

Sustainability Report 2020

For the year ended January 31, 2020

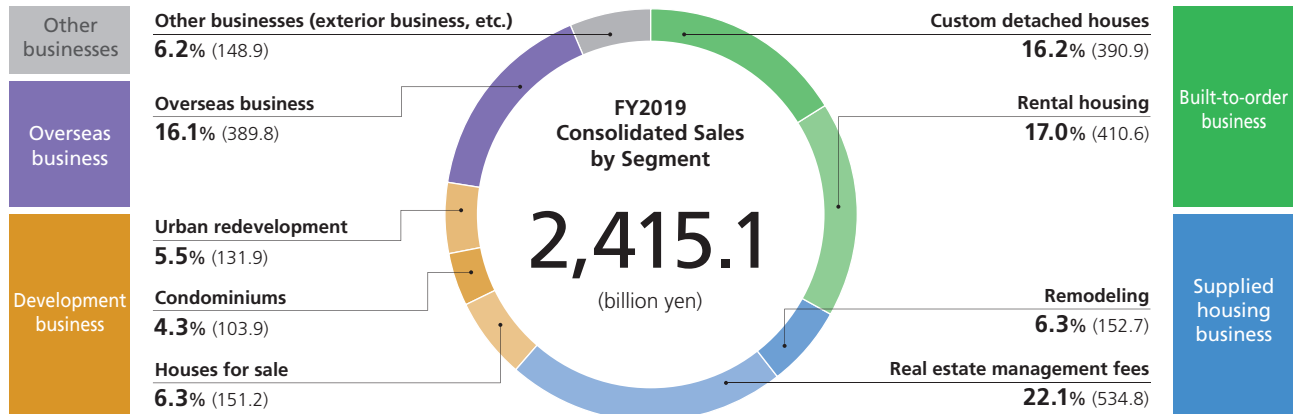
Make home the happiest place in the world.

People are born to be happy.
People can help others find happiness, too.
At Sekisui House, we embrace that truth in everything we do.
Our extensive track record in the housing sector, where we have built more homes than any other company across the globe, speaks for itself: we have the ability—and responsibility—to make home the happiest place in the world.
We strive to help people find happiness, be it enriching families' lives through housebuilding projects and services or connecting people across the globe through business and procurement efforts.
In pursuing that aim, we look forward to finding solutions to social issues and making the world we inhabit a better, more sustainable place.



Scope of Business & Business Model

Scope of Business



Business Model

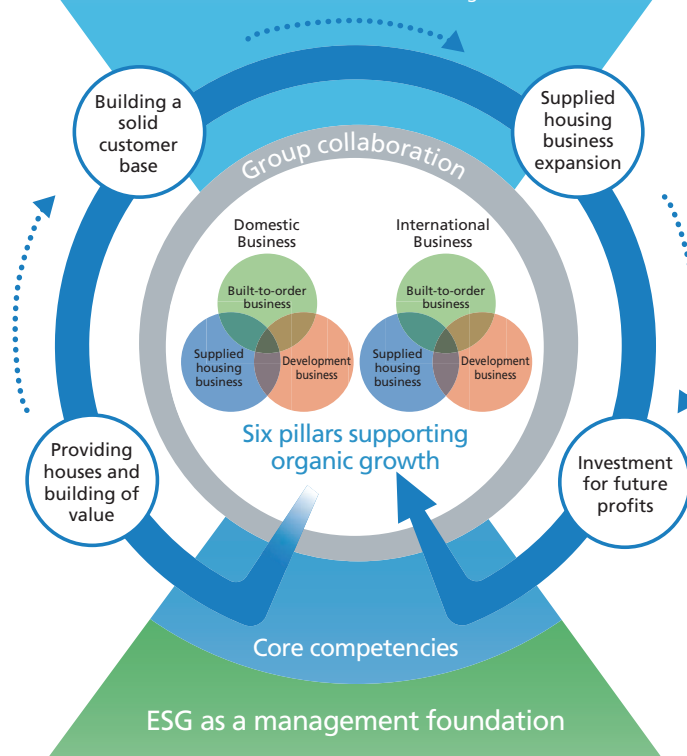
Our management foundation comprises our ESG (environmental, social, and governance) initiatives as well as our value chain and core competence. By engaging in close collaboration across our group, we are establishing a business model that creates value for our many stakeholders. While our built-to-order housing business has established a solid foundation with a strong customer base by providing valuable, high-quality residences and buildings, our supplied housing business has developed renovation businesses and other enterprises. We invest the profits earned by these businesses

into our Development Business, which contributes to high-quality urban development. Through these businesses and our future investments, we have formulated a sustainable value creation process. Going forward, we will establish an international business model similar to the one we operate in Japan by expanding our built-to-order business globally. The Sekisui House Group has set its sights on developing as a global enterprise that provides contentment by integrating tangible and intangible products and services capable of driving sustainable growth.

Making home the happiest place in the world

Tangible and intangible products and services

Safety & security/comfort/environmental performance/
health/connection/learning



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Editorial Policy

This report is published with the objective to spread awareness about the Sekisui House Group's efforts to create a sustainable society. We also seek to communicate with various stakeholders and improve the quality of our activities through it. We refer to the following for identifying and editing the contents of the reports.

- Environmental report: The Environmental Reporting Guidelines 2018 published by the Ministry of the Environment
- CSR report: Guidance on Social Responsibility ISO 26000

Moreover, this report and our website comply with the GRI Core Standards by including general disclosures (those whose publication is required to ensure compliance with the Core Standards) as well as the material disclosures required under the standards.

As for initiatives related to the novel coronavirus, this report does not address the effects nor does it outline a specific response to the virus.

[Content of Report and Applicable Scope]

This report covers Sekisui House, Ltd. and 276 consolidated subsidiaries.

- Period covered: FY2019 (February 1, 2019 to January 31, 2020)
Note: Some activities undertaken in FY2020 are covered in this report.
- Date of publication: This report is published annually in Japanese in May and in English in July.

Summary of Information Communicated

	Financial information	Non-financial information
Dialogue	<ul style="list-style-type: none"> • Release of financial results • Management plan briefing • Conference call with analysts and institutional investors • General meeting of shareholders 	<ul style="list-style-type: none"> • Expert dialogue • Stakeholder meeting
Reports	<ul style="list-style-type: none"> • Securities Report • Business Report 	<ul style="list-style-type: none"> • Integrated Report A report that integrates important financial and non-financial information • Sustainability Report • TCFD Report
WEB	<ul style="list-style-type: none"> Information for Shareholders & Investors 	<ul style="list-style-type: none"> ESG Information



Toshinori Abe
Chairman &
Representative Director

A company highly responsive to the effects of climate change on future generations and society in general

The Sekisui House Group is committed to mapping a path forward.

The role and mission of housing in addressing social issues

To those who lost family and friends to COVID-19, the novel coronavirus, we extend our deepest sympathies and most sincere condolences. To the many individuals whose lives were severely disrupted by the disease and to everyone suffering hardship due to the spread of the infection, we offer our thoughts and support. We would also like to express our gratitude to the medical professionals and first responders who are providing care under such difficult conditions, as well as those who are working under challenging circumstances to maintain the supply of essential goods.

Rest assured that the Sekisui House Group places the highest priority on the safety of its customers, business partners, stakeholders, and employees. Working in cooperation with public health officials and local governments, we are implementing all necessary countermeasures to minimize the spread of the infection.

For the world of politics and the global economy, of which Japan is a part, the dawning of 2020 was expected to mark a major turning point in the very structure of society itself. In the midst of this situation, however, the world suddenly fell under the threat of the novel coronavirus. How this continuing peril will ultimately affect our lives and our economies going forward cannot be anticipated with any degree of certitude. Society has had to respond with new approaches, such as changing social interactions due to requests to practice social distancing as part of the measures to prevent the spread of infection. At the same time, however, we must take urgent measures to protect against large-scale natural disasters and the impacts of climate change that are occurring frequently in various parts of the world. Clearly, 2020 has marked a turning point, but the nature of the change is quite

different from what we had imagined. In addition to focusing our efforts on implementing antivirus measures, I believe that we need to engage in a fundamental rethink of our entire approach to housing, our relationships with our customers, and all that we do.

For years, much discussion has centered on the economic ripple effect resulting from housing construction. Furthermore, when we consider disaster preparedness initiatives such as the adoption of seismic resistance measures and their relationship with human life and our health, it is clear that the mission and scope of the housing industry should expand in many respects.

The value of housing is said to lie in its role in underpinning human contentment, which in turn leads to improved national welfare as well as a stronger economy. The construction of high-quality housing contributes to the safety, security, and happiness of the populace and represents essential social capital; it must not be impeded by taxation or economic trends. Now more than ever, the need exists for national policies focused on accelerating the development of quality housing that will maintain its value for posterity.

At the same time, housing is very closely related to climate, and every nation on earth is gaining a growing awareness of climate change. As the Paris Agreement comes into effect and provides a long-term scenario for establishing a decarbonized society, the Sekisui House Group in 2018 was among the first to support a proposal by the Task Force on Climate-related Financial Disclosure (TCFD) to disclose its financial impact on climate change. In December 2019, we issued a TCFD Report that exposed the risks and opportunities together with our financial information. This put us at the top of the 141 non-financial companies on the list of participating domestic companies and institutions.

At Sekisui House, which places sustainability at the core of its management approach, we introduced our Environmental Future Plan in 1999; in 2008, we declared our 2050 Vision aiming

for zero carbon dioxide emissions attributable to our housing throughout its lifecycle. Specifically, we registered concrete initiatives to guide our transformation into a decarbonization business. In 2017, we became a member of RE100, a global corporate leadership commitment to shift the energy we consume in our business to 100% renewable electricity sources. Currently, 87% of our new detached houses are rated as ZEH (Net Zero Energy House), bringing the cumulative total to 51,793 houses and placing us at the top of the world's ZEH providers. As a pioneer in environmental management, we are driven to continue taking on challenges to realize the decarbonization ideal, as a house is a structure with a long lifespan with which the residents maintain a close relationship. Our singular mission is to grow our business soundly and continue to increase our profitability. At Sekisui House, a housing company with the world's largest customer base, we are determined to implement further measures as a company most sensitive to climate change, a risk that could threaten our business continuity.

Two years ago, I participated in the 24th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP24) held in Katowice, Poland. There, I was able to observe the state of progress in renewable power generation in various countries, and I came to realize that Japan has fallen behind in this regard. This state of affairs eventually become widely recognized when it was reported that Japan had been given the satirical "Fossil of the Day" award at COP25 last year. Japan, a member of the global community, has a role to play and responsibilities to meet in the critical housing industry. The Sekisui House Group shares a sense of crisis with concerned citizens around the world and seeks to further raise Japan's environmental awareness through our approach to housing development. In an effort to contribute to the emergence of a decarbonized way of life, we will continue focusing on the development of new technologies and value propositions.

The housing industry's increasing focus on safety and security

It has now been 25 years since the Great Hanshin-Awaji Earthquake, and next year will mark 10 years since the Great East Japan Earthquake, which I myself experienced while on a business trip to the city of Sendai. We need to remember our experiences of these disasters and value the lessons we learned from them.

We are all aware that natural disasters can occur anywhere at any time, and Japan has gained a critical awareness of disaster preparedness. The seismic performance of new houses has improved dramatically, as demonstrated by the SHEQAS seismic absorption system that Sekisui House developed. However, the critical issue is that about nine million homes in Japan still do not meet the new seismic resistance standard, which is defined as reinforcement sufficient to resist collapse even at a seismic intensity of 6 to 7. Resolving this issue through improvements remains an important social issue and a major challenge for the housing industry.

Looking at the energy saving standards for homes, data reveal that nearly half of all houses, or about 22 million of the houses in Japan, have not yet reached the standard. Improving the energy-efficiency of houses is now considered an urgent issue at the national level. Apart from the energy-efficiency aspect, we must not overlook how much thermal insulation and airtightness contribute to the quality of life and health of the people living in the house. Recently, a growing focus has been placed on health problems such as heat stroke in the summer and thermal shock sparked by sudden temperature differences in houses during the cold winter months. "Cool in summer and warm in winter" is a phrase reflecting the growing awareness of the importance of efficient cooling and heating for maintaining home comfort. This, along with improved seismic resistance, is now recognized as a fundamental issue for ensuring high-quality housing stock and a good living environment.

Housing and the housing industry alike are becoming more

sophisticated and are playing a more varied role in our lives. Sekisui House, which has been researching barrier-free designs and applying them since the 1970s, is currently promoting Smart Universal Design, our unique effort to drive the evolution of this field with greater consideration given to comfort that resonates with all five senses. SumStock, a distribution system for existing housing stock led by the Sekisui House Group, is a related initiative that holds the key to transforming housing toward the emergence of a society focused on maintaining quality housing stock.

Solving social issues and achieving goals

Sekisui House celebrates its 60th anniversary with positive financial performance and is grateful to all who helped make this possible. This milestone is the result of the significant structural reforms we implemented on our 50th anniversary, a time marked by the very challenging economic environment resulting from the global financial crisis of that time. One of the main pillars of that initiative was our effort to strengthen group collaboration. Eliminating barriers within our group enabled us to strengthen our organizational reforms and our renovation business. In February 2020, Sekiwa Real Estate was reorganized as Sekisui House Real Estate under SEKISUI HOUSE name, which was established as Sekisui House's second brand for selling new houses of wood construction.

Through the diversified strengths of the entire group as a whole and its cohesiveness and comprehensive strength, we have expanded our multifaceted points of contact with society with a focus on our housing-related businesses. Furthermore, we are strengthening our collaborative efforts in order to further integrate our group. As a result, our social responsibility is becoming more demanding and the scope of our responsibility is expanding.

Sekisui House Group is entering a new era. Our 5th Mid-term Management Plan incorporates a policy of strengthening our core business while taking on the challenge of developing new businesses. In 2018, we further expanded the governance reforms that we launched with six items. In 2020, we launched and implemented a total of 17 initiatives, including seven that included a significant review of the executive compensation system; the formulation of standards and procedures for hiring and dismissing management executives; and improvements to the independence of the board of directors. We intend to further improve our governance reforms as we proceed in a steady and gradual manner so that the various institutional reforms we have introduced are well reflected in our organizational reforms. We will continue to focus on fostering an organizational culture that cuts across both the top management and business management levels as we strengthen our group governance structure inside and outside Japan.

The task of a corporate leader is to pursue profits, to nurture the next generation of leaders, and to enrich employees and society. Their task also entails the creation of an environment in which our employees can work comfortably in the exciting and vibrant workplace promoted by the Sekisui House Group. By multiplying these initiatives, we will develop as a good corporate citizen capable of earning the trust of all stakeholders. This is my ideal.

The mindset required for this effort is to focus not "for me" but "for you." I talk to our employees on a regular basis, and I emphasize that the "for you" mindset is necessary if we are to achieve the sustainable development goals or SDGs, which are universal. Solutions to social issues cannot be achieved by a single company, and collaboration among companies and society is essential. Companies are not self-centered, and as a company on which society depends, we must implement our solutions with empathy for others. The corporate philosophy of the Sekisui House Group mirrors the meaning of "love of humanity"—in short, we develop homes and environments that are rich in their human aspect. We will do what we can do humbly and honestly, and the entire group will continue to meet challenges with a unified spirit and a broad outlook on the world.



Yoshihiro Nakai
President &
Representative Director

Providing happiness as a global partner committed to creating value for the next 30 years

NEXT SEKISUI HOUSE is beginning to meet the challenge of pursuing a righteous cause with a sense of mission.

Embarking on a new challenge: Making home the happiest place in the world

Our 4th Mid-term Management Plan, committed to a policy of underpinning our housing-related businesses beyond 2020, entered its final year in 2019. Notably, we succeeded in achieving record highs in both sales and operating income as a result. In addition to implementing a strategy of high added value in our domestic business that included promotion of the Net Zero Energy House (ZEH) and regional marketing strategies for rental housing, we posted steady growth in our international business that contributed significantly to our business performance. Moreover, this year represented a period of preparation for the mission and the new challenges we have mapped out for the next 30 years.

Our company will mark its 60th anniversary in the year 2020, during a time when the world is suffering the impact of the novel coronavirus. For its part, the Sekisui House Group will continue its business operations while maintaining close cooperation with government departments and other relevant organizations. At the same time, we will give top priority to the safety of our customers, employees, and everyone involved on our construction sites and elsewhere as we do our utmost to instigate countermeasures against the spread of the virus.

In March 2020, we announced our 5th Mid-term Management Plan as well as our new 30-year Vision. Our group, which identifies our upcoming phase as “NEXT SEKISUI HOUSE,” has developed a growth strategy that focuses on our housing segment under our 5th Mid-term Management Plan. Our goal is to further strengthen our core business while developing new businesses. We are pursuing our business objectives with a policy of “meeting the challenge.”

The housing industry is closely intertwined with many of the issues confronting society today. Sekisui House has been meeting the challenge of devising solutions to social issues as we have dealt with every one of our customers over our 60 years of history. Looking back on our history with the perspective of addressing our social mission, our first phase was to establish the basic housing performance that provides residents with safety and security. In other words, it has been 30 years since we first identified the function of housing as a form of shelter that protects our lives and assets. We also responded to the national policy of providing a certain target level of housing. Our second phase was the 30-year period during which we pursued comfort and environmental performance and sought to create human-centered housing and living environments. In 1990, we opened the Comprehensive Housing R&D Institute to conduct research and development in terms of both tangible and intangible elements. We have helped to create industry-leading living environments noted for their comfort through a focus on universal design, the eco-friendly Airkis air quality specification, the *Gohon no ki* (“five trees”) project, and environmental technologies such as high-performance thermal insulation that inspired our “Green First” strategy. The third phase is represented by the 30-year period leading up to 2050; through this initiative, the Sekisui House Group has launched its new 30-year Vision. With the global vision of making home the happiest place in the world, we aim to become a global company that integrates tangible and intangible products and services with a focus on housing.

Combining tangible and intangible products and services that contribute to contentment

The Platform House Concept is an important initiative intended to achieve our vision. We introduced this concept a year ago at the Consumer Electronics Show (CES) 2019, one of the electronics industry's largest trade shows, held in Las Vegas, U.S.A. Because we feel that happiness is an intangible asset over the long term, we factor it into the health, connection, and learning aspects we incorporate into our houses to assist in engendering happiness. Our first effort in this project was the construction of the world's first HED-Net (In-Home Early Detection Network), a network that responds quickly to incidents of acute illness at home. In fact, responding to such instances has become an urgent issue these days; HED-Net responds by detecting an abnormal physical condition through non-contact sensors that can report an emergency without causing stress to the resident. This safety confirmation and early response system can consistently issue reports and provide guidance to emergency services. This innovation was also presented at CES 2020 held in January. One such acute illness is stroke, which strikes about 290,000 people annually in Japan. The data shows that 79% of strokes occur in the home. If we also consider the prevalence of heart disease, drowning, and falls, a total of about 70,000 people die in their homes in Japan each year. The introduction and widespread adoption of HED-Net would enable early detection and emergency response to the onset of an acute illness or accident at home. In addition, trial calculations indicate that, when HED-Net is combined with the Platform House Concept, the potential for reducing social costs such as medical costs, nursing care costs, and lost labor costs is about 20%, or 1.9 trillion yen. Expectations for this innovation are thus quite high. In addition, we believe this could reduce the number of people who require nursing care or who take medical leave. Clearly, this project offers new value for Japan, a developed country with a mature and aging population. By fusing tangible and intangible products and services, we aim to become a partner in the generation of contentment in an era of centenarians while also maintaining close contact with homeowners.

Sekisui House Technology: Becoming the world's de facto standard

If we take a global perspective, we can see that issues such as climate change and the changing economic environment are having a profound impact. As a provider of high-quality housing in Japan, we can make a significant contribution to issues such as housing shortages and supply-demand gaps. Moreover, we offer environmental technologies and address the basic performance of houses capable of withstanding natural disasters.

Today, we aim to achieve sustainable growth through our international business by promoting the three businesses that we are currently operating in Japan: our development business, our built-to-order housing business, and our supplied housing business. In order to advance our business overall, we believe it is essential that we address the salient social issues in the various countries and regions in which we operate. For example, in the United States, the seasonal climate varies considerably by region, and natural disasters such as earthquakes and hurricanes present a variety of housing challenges that must be addressed. We believe that the technologies and expertise we have developed at Sekisui House can be useful in solving these issues. In the U.S.A., the *chowa* concept home uses Sekisui House's SHAWOOD wooden housing system, which was presented at the opening of CES 2020. When I introduced our company, the first thing that surprised visitors was the high level of seismic performance and the technical advances demonstrated by our houses. In fact, during the Hanshin-Awaji Earthquake and the Great East Japan Earthquake, not a single Sekisui House collapsed or suffered severe damage. In addition, in light of the

frequent power outages that occur in some regions, the ZEH specification attracted great interest. As a consequence, I feel that good potential exists for our international business there. Of course, we will also promote our SDG initiatives from this perspective. As a global company specializing in housing, I am confident Sekisui House technology will become the de facto standard in the world. By transplanting the environmental, disaster preparedness, and construction technologies developed by Sekisui House to other countries, we can contribute to the happiness of people around the world.

Becoming a leading company in ESG management

Through its focus on sustainable growth, the Sekisui House Group aims to become a leading company in ESG management. For example, under our environmental initiatives, we have achieved a ZEH ratio of 87% for newly built houses. By utilizing the technical expertise we have gained in constructing a cumulative total of 51,793 such buildings, we are promoting rental housing, condominiums, and non-residential buildings built to ZEH standards. Furthermore, we have expanded into the field of remodeling and renovation, as reflected in our *Idokoro Dan-netsu* renovation service that suggests ways to raise the comfort level of existing detached houses to the ZEH level. Contributing to the emergence of a low-carbon lifestyle and a comfortable living environment for our customers is an important aspect of managing for a decarbonization business. Moreover, Sekisui House Owner Denki, our business that purchases surplus electricity from solar power generators in order to power business operations within the group, received more applications than expected. If we continue with the purchase of so-called post-FIT electricity at this pace, we may be ahead of schedule in reaching our RE100 objective: obtaining 100% of the electricity required for business operations from renewable sources.

In order to realize our global vision of making home the happiest place in the world, I believe it is necessary to make Sekisui House the happiest company in the world. In order to become a "kids first company" that supports the healthy growth of the children who will lead the next generation, one of our initiatives is *Ikumen* Leave, a childcare leave system for male employees extending over a period of at least one month. Within its first year of operation, this program achieved 100% uptake. In addition to giving male employees the opportunity to make new discoveries through greater participation in childcare and housework, the program inspired comments such as "my work was able to be shared, and I improved my awareness of time management" and, "I improved communication in the workplace." We expect this program to lead to further reform of our work style.

Recently, employee diversity has been promoted as a management strategy, and one of our personnel policies, Promotion of the Active Participation of Women, has brought solid results. The number of female managers and women in leadership roles is increasing. We plan to continue training while focusing on the promotion of women to managerial positions as we actively recruit women to sales and technical positions. We will further promote health management by introducing IT and other advanced technologies for our health initiatives targeting all employees. At Sekisui House Group, our corporate philosophy is focused on the concept of "love of humanity." Guided by this corporate philosophy, we will all remain engaged in promoting innovation and communication. We have already launched an innovation competition internally that has given rise to many new ideas. To be clear, innovation is the challenge and mission of the Sekisui House Group. Driven by a commitment to active communication, we have all adopted a common goal and have pledged to continue creating and providing value to our customers and society at large for the next 30 years.

Promoting sustainable management through our Four

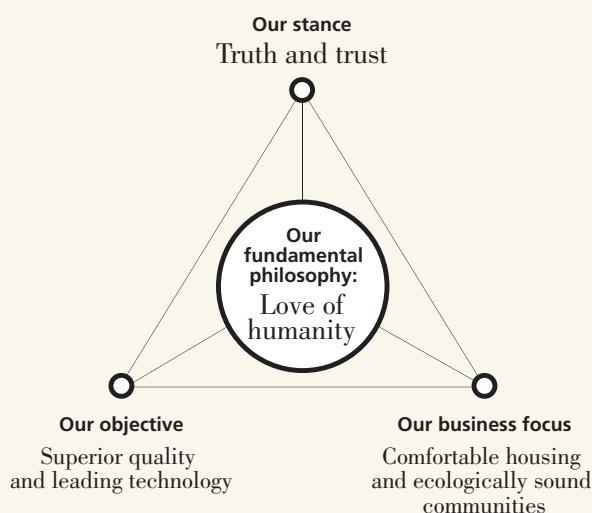
In keeping with our corporate philosophy of “love of humanity,” the Sekisui House Group creates value by responding to social change and to shifting demand.

Our Sustainability Vision, which we adopted in 2005 and which comprises our Four Key Values and 13 Guidelines, continues to serve as the basis of our approach to value creation.

At the root of this is the mindset and the roles we have demonstrated throughout our 60 years of history. These include promoting lifelong contentment, protecting the life and property of our customers, protecting the global environment, and conserving the ecosystem. These are beliefs we continue to support.

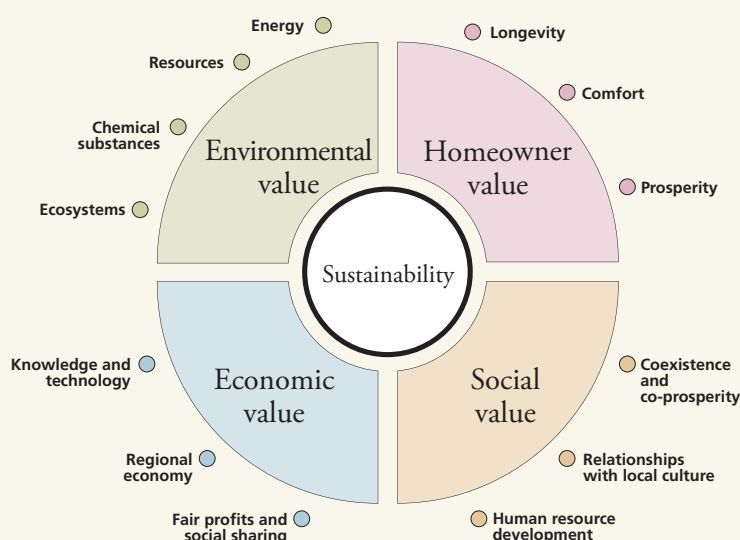
Corporate Philosophy (fundamentally, “love of humanity”)

At the core of the Sekisui House Group’s corporate philosophy is a love of humanity: recognizing the irreplaceable value in each and every person, we maintain a fervent hope for the wellbeing of others and a sense of joy in others’ joy, doing whatever we do in good faith and a spirit of service. This philosophy took root in 1989 with the unanimous approval of every group employee.



Four Key Values and 13 Guidelines

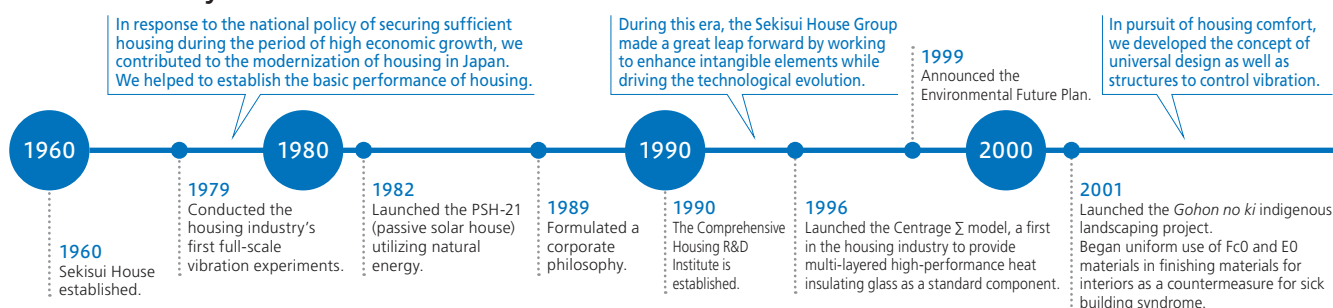
In 2005, we announced our Sustainable Vision targeting balanced management based on four key values that focus on sustainability as the cornerstone of our management. In 2006, we formulated 13 guidelines as guiding principles based on these four key values.



The Era of Safety and Security

We have created a unique system not offered by our competitors; it encompasses direct contracts and responsible construction, as well as a commitment to safe and secure housing noted for its quality and high performance. In 1989, we formulated the concept of “lifelong housing” so that all could look forward to lives of comfort and contentment. These ideas formed the underpinnings of our corporate philosophy of “love of humanity” and represent the basis of our current focus on contentment.

Actions taken by Sekisui House



Phase I : Safety and Security

Phase II : Comfort

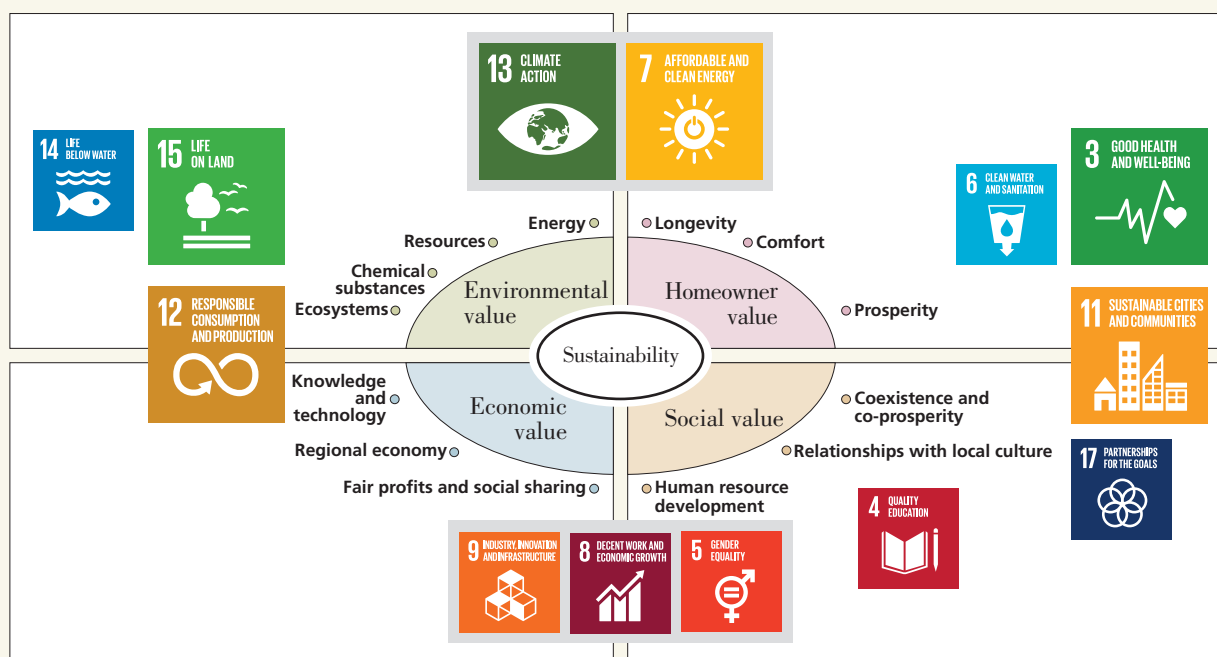
Key Values under our philosophy of “Love of Humanity”

Four Key Values, 13 Guidelines and the SDGs (Direct and indirect contributions through our businesses)

The Sekisui House Group declared its Sustainability Vision 10 years before the United Nations adopted its sustainable development goals, or SDGs. The SDGs were adopted in 2015 as common objectives of the international community in terms of maintaining the health of society, the economy, and the environment. Since establishing its Four Key Values and 13 Guidelines in its Sustainability Vision, our group has taken a direct approach to pioneering and implementing sustainability.

Many expect that, going forward, social issues will become more complex and increasingly global in nature. To address these issues, we are placing ever greater emphasis on implementing the SDGs and targeting “Society 5.0,” which is a vision of an optimized future society utilizing the Internet of Things (IoT) and artificial intelligence (AI).

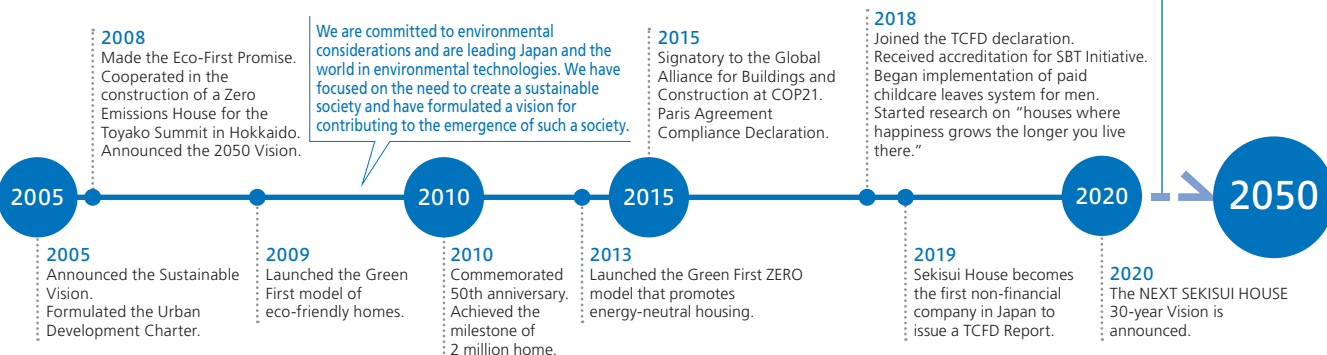
We remain committed to enhancing our corporate value and contributing to the achievement of the SDGs through our business with diligence and a spirit of innovation.



The sizes of the pictographs conceptually represent the degree of relation to our group's four key values.

Contributing to 100 Years of Contentment

For 60 years, Sekisui House has been cultivating “love of humanity” as well as our Sustainable Vision comprising our Four Key Values and 13 Guidelines complemented by the SDGs. Through our new value of serving as a “partner in promoting contentment in the era of the centenarian,” we are addressing new challenges with a focus on health and happiness.



Phase III: The Era of the Contented Centenarian

Maximizing the contentment of our customers, employees,

Forecasting the future has become a difficult undertaking, as climate change, technological innovation, and demographic changes are significantly transforming the economic environment in which we operate.

In order to ensure steady progress toward 2050, the target year of our long-term vision, the Sekisui House Group has formulated a 30-year vision we call "NEXT SEKISUI HOUSE."

With our global commitment to making home the happiest place in the world, we are implementing initiatives to maximize the contentment of our customers, employees, and communities as a global enterprise offering integrated and housing-centered tangible and intangible products and services.

NEXT SEKISUI HOUSE 30-year Vision

Sekisui House Global Vision

**Making home
the happiest place in the world**

Demographic change

Climate change,
ecosystem conservation &
resource recycling

Becoming a global
company that
offers integrated
housing-centered
tangible products
and services

Initiatives to support greater contentment

- Becoming a partner in contentment while building a close relationship with homeowners.
- Suggesting how to boost happiness by recognizing the value as of intangible assets such as health, connection, and learning.

Sekisui House Technology: Becoming the world's de facto standard

- Proprietary technologies developed in Japan that contribute to safety and security, such as robust resistance to earthquakes, fires, and impacts.
- Proprietary technologies that contribute to comfort, such as thermal insulation, universal design, and technologies to provide healthier indoor air.

Becoming a leading company in ESG management

- Leading the world with Net Zero Energy Houses. Contributing to the world through the RE100 initiative.
- Adopting diversity as a growth driver.
- Focusing on innovation & communication.

Societal and economic change

Technological innovation

We spread Sekisui House Technology worldwide by providing high-quality houses that combine safety, security, and comfort.

We contribute to the emergence of a sustainable society by promoting ESG strategies such as a decarbonized society, improving our sociability and personnel strategies, and governance reform.

and communities

2050

Our Vision for 2050

Maximizing the contentment of our customers, employees, and communities

	Customer contentment	Employee contentment	Social contentment
Environmental	<ul style="list-style-type: none"> • Energy efficiency • Exterior enhancement • Securing energy • RE100 (purchase of surplus power) 	<ul style="list-style-type: none"> • Energy efficiency • RE100 initiative (Renewable energy for business use) 	<ul style="list-style-type: none"> • Minimizing disasters caused by climate change • Prevention of global warming • Greening by enhancing exteriors • Enhancement of local communities
Social	<ul style="list-style-type: none"> • Contributing to health, connection and learning • Universal design • Comfortable, safe and secure homes and community development • Disaster-resistant housing • An affluent way of life with consideration for the elderly 	<ul style="list-style-type: none"> • Health management • Diversity • Flexibility in work styles • Human resource development • Respect for human rights 	<ul style="list-style-type: none"> • Regional revitalization • A society committed to disaster response and mitigation • A market of high-quality housing stock • Respect for human rights • Diversity
Governance	<ul style="list-style-type: none"> • A company with integrity trusted by its customers 	<ul style="list-style-type: none"> • A fair and equitable corporate culture • A workplace culture in which employees can work safely and with peace of mind • Innovation & communication 	<ul style="list-style-type: none"> • A company trusted by society • An equitable and fair society

Our Vision for Society

Decarbonized society Society in which humans and nature coexist
Circular economy Society of health and longevity Diverse society

Risks and Opportunities for 2050

As societal circumstances change at an accelerated pace, corporate operations are also exposed to various evident and potential impacts. In order to create value with a business, it is not enough to make a plan based on the current forecast. With a focus on sustainability, the Sekisui House Group analyzes medium- and long-term trends that may affect value creation, identifies risk factors, and positions itself for opportunities through future business development. This is then reflected in our strategic planning over the medium and long terms.

Risks and opportunities from the perspective of global megatrends related to the environment, society and the economy

	ESG Megatrends	Next 30 Years	Business Environment for the Housing and Construction Industries
Environmental	Climate change	Ongoing climate change	Ongoing temperature rise
		Acceleration of the decarbonization trend	Increase in abnormal weather events Mainstreaming of decarbonization housing
	Ecosystem conservation	Change in the ecosystem due to climate change and loss of biodiversity	Changes in vegetation range and adaptation range of plants for afforestation
		Increasing numbers of regions with a lack of fresh water	Increase in regional differences in water resources
	Resource recycling	Ongoing natural resource depletion	Resource depletion and changing selection in natural resources
		Increasing awareness of the need to reduce plastic usage	Increasing development and spread of innovative materials and recycling technologies
Society and economy	Demographic change	Growing world population	Increase in housing demand in emerging and housing-deficient countries
		Increased numbers of countries with aging populations	Increase in ratio of elderly customers and employees, and changing requirements for living environments
		Growing influx of immigrants and migrant workers around the world	Increase in customers and employees immigrating from other countries
		Population decline in Japan due to the declining birthrate	Change in social capital as the market shrinks in size and demand for buildings decreases
	Societal and economical change	Ongoing urbanization	Ongoing depopulation in local regions
		Ongoing transition from ownership to usage	Expansion of the real estate rental market
		Increasing disparity between the rich and poor and widening income disparity among households	Shrinkage of the middle class and growing differentiation of the market
		Shrinking of the gender pay gap	Ongoing outsourcing of housework
		Diversification of working styles	Increasing employee needs for diverse working styles
		Acceleration of corporate globalization	Increasing localization of core competencies and local partnerships
		Increasing diversification of personal values	Growing numbers of customers and employees who value the environment and sociability
	Technological innovation	Increasing utilization of big data and the speed of information and communications technologies	Major transformations in financial markets through financial technology and ongoing corporate collaboration on technology
		Increasing opportunities for using advanced medical care	Increasing numbers of customers and employees returning after recovering from illnesses



• Our response to TCFD

The TCFD (Task Force on Climate-related Financial Disclosures) recommends that companies issue climate-related financial disclosures in an effective manner in order to encourage investors to make appropriate investment decisions. In December 2019, Sekisui House published a TCFD Report dedicated to disclosing information on its response to the risks of climate change.

• Important ESG themes and material items

The essential themes related to ESG adhere to the GRI Guidelines (G4) and reflect important issues related to the environment, society and the economy.

→ For material items, please refer to our website.

	Risks	Opportunities	Main ESG Themes
	Living difficulties caused by extreme heat	Increasing need for living environments resistant to extreme heat	▶ Decarbonized society
	Decreased productivity at production and construction sites due to extreme heat	Increasing competition for comfortable workplaces	
	Increasing severity of natural disasters	Growing need for durable housing	
	Introduction of carbon taxes	Increasing competitiveness of decarbonization businesses	
	During construction, growing demand for consideration of local ecosystems and changing vegetation	Increasing need for tree planting and other ecosystem conservation initiatives	▶ Society in which humans and nature coexist
		Growing awareness of material certification and ease of procurement	
	Increasing requirements for buildings and facilities to be designed for water conservation	Increasing need for housing designed for water conservation	
	Increasingly stringent recycling regulations	Increasing competitiveness among resource-recycling businesses	▶ Circular economy
	Growing cost of processing fossil fuel-derived plastic waste		
	Growing country risk and likelihood of labor shortages at construction sites	Expanding market potential. Demand for housing construction technologies that reduce construction labor requirements and shorten the construction period	▶ Compliance and risk management; Pursuing customer satisfaction through our value chain
	A growing shortage of construction, nursing care, and health care workers as health and safety needs increase with the aging of the population	Increasing competitiveness of housing and workplaces with consideration for the health of the elderly, and increasing need for support for nursing care and health care businesses	▶ Contributing to health, longevity and wealth; Human resources development
	Growing numbers of people with unstable housing circumstances, and increased cost of communication	Growing demand for workplaces that accept diverse workers who invigorate housing and labor markets	▶ Promoting diversity; Respect for human rights
	A decline in the number of housing starts, a decrease in the occupancy rate of managed properties, and an increasingly serious problem with vacant houses	Ongoing trends toward high-quality housing, urban migration, and compact cities	▶ Contributing to health, longevity and wealth; Pursuing customer satisfaction through our value chain
	Increasingly intense competition in cities	Growing need for regional revitalization	▶ Pursuing customer satisfaction through our value chain; Respect for human rights; Contributing to society
	Fewer business serving property owners	Rising need for good rental housing	
	Increasingly intense business competition for the wealthy, and the emergence of low-cost housing	Increasing need to provide housing brands by target and range	
	Inadequate numbers of workers available for working at home, including child-care and nursing care	Expanding demand for childcare and educational facilities, and expansion of markets related to housework (childcare, nursing care, etc.)	▶ Workstyle reforms; Human resource development
	Increased employee turnover when needs are not met	Increasing competitiveness in workplaces with high employee satisfaction	
	Increasing disagreement with local requirements for employment and business practices	Use of proprietary technologies to solve social issues	▶ Contributing to health, longevity and wealth; Respect for human rights; Contributing to society; Promoting diversity
	Growing risks to environmental reputation and social reputation	Growing need for housing that contributes to sustainability	▶ Contributing to health, longevity and wealth; Contributing to society
	Increasing social demand for customer management and other security measures	Increase in technologies that contribute to sustainability	▶ Strengthening our corporate governance system
	Increasing need for familiarity with medical technology	Enhanced competitiveness of housing and workplaces focused on health and safety	▶ Occupational health and safety management

Initiatives Targeting 2050

In 2008, the Sekisui House Group announced Vision 2050 with the aim of eliminating CO₂ emissions attributable to housing. As a result, we quickly shifted our management focus to decarbonization. In FY2016, during a time of changing demographics and rapid technological innovation, we released Sustainability Vision 2050, our long-term vision for 2050 that prepares for future environmental changes across a wider range of business domains. In FY2017, we announced mid-term initiatives for 2030 in order to publicize our progress to stakeholders who are interested in the group's achievement of long-term value. In FY2019, we further clarified our society-centered goals by dividing them into two aspects: a diverse society and an advanced, healthy and long-lived society.

Sustainability Vision 2050














































Our Goals	2050 Challenge Objectives
 <p>Leading the Way to a Decarbonized Society</p> <p>Climate change attributed to global warming is beginning to have a visible impact on our lifestyles. Secure, high-quality lifestyles will realize a sustainable society that is not dependent on fossil fuels or constrained by energy problems.</p>	<p>Zero CO₂ Emissions within the Housing Lifecycle</p> <p>As a leading company in housing products, we will eliminate CO₂ emissions from the entire housing lifecycle, from the purchase of materials to manufacturing, sales, occupancy and demolition, including renewable energy usage.</p>
 <p>Leading the Way to Society in Which Humans and Nature Coexist</p> <p>Rich natural networks contribute to the protection of biodiversity and alleviate climate change, contributing not only to the protection of ecosystem services that support our lifestyles, but also to improving the quality of people's lifestyles and strengthening connections between people. We will maximize this network function to realize coexistence between humans and nature.</p>	<p>Maximizing Ecosystem Networks through Business</p> <p>We will procure 100% FairWood products to realize Zero Deforestation, which is linked to the destruction of ecosystems. We also aim to become Japan's number one corporation in terms of urban greening contributions, intelligently utilizing green infrastructure functions such as ecosystem conservation, disaster prevention/reduction and comfort through green housing construction and community development.</p>
 <p>Leading the Way to a Circular Economy</p> <p>Amid increasing demand for resources and energy in line with the growing world population, we will work toward a circular economy that uses recycled resources sustainably without depending only on natural resources, through technological and economic system innovations to enable all people to live a stable lifestyle.</p>	<p>Expanding Zero Emissions Initiatives within the Housing Lifecycle</p> <p>To cultivate housing as a quality asset, the Sekisui House Group provides remodeling and renovation services that are matched to living styles and societal changes. To deal with the waste generated from these activities, we will expand our industry-leading zero emissions initiatives to realize zero emissions at the social infrastructure level through industry alliances.</p>
 <p>Leading the Way to an Advanced, Healthy and Long-lived Society</p> <p>We committed ourselves to providing safe, secure, and healthy housing according to guidelines for creating abundant housing focused on people and the environment and to solving regional issues at the global level. As a developed country with a mature and aging population, we aim to contribute to a society in which everyone can live in good health with pride.</p>	<p>Contributing to Health and Longevity through Housing Development</p> <p>We will contribute to the development of high-quality social assets by establishing a rich living environment and local communities that can continue to live in safety, security, and comfort. We will develop the intangible assets of health, connection and learning while creating houses that contribute to a long-lived society. In the process, we aim to eliminate domestic accidents in the houses we provide by employing our advanced technologies.</p>
 <p>Leading the Way to a Diverse Society</p> <p>We aim to create a sustainable society by driving innovation while allowing diverse individuals from around the world to have a positive impact on one other.</p>	<p>Contributing to a Society in which All can Demonstrate Their Individual Abilities</p> <p>We will provide opportunities and create an environment in which diverse groups of people can make the most of their individuality. Through innovation and communication, we are creating value in society in diverse ways.</p>



	Main Actions Taken	2030 Goals	Measures for ESG
	<ul style="list-style-type: none"> ● Announced the Eco-First Promise (2008) ● Launched the Green First model of eco-friendly homes (2009) ● Launched Net Zero Energy House Green First ZERO (2013) ● Paris Agreement Compliance Declaration (2015) ● Joined RE100 international initiative (2017) ● TCFD Report published (2019) 	Achieving SBT Goals With the goal of achieving zero CO ₂ emissions throughout the housing lifecycle, we aim to reduce emissions by 50% for Scope 1 & 2 and 45% for Scope 3 (category 11: Housing) compared to FY2013 (SBT goal). Also, as a RE100 member company, we will ensure that 50% of the electric power consumed by our business activities is from renewable energy sources.	E Environmental
	<ul style="list-style-type: none"> ● Launched <i>Gohon no ki</i> indigenous landscaping project (2001) ...Total number of trees planted: 16.11 million (2019) ● Formulated Wood Procurement Guidelines (2007) 	Leading the Mainstreaming of Biodiversity Regarding the number of trees planted under the <i>Gohon no ki</i> indigenous landscaping project, which proposes the planting of mainly native tree species in consideration of local ecosystems, we will maintain the pace of planting 1,000,000 trees each year and promote further expansion of urban greening while also aiming for 100% procurement of sustainable FairWood fair lumber products for use in all standard Sekisui House homes.	E Environmental
	<ul style="list-style-type: none"> ● Initiated the Zero Emissions Project (2000) ● Achieved zero waste emissions at all our factories (2002) ● Achieved zero waste at each stage of production, including new home construction, and after-sales maintenance to remodeling (2005–2007) ● Transitioned to a next-generation system compatible with big data utilization (2017) 	Recycling Business System Development Acceleration We will expand the targeted scope of the Wide-Area Certification System, a special system of the Waste Management and Public Cleansing Law, which Sekisui House was first to acquire in our industry, while enhancing support for housing stock-related businesses. At the same time, we will accelerate the use of IT technologies, increase the accuracy of waste recovery management and electronic management systems mainly using cloud computing and promote efficient and smooth management.	E Environmental
	<ul style="list-style-type: none"> ● Built Japan's first model house for people with disabilities (1981) ● Defined lifelong housing as the ideal for Sekisui housing construction (1989) ● Established Sekisui House Universal Design (2002) ● Instituted Smart Universal Design in pursuit of comfort as well as safety, security and ease of use (2010) ● Launched the Airkis high-quality indoor air system (2011) ● Began research on happy living (2018) ● Introduced the Platform House concept (2019) 	Creating Value with Respect to Social Issues We aim to continue playing the role of a housing provider in the interests of an advanced, healthy, and long-lived society. In particular, we will contribute to the contentment of centenarians by focusing on intangible assets such as health, connection and learning, as well as tangible assets such as structures, interiors and environment-friendly products. In short, we are helping to build homes that add to health and longevity.	S Social
	<ul style="list-style-type: none"> ● Announced Human Resource Sustainability (2006) ● Launched Sekisui House Women's College, a training program for promising female management candidates (2014) ● Initiated Diversity Exchange events (events for employees with disabilities; 2015) ● Formulated a health management policy (2018) ● Introduced the <i>Ikumen</i> Leave program (2018) ● Introduced the Heterosexual Common-law Marriage and Same Sex Partnership Personnel Registration System (2019) 	Sustainable Growth Through Diversity & Inclusion As a leading company committed to ESG principles, we are implementing management that can make the most of the unique abilities of all individuals including women, people with disabilities, the elderly, foreign nationals, and members of the LGBT community. We are raising awareness of and promoting diversity by publicly disclosing the results and challenges of our management initiatives.	S Social

Aiming to be a leading company in ESG management,

The Sekisui House Group has formulated Sustainability Vision 2050 as a long-term goal reflecting our efforts in relation to ESG (Environmental, Social, Governance) management. Among the initiatives we have adopted to achieve our long-term vision, we have identified 13 key themes under the ESG trend as goals to be achieved during the period between 2020 and 2022. These correspond with the 17 goals of the SDGs (sustainable development goals) adopted by the United Nations, and we are making daily progress to contribute to the emergence of a sustainable society.

	Activity Report	Main ESG Themes	Main Corresponding SDGs
E Environmental		Decarbonized society	    
		Society in which humans and nature coexist	     
		Circular economy	  
S Social		Contributing to health, longevity and wealth	  
		Pursuing customer satisfaction through our value chain	    
		Promoting diversity	  
		Workstyle reforms	  
		Human resource development	 
		Respect for human rights	   
		Contributing to society	    
		Strengthening our corporate governance system	 
		Compliance and risk management	
		Occupational health and safety management	 

and creating a sustainable society



	ESG Incorporated in the 5th Mid-term Management Plan (FY2020–2022)	Key Indicators (FY2022 Target Values) (For details, see pages 65–66)	Reference
	Environmental: Introducing Initiatives Contributing to a Decarbonized Society Strengthening and Expanding our Net-Zero Energy House (ZEH) initiative <ul style="list-style-type: none"> Enhancing resilience Promoting and expanding the net-zero energy initiative for target buildings Promoting RE100 under Sekisui House Owner Denki <ul style="list-style-type: none"> Purchasing post-FIT power from homeowners and using the electricity for the group's business purposes Global Leader in ESG management	<ul style="list-style-type: none"> Green First ZERO ZEH rate: 90% CO₂ emissions reduction rate in business operations: 34% CO₂ emissions reduction rate for new housing: 43% Post-FIT power purchasing rate: 15% 	Page 19–
		<ul style="list-style-type: none"> Sustainable wood procurement rate: 96% Ecosystem-friendly tree planting: 19 million planted 	Page 25–
		<ul style="list-style-type: none"> Waste generation rate (new construction): 5.2% Waste recycling rate (new construction): 100% Waste recycling rate (remodeling): 90% or higher 	Page 29–
	Social: Improving Sociability and Our Human Resource Strategy Establishing a human resources pipeline that strategically trains the next generation of managers and leaders Recruiting and hiring individuals with a diverse array of skills for new fields of business <ul style="list-style-type: none"> Expanding hiring channels for new graduates: year-round hiring and other strategies Promoting diversity: Creating a workplace that encourages employees to demonstrate a diversity of skills <ul style="list-style-type: none"> Promoting the active participation of women Supporting the active participation of diverse personnel Workstyle reform: Creating dynamic growth through the use of intangible assets <ul style="list-style-type: none"> Continuing with the full implementation of male childcare leave for a minimum of one month Providing support to encourage a balance between work and childcare, nursing care, or medical treatment Promoting teleworking Promoting management of good health Addressing social issues: Contributing to the emergence of a society that maximizes customer value and adheres to the SDGs <ul style="list-style-type: none"> Supporting a long-lived society, regional revitalization, child education, and collaboration among industry, government, and academia through business and social initiatives 	<ul style="list-style-type: none"> Customer satisfaction rate: 95% or higher SDG procurement adoption rate: 90% SDG procurement score: 88.0 points 	Page 33–
		<ul style="list-style-type: none"> Female managers: 260 Full-time female employee rate: 28.0% Hiring rate for new female graduates: 42.0% Number of female directors (non-consolidated basis): 1 or more Employment rate of persons with disabilities (non-consolidated basis): 2.61% 	Page 37–
		<ul style="list-style-type: none"> Take-up rate for male childcare leave (non-consolidated basis): 100% Annual paid leave take-up rate: 60% Average monthly working hours per person: 164 	Page 43–
		<ul style="list-style-type: none"> Total cumulative number of workers who have acquired major qualifications required for employment: 22,900 	Page 45–
		<ul style="list-style-type: none"> Governance awareness survey score Work culture that prohibits abuse of power imbalances: 83.0 points 	Page 47–
		<ul style="list-style-type: none"> Sign-up rate for Sekisui House Matching Program: 40% 	Page 49–
	Governance: Implementing Reforms For top management <ul style="list-style-type: none"> Reforming the corporate governance system and strengthening effectiveness Enhancing information disclosure and dialogue with stakeholders For business operations management <ul style="list-style-type: none"> Improving the integrity of operations management Strengthening the group governance system 	<ul style="list-style-type: none"> Governance awareness survey score Workplace culture: 83.0 points Compliance: 87.0 points Employee satisfaction: 83.0 points 	Page 51–
		<ul style="list-style-type: none"> Serious violations of laws and voluntary norms: 0 	Page 55–
		<ul style="list-style-type: none"> Frequency rate of accidents in construction department resulting in lost worktime: 2.13 Frequency rate of occupational illnesses in the construction department: 0.31 	Page 57
			Page 58