

## The Third Party Statement

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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. "CO<sub>2</sub> 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 "CO<sub>2</sub> 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.