise.
	Target: Further enhance activities to contribute to education using our interactive facility as well as by increasing the numbers of dispatched lecturers and work experience admissions. Outcome: Numbers of student visitors: Home Amenities Experience Studio: 5574; Experience-based facilities: 38; Large-scale experience-based facilities: 3220. College curriculum at Home Amenities Experience Studio was held at 9 colleges 13 times and attended by 298 students. Work experience and lecturer dispatch implemented 30 times. Accepted 136 college internships (work experience: 49; workshops: 87).	◎	Categorize curriculum; increase the number of dispatched lecturers and work experience admissions.
Contribution to Society	Target: Share information and improve its contents to address disparate commitment levels of different business offices toward social contribution. Outcome: Number of volunteer activities: 1451. Number of volunteers: 34,236. Contributions to disaster relief using employee donations: ¥11,312,132. Donations to charity events: ¥3,929,830. Awarded President's Award for Society Contribution Activity. Promoted sales of products made by disabled people, adopting 18,750 "eco-bags" and 12,562 Ryohei Koiso "eco" desk calendars. Co-hosted the Disabled Person's Week with public administration, government organization, NPO and other companies.	○	Share information through company newsletter and intranet, to achieve horizontal development of social contribution activity.

Environmental Targets and Actual Performance

Summary and outlook

Ten years have passed since the implementation of the Kyoto Protocol in 1997, and we have been taking measures to prevent global warming concomitant with the government's long-term Cool Earth 50 strategy. We expanded our zero emissions framework at production factories and construction sites to the remodeling sites that we have developed with the aim of prolonging the useable life of houses. In materials procurement, we are now at the stage of putting into effect procurement guidelines that we have already formulated in tandem with partnering companies. As a housing company, it has become increasingly important for us to take steps to prevent global warming. Actions we have taken include implementing future-focused initiatives such as the sale of the world's first houses with household fuel cells, provision of the Carbon Neutral House, and community verification of the effectiveness of fuel cells. We will advance our efforts towards even higher goals as a leader in broader areas beyond the housing industry.

Energy

Targets and Outcomes for FY2007		Evaluation	FY2008 target
Target: Solar power generation systems output: 8,000kW Outcome: 4,347kW		×	Solar power generation systems output: 8,000kW
Target: High-efficiency water heater adoption at homes using gas and electricity: 100% Outcome: 93.9%		○	—
Target: High-efficiency water heater adoption at all-electric houses: 70% Outcome: 60.9%		△	High-efficiency water heater adoptions at all-electric houses: 70%
Target: CO ₂ emissions from factories manufacturing housing materials: 1% less than FY2006 Outcome: Reduced by 2.8%		◎	2% reduction of CO ₂ emissions from plants manufacturing housing materials
Target: CO ₂ emissions from transportation of housing materials: 1% less than FY2006 Outcome: Reduced by 5.6%		◎	2% reduction of CO ₂ emissions from transportation of housing materials

Chemical substances

Targets and outcomes for FY2007		Evaluation	FY2008 target
Target: Introduction of guidelines for chemical substances and strengthening supply chain management Outcome: Held internal orientation meeting; Conducted verification based on trial introduction		△	Promote implementation of guidelines for chemical substances and enhance control system for chemical substances
Target: Reduction of usage of toxic agents and emissions from houses Outcome: Reduced usage of organic solvent type adhesives including toluene by over 50%		○	Promote further shift from usage of solvent-type adhesives to water-based adhesives

Resources

Targets and outcomes for FY2007		Evaluation	FY2008 target
Target: Introduction of wood procurement guidelines and strengthening supply chain management Outcome: Held internal orientation meeting and introduced guidelines; Considered changing specifications of floor materials and others and constructed implementation system		○	Change type of wood used for some floor materials based on results of considerations Promote procurement of certified materials
Target: Reduce total volume of waste including waste inside factories (as well as recycling waste) and waste from new house construction sites by 20% with FY2004 performance as benchmark Outcome: 11.2%		×	Reduce by 20% compared to FY2004; Introduction of Material Flow Cost Accounting
Target: Achieve zero emission of waste from remodeling sites by the end of July 2007 Outcome: Achieved in October		△	Consider future approach towards zero emission of demolition waste
Target: Reduce waste from new house construction to 1,000 kg/unit Outcome: Reduced waste from new house construction to average 1,646 kg/unit		△	Emission of waste from new house construction: 1,300 kg/unit
Target: Reduce plasterboard ends from 600 kg to 400 kg/unit Outcome: Reduced plasterboard ends to average 486 kg/unit		△	Reduce plasterboard ends to 450 kg/unit
Target: Reduce wood waste from 330 kg to 230 kg/unit Outcome: Reduced wood wasted to average 247 kg/unit		△	Reduce wood waste to 230 kg/unit

Other

Targets and outcomes for FY2007		Evaluation	FY2008 target
Target: Plant 1,000 thousand trees Outcome: 800 thousand trees planted		△	Plant 1,000 thousand trees

Criteria for self-evaluation:

◎...Achieved end target ahead of schedule; ○...Achieved numeric target for the year under review; △...Did not achieve but came close to target; ×...Unable to improve toward target

* Summary only. Details are available in the Japanese report.



Akira Morimoto

Director and Senior Managing Officer
in charge of Environment

The Third Party Statement

Sachiko Takami
Chief Executive
The Natural Step Japan



To Senior management and Sekisui House's stakeholders

The Natural Step Japan (TNSJ) was commissioned by Sekisui House to assure the environment and social sections of their sustainability report 2007 using the AA1000 Assurance Standard. We state our independence from Sekisui House and maintain an impartial relationship toward Sekisui's stakeholders. Our responsibility is to express our conclusions based on our limited assurance review as explained below under outline of work and associated assertions.

Conclusion

This report presents accurate summary of Sekisui House's environmental and social performance, challenges and commitment. We are satisfied that it presents the necessary information on the material issues. Sekisui House adequately responded to its stakeholders concerns and interests and communicated these responses in the report. However, there is a limitation to how much one company by itself can achieve through voluntary approaches when it comes to preventing a Climate Change. Therefore Sekisui House have to develop their climate policy beyond the existing framework.

Outline of our work

Which criteria and principles have been used and what kind of methodologies are used to assure Sekisui's sustainability report?

- The organization's critical resource-flows, processes and impacts during use of the products/services along with the company's flexibility to change, capacity-building, strategy and the linkage between vision, policies, objectives and results are examples of areas that are mapped out and analyzed by using TNS Sustainability analysis.
- We used the principles of the AccountAbility, AA1000 Assurance Standard (Materiality, Completeness, Responsiveness) as a reference point for the assurance of reported information.
- During the assurance engagement, we assessed Sekisui House's sustainability Report 2007 and a draft of 2008. We also accessed the purchasing guidance books of woods and chemical substances and the booklet "House Ecology". We were present at the interview with Sekisui's president. We also assessed TNS Questionary's answers and conducted hearings with the head of Environmental Division, the head of CSR section and other staff who were involved with reporting.

*1 TNS sustainability analysis <http://www.tnsj.org>

*2 Detail information about AA1000 <http://www.accountability.org.uk/>

Findings

1. Does Sekisui House understand what its material issues are and has it presented in a balanced view? Is there process in place for determining material issues? Is the process adequate?

They presented their material issues and the information about the issues in a balanced view in this sustainability report. The article of their Top Commitment is the summary of them and is presented in a way stakeholders can understand very easily. They have 4 values and 13 guidance points to determine what are their material issues and they use management system to manage yearly objectives and results. They also have CSR guidance and the section to promote CSR. They have external committee members on their CSR committee. We think the process would be more improved if a sustainability expert and a woman were to join the committee.

2. Does the report have all necessary information on the material issues? Is there any issues left?

They understand the material issues well and they have not left any material issues. However as for environmental performance, we think it is a great achievement that they developed their own method to achieve zero waste in the new house production process at the factory site and at the construction site and at the site of remodeling of a house. But since the amount of waste at demolishing site of a house is huge, we think the recycling of the waste at the demolishing site is the issue which is to be brought up next time. We also think it is necessary to deepen a discussion with stakeholders about the biodiversity issue where land is used for house construction. As for social performance, the issue to be discussed more deeply is CSR issues in the supply chain, upstream of production.

3. Has Sekisui adequately responded to its stakeholders concerns and interests and communicated these responses in the report?

Sekisui House has responded adequately to its stakeholders concerns and interests and communicated these responses in the report. For example, they offered a new service called "Ever Loop." It is a remodeling and reforming service which help extend the life of a house. They also achieved the zero waste at the remodeling site. They tested a house with lower VOC and fewer chemical substances. They arranged an Energy seminar for school children and their parents. They published the booklet for energy saving. "CO₂ off house" is an outstanding environmental product. But since the growth rate of Photovoltaic system is very low, even though the whole company promoted it highly through "Action Plan 20", there is a need for Sekisui House to work to build the awareness of customers and to continue their dialogue with stakeholders.

Headline performance:

Sekisui House is implemented a number of environmental and social measures to improve their performance.

Environmental aspects

- The usage of VOC paste in house are reduced by 50%
- Implementation of Guideline for a purchasing of Wood and that they strengthened Supply chain management.
- Zero emission (waste) is achieved at Factory, Construction and additionally at Remodeling site.
- Intern training and certificate system of Green experts and Eco leaders.
- New service "Ever Loop" and New product "CO₂ off house" are launched.

Social aspect

- Internal awareness building by declaration of "Sustainable Human Resource"
- Active employment of women marketing staffs. Now 6% of total marketing staffs are women. The marketing result is positive.
- Sekisui House promote less working hours system, four days parents leaves, And promote employee to take their paid holidays.
- Environmental education program called "New Satoyama program" launched. Matching program is that employees donate money to different organization which Works for sustainability. Sekisui House donate as much money as they did.

What are next steps?

1. Materiality and 2. Completeness

We recommend that Sekisui House to do the backcasting from their 4 values and 13 guidelines, and set a middle term target figures for the year 2020. Then to link between the middle term target figures with yearly target figures. We are certain that the understanding will be deepened and communication with stakeholders will be clearer by doing this.

3. Responsiveness

Climate Change is the biggest challenge and there is an increasing need for new political actions to promote energy saving and the development of renewable energy sources. We expect Sekisui House to take a leadership role as in this process and the dialogue within the industrial and political landscape.

Corporate Data

Corporate profile(as of January 31, 2008)

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	¥186,554 million
Total number of shares issued	709,385,078 shares
Employees	22,309 (consolidated); 14,973 (non-consolidated)

Business activities

- Design, construction, contracting and supervision of buildings or structures
- Manufacture, sale and purchase of construction materials
- Purchase and sale of materials for afforestation and landscaping and for other civil engineering and construction works
- Contracting or undertaking of research, planning, design, execution, supervision, engineering, management and consulting business related to regional development, urban development, land preparation and environmental improvement
- Design, execution, contracting and supervision of construction projects
- Design, execution, contracting and supervision of civil engineering works, carpentry works, plastering works, roofing works, painting works, waterproofing works, interior finishing works and installation works
- Purchase and sale, exchange and lease, management and appraisal of real estate, and management consulting business thereof
- Brokerage and agency services for the purchase, sale, exchange and lease of real estate
- Cultivation, purchase and sale of plants, design, execution and contracting of landscaping

Offices and affiliates (as of April 1, 2008)

Sekisui House, Ltd.

Sales Administration Headquarters:	17
Customer Service Centers:	66

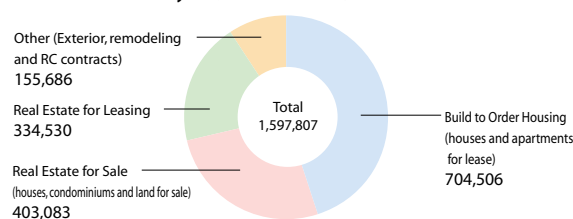
Subsidiaries and affiliates: 79

Sekiwa Real Estate, Ltd. (7 subsidiaries);
 Sekiwa Real Estate KRM, Ltd.;
 Sekisui House Remodeling, Ltd.;
 Sekiwa Construction, Ltd. (48 subsidiaries);
 Landtech Sekiwa, Ltd. (2 subsidiaries);
 Greentechno Sekiwa, Ltd. (3 subsidiaries);
 SGM Operation Co., Ltd.;
 Rokko Island Energy Service Co., Ltd.;
 Shin Nishinomiya Yacht Harbor, Co., Ltd.;
 Sekisui House Umeda Operation Co., Ltd.;
 Sekiha, Ltd.;
 Sumai no toshokan, Ltd. (Housing Library, Ltd.);
 SEA, Ltd.;
 Sky Rail Service Co., Ltd.;
 Sekiwa Support Service, Ltd.; and
 7 other companies

Financial data

We aim to create a positive economic cycle in which profits that we generate through the provision and support of comfortable, long-term living environments are returned to society. Sales in FY2007 were in line with the previous year, due to favorable performance in businesses such as condominium sales, low-rise apartments, and real estate for leasing and remodeling, despite weak performance in the housing business due to a worsening of the market environment. The total number of houses sold during the year was 57,162, with a cumulative total of 1,906,989 since the company began business.

Consolidated net sales by segment for the year ended January 31, 2008 (Millions of yen)

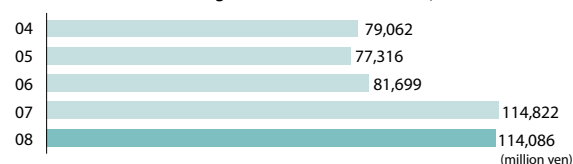


Please refer to our website (<http://www.sekisuihouse.co.jp/company/english/>) for further information on our company, investor relations and management indices.

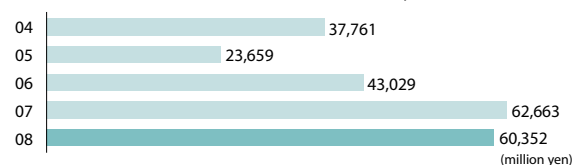
Consolidated net sales (Years ended January 31)



Consolidated recurring income (Years ended January 31)



Consolidated net income (Years ended January 31)



Consolidated employees (Years ended January 31)



for the next stage



SEKISUI HOUSE, LTD.

Head office 1-1-88, Oyodonaka Kita-ku, Osaka 531-0076, Japan

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