



# Sustainability Report 2010

## Editorial Policy

The purpose of this report is to educate a broad audience of readers about initiatives the Sekisui House Group is engaging in to help build a sustainable society as well as encourage reader feedback as a means to improve these initiatives going forward. This report is produced with reference to the 2007 Environmental Reporting Guidelines of the Ministry of the Environment of Japan, and the Sustainability Reporting Guidelines (Version 3.0) of the Global Reporting Initiative.

## Main Improvements Made to the Sustainability Report 2010

- The content and materiality of this report was determined by the Sekisui House CSR Committee, which includes three external members, taking into consideration survey responses to the Sustainability Report 2009 and social conditions received from 1,800 internal and external stakeholders.
- The five special features appearing in this report were selected after a review of topics that are acknowledged today to be urgent challenges facing the Sekisui House Group as well as society as a whole. The opening segment of these special feature sections enhances readability by concisely introducing the reader to the social issue and Sekisui House's related initiatives, seamlessly connecting with the details to follow.
- As an objective evaluation of Sekisui House initiatives, this report also features the perspectives of customers and external stakeholders.

## About the Cover

Sekisui House believes that the generations-long experiences of people are the true building blocks of communities. That is why we are more than a simple provider of space, we also focus on the value of time in our pursuit to deliver customers and communities with safe, eco-friendly and comfortable value-added homes. Positive, fulfilling communities also benefit biodiversity and the environment, with the simple sight of birds in the trees of a front yard a key indicator of the revitalization of the natural environment. Sekisui House will continue to honor this spirit in the provision of its services going forward.





## Scope of This Report

### ■ Businesses

The scope of businesses covered by this report includes 51 companies, namely: Sekisui House, Ltd., and the following consolidated subsidiaries that are principal actors in CSR and environmental management: Sekiwa Real Estate, Ltd. (6 companies); Sekisui House Remodeling, Ltd.; Sekiwa Construction, Ltd. (35 companies); Landtech Sekiwa, Ltd. (2 companies); Greentechno Sekiwa, Ltd. (3 companies); SGM Operation Co., Ltd.; Sekisui House Umeda Operation Co., Ltd.; and Sekiwa Wood Co., Ltd. (A profile of the Sekisui House Group is provided on p. 3-4.)

### ■ Business Activities

This report covers the business operations of the Sekisui House Group, which includes the built to order housing business (detached houses and low-rise apartments), real estate for sale business (detached houses, condominiums, land for sale and urban redevelopment projects), real estate for leasing business, and other business (exterior works and landscaping and remodeling).

### ■ Period Covered

Fiscal 2009 (February 1, 2009 to January 31, 2010)

### ■ Date of Publication

This report is published annually in Japanese around April.

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# Building Comfortable Generations-Lasting Communities

The Sekisui House Group, through its detached housing, low-rise apartments, condominium and urban development project businesses, is committed to building personable living environments where communities as well as homeowners thrive. In advance of our 50th anniversary in August 2010, we have become the first homebuilder in Japan to reach the 2-million home milestone, galvanizing our reputation as Japan's leading homebuilder. Going forward, we will continue to meet our obligations to society, the environment and the future with humbleness and poise.

## Built to Order Housing Business

Our built to order housing business includes the contracting, design, and construction of steel-frame detached houses, the SHAWOOD brand of wood-framed detached houses and the Sha-Maison brand of low-rise apartments.



IS ORDER steel-frame detached house



M'Gravis Stage wood-frame detached house



Sha-Maison, Villace low-rise apartment

### Subsidiaries and Affiliates

- **Sekiwa Construction Higashi-Tokyo, Ltd. and 30 other companies**  
...Housing construction, landscaping, and exterior construction works
- **Sekiwa Wood Co., Ltd.**  
...Trading of housing-related construction materials.



Biena Three-story steel-frame house



Yukuri no le wood-frame detached house



Sha-Maison, Bereo low-rise apartment

## Real Estate for Sale Business

Our real estate for sale business includes the sales of detached houses and condominiums, as well as urban redevelopment projects and the sale and purchase of commercial buildings.



Urban redevelopment project (Island City Teriha no Machi)



Multi-building condominium project (Grande Maison Atsuta no Mori)

### Subsidiaries and Affiliates

- **Sekiwa Real Estate, Ltd. and 5 other companies**  
...Real estate brokering and leasing

## Real Estate for Leasing Business

Our real estate for leasing business includes the block leasing/sub-leasing of Sha-Maison residential properties and condominiums, as well as the leasing and management of other real estate.



Sha-Maison Curavie U low-rise apartment

### Subsidiaries and Affiliates

- **Sekiwa Real Estate, Ltd. and 5 other companies**  
...Master leasing and property management of rental housing, etc.
- **SGM Operation Co., Ltd.**  
...Management of condominiums, commercial buildings and other building types.
- **Sekisui House Umeda Operation Co., Ltd.**  
...Property management for Shin Umeda City and the provision of tenant services, etc.

### Subleasing Activities

Sekiwa Real Estate, Ltd., which consists of six Group companies, also engages in building sublease activities where fixed monthly lease payments are made to the building owner regardless of occupancy rate. As the building lessee, Sekiwa Real Estate acts as the direct lessor for individual tenants, reducing workload and improving operating efficiencies for the building owner. Under this system, Sekiwa Real Estate has developed a strong reputation in the segment for reliable long-term property management.

#### Sekiwa Real Estate Sublease System

Set lease amounts / Solicit residents / Collect lease payments / Move-out settlement / Regular cleaning / Claim management, etc.

## Corporate Profile (as of January 31, 2010)

**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  
**Number of shares outstanding:** 676,885,078  
**Employees:** 21,745 (consolidated); 14,120 (non-consolidated)

## Sales and Services Offices (as of January 31, 2010)

**Sales Administration Headquarters:** 17  
**Sales Offices:** 127 (124 as of April 1)  
**Factories:** 5  
**R&D Institute:** 1  
**Customer Service Centers:** 65  
**Subsidiaries and Affiliates:** 92

## Other Businesses

Housing remodeling, landscaping, and exterior construction works, and the contracting, designing and construction of RC-framed and other condominiums and commercial buildings.



Detached house remodeling project



Exterior landscaping project

### Subsidiaries and Affiliates

- **Sekisui House Remodeling, Ltd.**  
...Remodeling contracting
  - **Sekiwa Construction Higashi-Tokyo, Ltd. and 30 other companies**  
...Remodeling contracting
  - **Sekiwa Real Estate, Ltd. and 5 other companies**  
...Remodeling contracting
  - **Greentechno Sekiwa, Ltd. and 2 other companies**  
...Landscaping, exterior construction work
  - **Landtech Sekiwa, Ltd. and 1 other company**  
...Land surveying, soil studies
  - **Sumai no Toshokan, Ltd.**  
...Publisher of housing-related materials
  - **SEA, Ltd.**  
...Publisher of housing-related materials, advertising agency
- 47 other companies**

## Developing New Business Ventures with Sekiwa Construction

The Sekisui House Group is currently positioning itself to capture strong demand seen in the remodeling segment in Japan. In leveraging the industry-leading construction competencies of group company Sekiwa Construction, we are looking to expand our remodeling segment around both Sekisui House built and non-Sekisui House built existing homes. Also aware of the growing demand for small-scale built-to-order detached houses, we have entered the market with a quality wood-framed home by Sekiwa Construction. As we look to increase our share in the overall housing market, we will continue to provide comfortable and secure homes, both in the mid- to high-end as well as the affordable housing markets.



Traditional wood-framed house Sekiwa no Ki no le

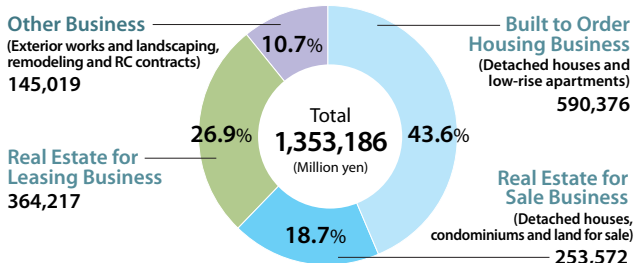
## Enter Overseas Business

With the maturing of Japan's housing market, the Sekisui House Group has begun to focus attention on international markets, where it sees numerous growth opportunities. We look forward to exploring these markets further as we develop high-quality localized housing solutions around the world.



Condominium development project in Australia

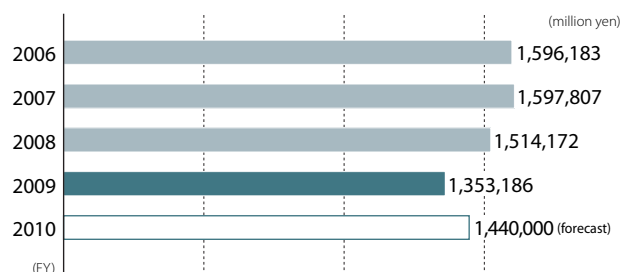
## Consolidated Net Sales by Segment (Fiscal 2009)



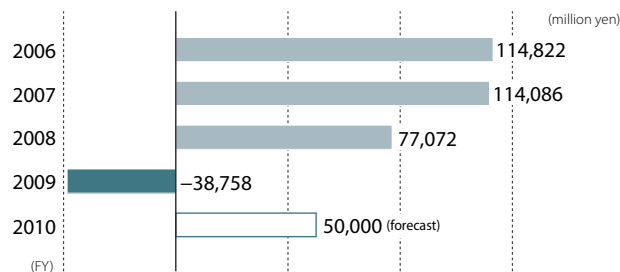
## Financial Data

Sekisui House is committed to supporting local economies by giving back to society through the sales of our quality homes and ancillary services. In fiscal 2009 the detached housing segment in Japan was back on the path to recovery, while our real estate for leasing and remodeling business recorded strong performance. Net sales, however, fell 10.6% year on year due to inventory write-downs from falling land values resulting from the poor real estate market conditions in Japan. The total number of housing units sold in fiscal 2009 was 42,512, which pushed us past the 2-million home milestone to 2,001,722 units.

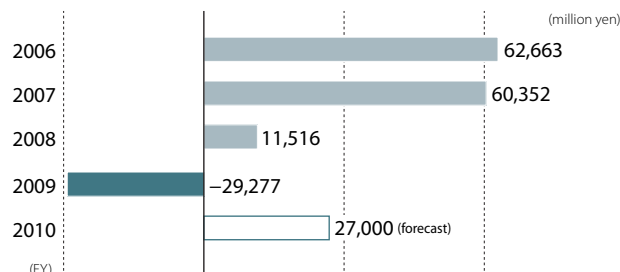
## Consolidated net sales



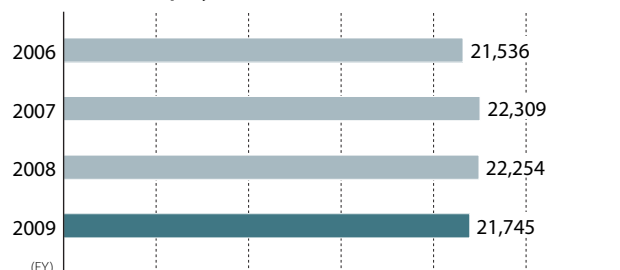
## Consolidated ordinary income



## Consolidated net income



## Consolidated employees





## Developing better housing to secure a sustainable future

### Setting the Pace in Revitalizing the Housing Industry for the Good of the Economy

Housing has a major economic impact, and in Japan alone, the construction of 100,000 homes is said to contribute some five trillion yen to the economy. As a leading company in the housing industry, Sekisui House has continually urged the Japanese government to introduce initiatives that will encourage the transfer of assets from parents to their offspring, and attract investment into housing with superior construction.

Starting in 2008, the Japanese government began rolling out various housing initiatives designed to stimulate economic growth. These initiatives included an unprecedented tax break for housing loans and broader exemptions for capital transfer taxes, while reviving subsidies for residential photovoltaic power generation systems (PV systems) and launching a new housing eco-point system. We feel that our suggestions have had an impact in bringing about these initiatives. The Japanese economy today is showing signs that it is finally bottoming out after a prolonged economic recession since 2008, with the housing sector slowly but gradually improving. However, there is a need to further revitalize the housing market, in order to create even greater demand in Japan that spurs economic recovery and creates employment.

### Housing is at the heart of society, and Our Duties as a Homebuilder

The impact of housing not only extends to the economy, but to society as a whole. Homes play an important role in terms of how we raise our children and build healthy communities, and on our culture. Homes are where generations mingle as families, and where we teach our children. Homes collectively form town, where residents can mingle with a sense of security as part of a culture. More than simply personal assets, homes are social assets that lie at the center of the diverse social challenges that we face today.

Sekisui House will celebrate its 50th anniversary in 2010. In half a century, we have built more than two million homes across Japan, forming a huge base of social assets that we have supplied to society. Clearly, there are certain social responsibilities that we must meet, both in terms of the housing we have supplied and will build in the future.

**Isami Wada**  
Chairman & CEO



## Showing Leadership in Addressing Global Environmental Issues

Global warming is a pressing international issue and one that is deeply intertwined with housing. We must take a close look at housing if we are to effectively address global warming. Finding ways to improve the energy efficiency of homes is crucial to reducing household CO<sub>2</sub> emissions.

In 2009, the Japanese government declared its commitment to the rest of the world to reduce greenhouse gas emissions by 25% compared with 1990 levels, to be achieved by 2020. Industry alone cannot achieve these targets. Emissions of CO<sub>2</sub> by industry are declining every year thanks to the efforts of the private sector, yet household emissions have continued to rise. Japan must work as a nation to pursue strategies for reducing CO<sub>2</sub> emissions.

Sekisui House has had the foresight to envision these trends in our environmental initiatives. In 1999, we unveiled our *Environmental Future Plan* with a future vision for sustainable housing.

Since then, we have been working on various fronts to reduce CO<sub>2</sub> emissions from housing, such as developing uniform next-generation energy-saving specifications and implementing our company's *Action Plan 20* initiative to achieve the commitments of the Kyoto Protocol. In 2008, we introduced a line of Carbon Neutral Houses equipped with PV and fuel cell systems, and partnered to build our Zero Emission House at the venue for the G8 Hokkaido Toyako Summit, drawing attention from around the world. The Zero Emission House provides a blueprint for future housing that reduces net CO<sub>2</sub> to almost zero throughout the life cycle of the home. In recognition of these and other achievements, Sekisui House was endorsed as an Eco-First Company in 2008 by the Japanese government, signifying industry leadership in the area of environmental

conservation.

In 2009, we launched our Green First line of eco-friendly homes, which achieve 60-100% reductions in residential CO<sub>2</sub> emissions. Green First homes meet our next-generation energy-saving specifications, and are equipped with features such as high-efficiency water heaters and PV and fuel cell systems. These homes show how we are one step ahead of the industry, offering the kinds of homes that the Japanese government is encouraging.

The Japanese government has also called on the citizens of Japan to achieve a 25% reduction of greenhouse gas emissions, under the Challenge 25 Campaign that kicked off in January 2010. Sekisui House has been asked to participate in this initiative as an Eco-First Company, and we will do our best to drive the campaign forward.

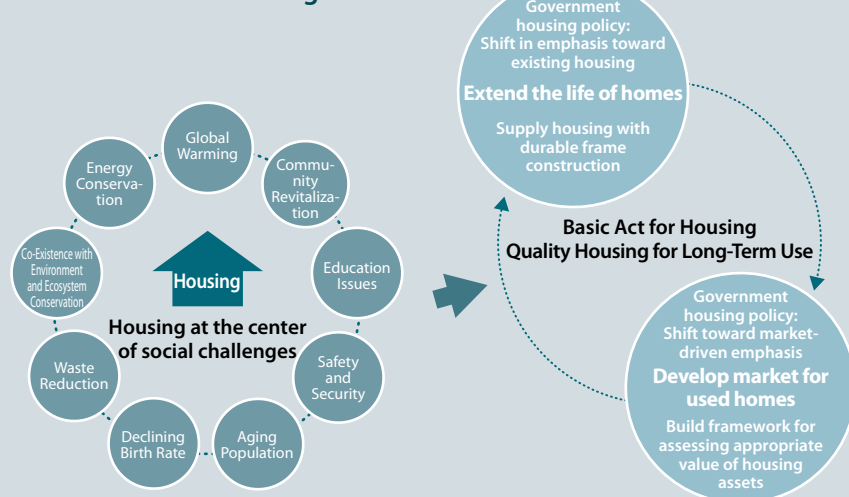
## Green First Strategy—Spearheading Lower Household Carbon Emissions

Sekisui House has unveiled three Eco-First commitments, at the top of which is our commitment to reduce residential and construction CO<sub>2</sub> emissions. We are using the Green First strategy to spearhead our efforts to address the challenge of reducing Japan's household emissions, and expand our eco-friendly housing business.

Many homeowners have shown interest in our Green First line of homes, which is making steady inroads into the housing market. We have secured orders for 870 of our Green First Premium homes equipped with both PV and fuel cell systems, indicating that homeowners clearly recognize the value of Carbon Neutral Houses.

In the medium- and long-term view, we envision Carbon Neutral Houses becoming the standard for Japanese housing by 2050. We are committed to seeing more and more homeowners

### Creating Better Housing at the Center of Social Challenges



### Recommendations by Sekisui House



### Green First Eco-Friendly Homes

- Gohon no ki landscaping concept
- Sekisui House Urban Development Charter
- Everloop home repurchase program

choose Green First Premium homes, as we continue to set the pace in the housing industry.

Sekisui House has secured orders to build 371 of our Sha-Maison Green First line of eco-friendly low-rise apartment buildings, driven by strong interest among environmentally-aware building owners and tenants. One of the selling features is the ability for individual units to sell power to utilities, an innovation that came about through our negotiations with electric power companies.

Our commitment to reducing residential CO<sub>2</sub> emissions also extends to existing housing in addition to newly-built homes. Over the last 50 years, Sekisui House has built more than two million homes in Japan, and through our remodeling business we also install PV and fuel cell systems into existing homes. These systems offer homeowners the twin benefits of improved amenity and reduced CO<sub>2</sub> emissions.

### Taking Action to Conserve Ecosystems and Biodiversity

Our second Eco-First commitment is a promise to encourage the revitalization of ecosystem networks. More and more corporations are talking about biodiversity today, with the groundswell of interest being fueled by the fact that Japan will host the tenth meeting of the Conference of the Parties to the Convention on Biological Diversity (COP 10) in 2010, taking place in Nagoya. In fact, Sekisui House has been addressing biodiversity for more than a decade.

We developed our own *Gohon no ki* landscaping concept, inspired by traditional Japanese landscaping approaches. Under the *Gohon no ki* landscaping concept, we plant yards with local tree species that are best suited to local climates, and have planted more than six million trees in Japan since introducing the concept. We also use this approach for landscaping in

development projects, to promote coexistence with nature and build communities whose landscapes grow more attractive over time. In 2008, we conducted a residential survey that showed an increase in biodiversity in our development business, with greater diversity of birds and insects.

We have also devised our own procurement guidelines for wood used in housing construction, and engage in FairWood procurement to conserve ecosystems by discouraging illegal logging and eradication of forests. In 2009, we were recognized for the first Japan Awards for Biodiversity from the AEON Environmental Foundation and Ministry of the Environment, in praise of our efforts. It is also worth noting that many of our initiatives in the area of biodiversity have come about through partnerships with non-profit and non-governmental organizations.

### Contributing to a Sustainable Society

Third on our list of Eco-First commitments is a promise to actively engage in resource recycling. The housing industry manufactures and procures large quantities of components and materials in order to construct homes at building sites, which makes for unique challenges in terms of reducing waste. We have sought to develop ingenious solutions to reduce waste, guided by a “3R” approach to reduce, reuse and recycle waste. In 2002, we achieved zero emissions status at our manufacturing factories, and in 2005 expanded the zero emissions status to encompass new construction sites. In recognition of our efforts, we received the Prime Minister’s Award for the 2009 3R (Reduce, Reuse and Recycle) Awards program of the Ministry of Economy, Trade and Industry, which was a first for a company in the housing sector.

Moving forward, we are prepared to put even more effort into reducing waste from construction demolition, which is a major issue for the entire housing industry. In addition to avoiding

### Zero Emission House

—From Concept and Showcase to Future Green First Home



Zero Emission House reduces net CO<sub>2</sub> to almost zero, while achieving zero emissions of construction waste



Green First eco-friendly home



the production of waste in the first place, we are strongly committed to the sustained use of housing. One of our solutions is the Everloop program, under which we repurchase used Sekisui House homes and remodel them for subsequent sale with a new warranty.

We are also focusing our efforts on the home renovation business, to effectively extend the life of existing homes. Starting in 2009, we expanded the scope of our renovation services to traditional Japanese post-and-beam construction and other kinds of common residential construction, and low-rise apartment buildings. By doing more to enable the continued use of housing, we are having a positive social impact through the sustainable use of housing.

These initiatives are in line with recent legislative trends, such as the introduction of the Basic Act for Housing in 2006, which marked a major shift in legislative emphasis on quality over quantity for Japanese housing. Our initiatives are also aligned with programs and initiatives that the Japanese government has been rolling out since 2009 to encourage quality housing for long-term use. Through our initiatives, we will build a base of existing housing that can shelter multiple generations of citizens.

## Delivering Amenable Housing for a Sustainable Future

Sekisui House has initiated a pilot smart house project to test new environmental technologies. The innovations include centralized management to optimize energy consumption throughout the home, using a combination of solar cell, fuel cell and storage battery technologies. We are also testing the use of direct current (DC) power in order to use power more efficiently.

These experiments are part of research we are conducting into smart grid technology, which has implications for delivering low-carbon energy services. Eventually, we hope to expand the

project to a larger scale as a pilot community project.

New technologies like these may see homes evolve from places where energy is consumed, to places that supply energy to a local grid and manage the local energy supply. Eventually, homes could become the focal point of our society for energy. We have also initiated research that will contribute to the enrichment of communities, through the creation of information networks that will diversely support the everyday lives of people, in ways not limited to energy.

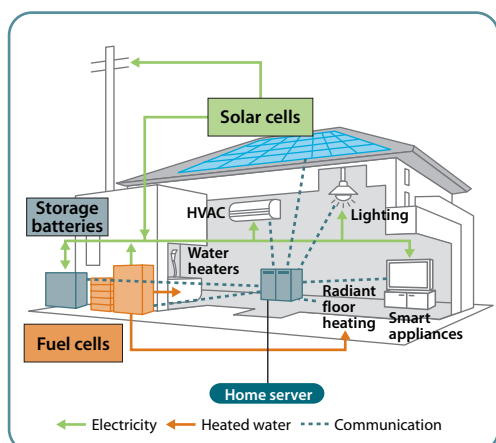
Sekisui House is spearheading a major global business thrust in 2010. We already have a residential development project underway in Australia, and have given the green light to commence projects in China and Russia. By bringing our residential environmental technologies to the rest of the world, we will contribute to environmental initiatives in other countries while putting our stamp on the world as a prime example of Japanese manufacturing.

All of us at Sekisui House are united in our commitment to develop amenable housing and bring about a sustainable future.

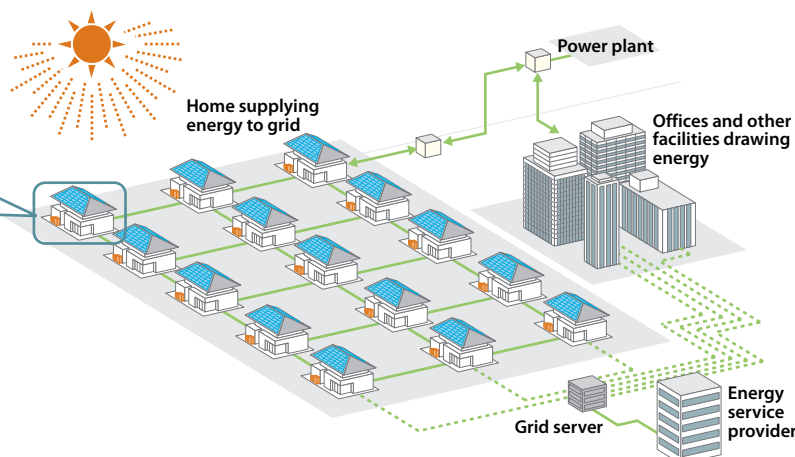


**Isami Wada**  
Chairman & CEO

## Smart House and Smart Grid Concept —From consuming energy, to supplying energy



Smart house provides integrated management of household energy, to optimize energy supply and demand



Smart grid optimizes energy supply and demand within the grid



# Expanding Our Business and Meeting Our Social Responsibilities as an Industry Leader

## Fifty Years in Business and Looking Ahead to the Next Fifty Years

In August 2010, Sekisui House will celebrate its 50th anniversary since the founding of the Company. The housing industry in Japan has changed significantly with the times, and the fact that we have remained in business for half a century is a testament to the confidence our customers have placed in us. It is you, our customers, who have made Sekisui House what we are now.

The 50th anniversary of Sekisui House is an opportunity to reflect on our origins as a company. We have also taken this opportunity to assemble a medium-term management plan that develops an initial vision for the next 50 years, with the aim of propelling further growth for the Company. Based on the medium-term management plan, we have set out to tackle new challenges with our Green First strategy for eco-friendly housing as the centerpiece of our efforts.

We faced challenging economic conditions in fiscal 2009, and for the first time since becoming a publicly-traded company, Sekisui House recorded an operating loss for the year. However, we are determined to turn the corner and set out on a new path of growth. The Sekisui House Group will work together to bring flexibility and good decision-making in responding to the diversification of the Japanese housing market, as we aim to secure sustainable growth.

## Green First—Driving Our Business as We Reduce CO<sub>2</sub> Emissions

Our greatest challenge for securing future growth is to expand sales, and the Green First strategy is a major component of our sales drive. The Green First strategy was formulated one year ago, at the end of a process by our Corporate Social Responsibility (CSR) Committee to define the social responsibilities of the Company and explore ways of doing business that fully leverage our strengths in environmental technology.

In the spring of 2009, Sekisui House launched the Green First line of eco-friendly homes that deliver the highest level of environmental performance, offering models in the steel frame, wood frame and low-rise apartment building segments.

Driven by heightened market interest in eco-friendly housing, sales of Green First homes picked up in the second half of 2009. In fiscal 2009, we secured orders for 7,030 detached homes with PV systems, which easily surpassed our initial target of 6,000 homes. We also made significant strides in our environmental performance, achieving a 44% reduction in residential CO<sub>2</sub> emissions for all detached homes compared with fiscal 1990 levels, well above the 25% reduction target set by the Japanese government.

Looking ahead, we will further expand our Green First strategy and take advantage of favorable government initiatives such as a new housing eco-point system that has been introduced for fiscal 2010. We are determined to make a positive social impact, both in terms of the environment and through our business.



## Finely Attuned to Needs in the Existing Home Market

Over the last 50 years, Sekisui House has built more than two million homes in Japan, creating a huge base of existing homes. We are endeavoring to expand sales to this market from a variety of angles, including our Everloop home repurchase program and through our remodeling business and special offers for double eco-points to homeowners who choose to remodel their Sekisui homes.

In 2010, the Sekisui House Group will make a concentrated effort to enhance the level of after-sales support that we provide from our customer center that services our homeowners across Japan. We will follow up with each homeowner to thank them for enabling us to be successful for the last 50 years, and collect data about their diverse needs. We will ask homeowners to rate their present houses and find out about their current family composition and future lifestyle plans. This data will help us to precisely meet the needs of our homeowner base, as we seek to enhance customer satisfaction and build stronger relationships with customers.

## People as the Main Driving Force of the Company

Sekisui House is forging ahead with initiatives to reorganize the Company so that we can better adapt to today's fast-changing economic conditions. The direct impetus for these changes was our decision to suspend production operations at the Shiga Factory in 2009, which we seized as an opportunity to make changes that will better redirect our business resources.

Specifically, we have singled out the following areas for improvement: (1) Strengthen sales by enhancing customer support, (2) improve productivity through integration of manufacturing, (3) reorganize the Company by streamlining head office functions, and (4) better position the Company to secure profits by enhancing collaboration within the Sekisui House Group. We will leave no stone unturned in our quest to better transform the Company, through the concentrated effort of Sekisui House and the entire Sekisui House Group.

One of our critical challenges as a corporation is the need to develop human resources. The sweeping changes that are occurring today and impacting the housing sector necessitate human resources with the ability to devise solutions. Our employees are our greatest resource, and to further enhance their abilities we

are pouring more effort into training and development at every level, from upper management training to job-specific training.

Our corporate philosophy places a fundamental emphasis on love of humanity, and we ask leaders in every part of our organization to patiently commit to supporting the personal growth of their staff. This will build a stronger and more flexible organization that is able to best capitalize on the qualities and capabilities inherent in each employee.

## Strengthening Compliance as a Cornerstone of CSR

Compliance is a cornerstone of our CSR initiatives, and we have made it a priority to strengthen compliance through employee training and attitude surveys, and by expanding the framework for securing regulatory compliance.

It is my belief that the fate of a corporation hinges on its ability to achieve a balance between economic function and social contribution. Corporations must not prioritize profits in the face of challenging business conditions, at the expense of their social contributions.

Excellent communication has always been ingrained in the corporate culture at Sekisui House. We will continue to emphasize communication and have secure checks in place across every aspect including our relationships with customers and business partners. Furthermore, we will keep striving to be a corporation whose employees bring a strong sense of awareness and pride in carrying out their given duties.

As the person with the highest responsibility for CSR at Sekisui House, I will remain conscious of the importance of meeting our social responsibilities, and set a good example for the entire Sekisui House Group to follow, including our affiliates and partner companies.

In 2009, The Nippon Foundation released its annual list of the top 100 companies in Japan displaying global leadership for CSR. Sekisui House was ranked No. 1 among all companies in Japan.

Looking forward, we will endeavor to expand our business and have a positive social impact, engaging in business that inspires the pride and passion of each employee paired with the drive to creatively address modern challenges, with a love of humanity as a fundamental part of our corporate philosophy.

**Toshinori Abe**

President & COO

## Our Promises for FY2010

- Reduce residential CO<sub>2</sub> emissions through our Green First strategy to encourage energy conservation in homes. Deploy PV systems in 10,000 homes and fuel cell systems in 2,400 homes.
- Reduce the environmental impact of our manufacturing operations and other business activities, guided by the Japanese government's Challenge 25 Campaign.
- Provide housing that offers safety, security and comfortable housing, to create a base of high-quality housing stock emphasizing aspects such as seismic resistance, universal design principles, human health, and the environment.
- Support the long-term and successive use of housing in contributing to a vital secondary market for used homes, through the Sekisui House home warranty extension program and the Everloop program under which we repurchase and remodel homes for subsequent sale.
- Focus on conserving ecosystems based on a *Gohon no ki* landscaping concept, with the continuing goal of planting one million trees annually.
- Based on the Sekisui House Urban Development Charter, we will contribute to an abundance of nature, build communities, and support the development of towns that successive generations will call home to.
- Continue achieving zero emissions in the areas of manufacturing, construction, home maintenance, and home remodeling. Reduce the volume of waste produced and actively engage in recycling.
- Seek coexistence and co-prosperity by sharing common objectives in concert with our Group companies and partner building contractors. Collaborate on construction quality management and education of apprentices and early career development.
- Gain further adoption of our Wood Procurement Guidelines for sustainable wood use and Air Quality Standards. Work with our suppliers to expand FairWood procurement and reduce chemical substance use.
- Actively support diversity in human resources and development of the next generation of employees, including support for women in the workplace.
- Achieve strict compliance in all our business processes, and seek to raise employee awareness and have systems in place to encourage fair business practices.

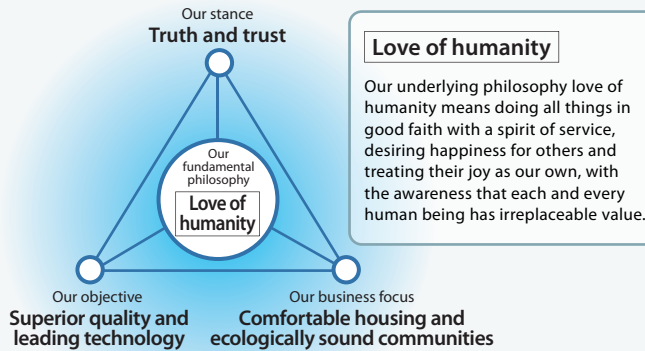


# 50 Years of Comfort-Centric Homebuilding

People build homes and homes build people. This concept has formed the core of the Sekisui House approach to home and community building for the last 50 years. Over this time, we have earned the trust of and developed strong relationships with our customers, as evidenced by our track record in building over 2 million homes to date. Our approach to sustainable corporate development will be linked closely to our efforts in building a more sustainable society.

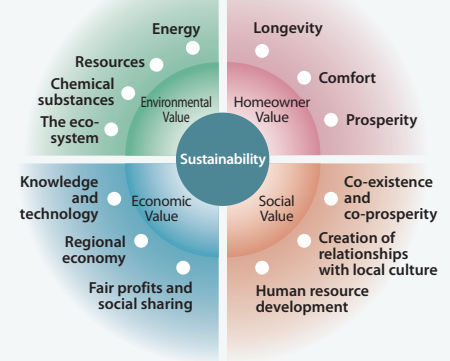
## Sekisui House's Vision toward the Realization of a Sustainable Society

### Corporate philosophy (established January 1989)



### 13 guidelines based on our 4 values (enacted in 2006)

Sekisui House prioritizes an approach to homebuilding that balances the 4 key values of the environment, economy, society and residential homeowner needs. Through our 13 guidelines, we hope to realize this aim as we move to improve the sustainable nature of our corporate activities going forward.



## Global Warming Prevention

- 1961** • Becomes the first homebuilder in Japan to use aluminum sash windows



House with aluminum sash windows



CentrageΣ

- 1996** • Begins using insulating multi-layered glass in CentrageΣ detached housing products.

1960

**Sekisui House founded**

1993

**Achieves the 1-million home milestone**

## Safe and Secure Homebuilding

- 1961** • Launches production at company owned and operated factory
- 1964** • Establishes direct selling structure
- 1979** • Begins earthquake-resistance testing using actual sized home



Earthquake-resistance testing using actual sized home

- 1982** • Implements 10-year manufacturer's warranty program
- 1987** • Establishes customer center

- 1999** • Launches U-trust system



U-trust warranty

## Foundation as a Sustainable Corporate Citizen

- 1990** • Establishes the Comprehensive Housing R&D Institute
- 1999** • Announces the *Environmental Future Plan*
- 1999** • Establishes the Environment Promotion Department

1960~

1970~

1980~

1990~

**Stage 1—Start of Built to Order Housing**

- 1973** • Government launches Built to Order House Certification Program

**Stage 2—Design, Functionality and the Environment**

- 1980** • Government enacts Energy Saving Standards
- 1980** • Government enacts New Earthquake-resistance Standards

**Stage 3—Enhanced Home Quality and Functionality**

- 1992** • Government enacts New Energy Saving Standards
- 1997** • Kyoto Global Warming Conference (COP3) is held
- 1999** • Government enacts Next-generation Energy Standards



## Sustainable Vision

Sekisui House firmly believes that a sustainable society is a society based on a balanced, global eco-system where all people can live in comfort. In addition to contributing to the development of a sustainable society through the provision of high quality housing solutions, Sekisui House aims to become a positive generator of comfortable living environments for homeowners, the community, and the environment.



The design features the traditional takara-musubi (treasure knot) pattern and the number 50, from our 50th anniversary, expresses our recycling-oriented homes, and the bonds between people and nature. The design is a tribute to the stakeholders who have contributed to our success.

## Commitment to a Sustainable Society

2010

**Achieves the 2-million home milestone**

- 2000** • Makes multi-layered glass and insulated aluminum sash standard on all new build detached houses
- 2003** • Makes next-generation energy saving features standard on all new build detached houses



All new build detached houses built to new energy efficiency standards.

- 2005** • Launches *Action Plan 20*
- 2008** • Launches sales of Carbon Neutral House
- 2008** • Partners to build the Zero Emissions House for the G8 Hokkaido Toyako Summit
- 2009** • Launches sales of its Green First line of homes



Green First



Zero Emissions House

## Biodiversity Conservation

- 2001** • Launches the *Gohon no ki* landscaping concept



Yard landscaped using the *Gohon no ki* concept

- 2006** • Develops *Shin-Satoyama* in Shin Umeda City
- 2007** • Implements its Wood Procurement Guidelines



*Shin-Satoyama*



FairWood flooring materials

## Commitment to a Recycling-Oriented Society

- 2002** • Achieves zero emissions at all Sekisui House factories
- 2004** • Authorized by the Ministry of the Environment to dispose of construction site waste across multiple prefectures



Sekisui House Resource Management Center

- 2005** • Achieves zero emissions at new build construction sites
- 2006** • Achieves zero emissions in its after-sales services
- 2007** • Achieves zero emissions at in its remodeling business



Everloop revitalized home

- 2003** • Announces seismically-isolated home



Seismically isolated bearing

- 2007** • Announces seismic damping system SHEQAS



SHEQAS

- 2002** • Announces its declaration on universal design
- 2005** • Announces its declaration on sustainability
- 2005** • Establishes its Urban Development Charter
- 2005** • Establishes the CSR Office
- 2006** • Establishes 13 guidelines based on its 4 values

- 2006** • Announces its declaration on human resource sustainability
- 2006** • Establishes the Diversity Development Team
- 2006** • Establishes the Global Warming Prevention R&D Institute
- 2008** • Certified an Eco-First Company by the Ministry of the Environment
- 2009** • Recognized for the best CSR practices in Japan through a review of 100 companies by the Nippon Foundation

- 2010** • Begins participation in the Challenge 25 Campaign



2000 ~

2010

### Stage 4—Balanced Approach to the Environment and Comfort

- 2000** ○ The Housing Quality Assurance Act takes effect
- 2001** ○ Law on Promoting Green Purchasing takes effect
- 2005** ○ Kyoto Protocol comes into effect
- 2006** ○ Basic Act for Housing takes effect

- 2008** ○ Japan hosts the G8 Hokkaido Toyako Summit
- 2008** ○ Act on the Promotion of Dissemination of Long-term Quality Housing is passed
- 2009** ○ Government launches the Long-term Quality Housing Certification Program

- 2010** ○ Challenge 25 Campaign begins
- 2010** ○ Nagoya, Japan will host the tenth meeting of the Conference of the Parties (COP10)



# Green First—A Culmination of 50 Years in the Homebuilding Business

For the last 50 years, Sekisui House has approached homebuilding with the mentality that the customer comes first. What will the homeowners of tomorrow want in their homes? Although the answer to this rhetorical question inevitably varies by time period, some things do remain constant.

With focus on our Green First line of homes, we will continue in our pursuit of the ideal home environment.

## Our 50-Year Pursuit of Homebuilding

Sekisui House was founded 50 years ago as a venture business in the built to order housing segment. Having explored the many possibilities prefabricated homes offer, we have come a long way from our humble beginnings.

The times have also changed dramatically, as we have traversed a variety of economic landscapes, including the post-war years of spectacular economic growth, the bubble economy in the 1980s, and the economic recession. However, the one constant over the years has been our leading pioneer presence in Japan's homebuilding industry. The secret to our long-storied success has been our customer-first approach and the support we have received from our millions of satisfied customers.

## The Building of a Sustainable Society is a Global Concern. Now is the Time for Sekisui House to Shine

Today, in our 50th year in operation, our answer to the rhetorical question posed above is our Green First line of homes, which offer living environments that feature comfortable and enriching spaces, and yet are eco-friendly and economical. Our Green First home represents the culmination of our 50-year pursuit of the ideal home.

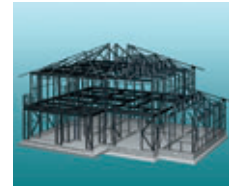
We are also developing a new generation of smart homes that control household energy use and supply electricity to the grid through the combination of PV, fuel cell and storage cell systems. We believe our 3 Eco-first Promises, which include stopping global warming, revitalizing natural eco-system network and promoting a recycling-oriented society, will enable us to contribute to the development of a more sustainable society. Although our 50th anniversary marks a key milestone for reflection, our pursuit of the ideal home and commitment to our customers remains unwavering.

## Commitment to Comfort

### Safety

#### Protecting homeowners and their families

- Earthquake-resistant structures
- Seismic-dampening structures
- Seismically-isolated structures
- Advanced fire proofing and resistance
- Anti-crime design
- Universal design



Earthquake-resistant structure

### Peace of Mind

#### Total homeowner support systems

- After-sales services
- 20-year warranty and U-trus system
- Remodeling to exacting standards
- Everloop revitalized homes
- Sekiwa Real Estate network



Universal design



After-sales services

### Homeowner Health

#### Premium healthy living environments

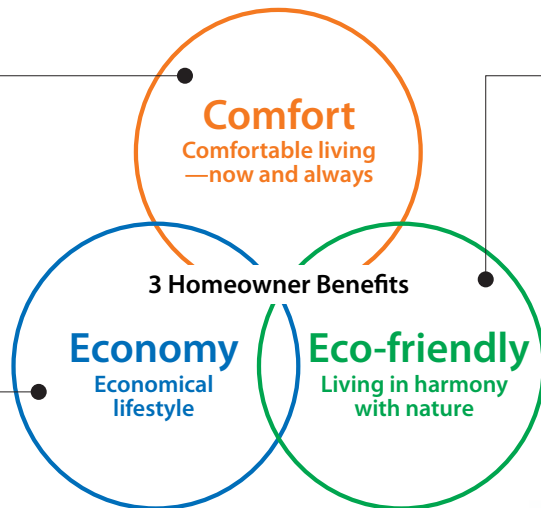
- Next-generation energy efficiency designs
- Environmental designs
- LED lighting solutions
- Ventilation system
- Chemicare designs
- Plasma cluster air purifiers



Ventilation system



Reduced chemical exposure risk



## Commitment to the Economics of Longevity and Clean Energy



Long-term quality home

### Long-Term Quality Housing

#### Cutting costs through enhanced durability and lifespan

- Extended lifespan
- High durability



ENE FARM fuel cell system

### Reduced Gas and Electricity Costs

#### Cutting gas and electricity costs through the synergies of energy saving and energy generation technologies

- PV systems
- Fuel cell systems
- High efficiency water heaters
- Heat-insulated bathtubs

## Commitment to Eco-Friendly

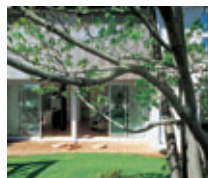


LED lighting solution

### Reduced CO<sub>2</sub> Footprint

#### Actively engaged in reducing CO<sub>2</sub> emissions starting from the design and manufacturing phase

- Reduced CO<sub>2</sub> emissions
- Elimination of incandescent lighting



Gohon no ki landscaping

### Zero Emissions

#### Recycle-oriented manufacturing that uses resources effectively and efficiently

- Expanded zero emission operations
- Multi-regional certification

### Gohon no ki Landscaping Concept

#### Taking the initiative to revitalize local ecosystems through individual landscaping designs

- Gohon no ki landscaping concept

## 3 Homeowner Benefits

The Sekisui House Green First line of eco-friendly homes deliver customers with an unparalleled sense of comfort, lower gas and electricity costs and reduced CO<sub>2</sub> emissions. Green First represents a symbol of our long-standing efforts to bring homeowners the best balance of comfort, economics and environmental design.

