



Improving corporate value  
through governance reform



Strengthening  
our governance  
structure



Building a resilient  
management base



## Main ESG Themes

# Strengthening Our Corporate Governance System



### Basic concept

At the Sekisui House Group, we have established a corporate governance system, grounded in our corporate philosophy of love of humanity, committed to timely and trustworthy management. Moreover, we have published our Policy on Corporate Governance to inform our stakeholders of our approach and framework.

Scan the QR code at right to  
view a PDF file of our policies.



Positioning 2018 as the “first year of governance reform,” we have steadily implemented each of these measures in an effort to establish a foundation of resilient management for long-term and sustainable growth in corporate value. We have adopted the concept of “integrity”—signifying a sincere and high-spirited sense of ethics—as our guiding principle for addressing governance reform. This resonates with “love of humanity,” our core philosophy, and with “truth and trust,” the stance encapsulated in our corporate philosophy. While prioritizing integrity in all our corporate operations, we are promoting reforms aimed at transforming us into a leading ESG management company.

### Results of our initiatives

#### Initiatives to strengthen the system

One of the characteristics of the Sekisui House Group’s governance reform is to strengthen the effectiveness of governance and ensure sustainable corporate growth. In order to achieve this, it is essential that we revitalize

communication and stimulate the growth of each and every employee by promoting initiatives that combine innovation and communication.

#### Major initiatives since 2018

**We have steadily implemented the following measures, including six items aimed at strengthening our corporate governance system.**

- ① Introduction of mandatory retirement at age 70 for representative directors
- ② Appointment of female outside officers (one female outside director and one female outside corporate auditor)
- ③ Assurance of transparent and vigorous Board of Directors meetings (Ensuring separation between the Chairman of the Board of Directors and the Convenor)
- ④ Establishment of the Management Meeting (eight times in 2018, 10 times in 2019)
- ⑤ Clarification of departments under control of directors (institutional reform undertaken in April 2018)
- ⑥ Evaluation of the effectiveness of the Board of Directors (annually, in questionnaire format)
- ⑦ Assurance of independence and strengthening of internal monitoring of chief managers of general affairs in sales administration headquarters and branches (Implementation of training for chief managers of general affairs and reviews of affiliations and the personnel evaluation process)
- ⑧ Enhancing the integrity of branch managers (Launch of Sekisui House Management Training, a training and selection program for future branch managers)
- ⑨ Introduction of a restricted stock compensation plan
- ⑩ Abolition of the bonus system for outside directors
- ⑪ Revision of the directors’ term of appointment to one year from two
- ⑫ Abolition of the advisor/advisory system
- ⑬ Fundamental revision of the executive compensation system [items 9) and 10) above and clarification of the basic compensation policy, review of the remuneration composition ratio, setting of appropriate compensation levels, etc.]
- ⑭ Introduction of stock ownership guidelines (while serving as a director, mandatory holding of the company’s stock in an amount equivalent to a certain standard for each position on a mark-to-market basis)
- ⑮ Adoption of a stock compensation refund (Mars Clawback) clause (establishment of a clause clarifying the return all or part of stock compensation before vesting if certain circumstances occur)
- ⑯ Formulation of selection and dismissal criteria and procedures for senior management executives (ongoing deliberations by the Personnel Affairs and Remuneration Committee regarding basic policies and procedures regarding appointment of internal directors, and succession plans for representative directors, etc.)
- ⑰ Increased independence of the Board of Directors (increasing the number of outside directors by one and increasing the ratio of outside directors to board members by one-third [four outside directors/12 directors])

## Direction of reforms after 2020

### Promoting a two-pronged approach to governance reform through top management and business management

Since 2018, our efforts to reform the governance of the Sekisui House Group have been achieving steady progress. In order to strengthen our governance system further, we are promptly implementing specific measures such as ensuring transparent and vigorous Board of Directors' meetings and appointing female outside directors. At the Ordinary General Meeting of Shareholders held in April 2020, we undertook a significant review of the executive compensation system, which emphasizes objectivity, transparency, and accountability to stakeholders; improved the ratio of outside directors on the Board of Directors; and shortened the term of office of directors.

In our 5th Mid-term Management Plan, we have stated that we aim to become a leading company in ESG management. We are also looking to leverage the strengths of the group to pursue international expansion. Against this background, in order to further enhance the effectiveness of corporate governance from 2020, we will take a two-pronged approach to governance reform through top management and business management, and we will foster an organizational culture that thrives through innovation and communication.



Note: Corporate governance is described in greater detail in *Integrated Report 2020*, issued separately. Scan the QR code at right to view a PDF file.

#### 1. Reform at the top management level

At the Ordinary General Meeting of Shareholders held in April 2020, we increased the number of outside directors by one, thus bringing the ratio of outside directors on the Board of Directors to one-third. The main purpose of this project is to strengthen the management oversight function, but an alternate aim is to introduce a long-term management vision and instill management innovation through collaboration and "co-creation" with outside directors while encouraging relationships of fair and sound tension.

During the period of the 5th Mid-term Management Plan beginning in 2020, we will strengthen the effectiveness of the Personnel Affairs and Remuneration Committee, review the role of the Management Meeting, review the grand design of the governance system centered on reform of the executive officer system, and implement the PDCA cycle utilizing reviews and external knowledge from a third-party perspective. We will implement governance reform at the top management level by enhancing information disclosure and by engaging in a dialogue with stakeholders.

##### (1) Reform of the corporate governance system and enhancement of its effectiveness

We are promoting management innovation through collaboration ("co-creation") with outside officers while encouraging relationships of fair and sound tension.

- ① Review of the grand design of the governance system
  - i Strengthening the effectiveness of the Personnel Affairs and Remuneration Committee by reviewing the structure (chairperson/composition)
  - ii Reviewing the role of the Management Committee in the Business Execution System
  - iii Reforming the Executive Officer System and Development of Candidates for senior management
- ② Implementation of the PDCA cycle based on third-party reviews and external knowledge
  - i Regular monitoring of the effectiveness of the Board of Directors by a third party
  - ii Enhancing our response to the corporate governance code and improving SR activities based on reviews from evaluation bodies

##### (2) Enhancing information disclosure and dialogue with stakeholders

Earning the trust of stakeholders through fair and honest information disclosure

- i Publication of an *Integrated Report* and disclosure of our *Corporate Story*
- ii Further enhancing dialogue opportunities with institutional investors and individual shareholders

#### 2. Reform at the business management level

The strength of the Sekisui House Group—encompassing our sales headquarters, branch offices, factories, and group companies inside and outside Japan—lies in the fact that we view business issues from the customer's perspective. Going forward, we will also promote governance reforms at the business management level in order to further enhance our capabilities at the worksite.

Throughout the period of our 5th Mid-term Management Plan, we will clarify our human resource requirements and improve and strengthen our training system, foster business management noted for high integrity, and institute a governance system based on mutual trust. In addition, in order to build a governance system that maximizes management synergies for the entire group, we will clarify the authority and responsibility of the parent company and subsidiaries; establish networks and a reporting line between the management departments of the parent company and subsidiaries; strengthen the development and appropriate placement of governance personnel; and encourage cooperation among corporate auditors of the parent company and its subsidiaries.

##### (1) Further enhancing the integrity of management

Implementing governance based on mutual trust with management committed to upholding a high level of integrity.

- ① Clarification of personnel requirements for business management and establishment and strengthening of training systems
- ② Expanding the scope of training in Integrity Management (head office staff and executives of group companies)

##### (2) Strengthening the group governance system

Fostering mutual trust among group companies through our corporate philosophy.

- ① Build a governance system to maximize synergies in group management
  - i Clarifying the authority and responsibilities of the parent company and subsidiaries and reflecting them in organizational structure
  - ii Building a network between the management departments of the parent company and subsidiaries and establishing a reporting system
- ② Strengthening the training and proper allocation of personnel for governance
  - i Strengthening the development of personnel for governance (recruitment of members of society/personnel exchanges between groups) (integrity + experience/knowledge + ability to execute)
  - ii Appropriate allocation of personnel for governance, including subsidiaries outside Japan
- ③ Collaboration between auditors of the parent company and its subsidiaries



Thorough implementation and promotion of compliance with our corporate social responsibility



Promoting compliance



Strengthening risk management system



## Main ESG Themes

# Compliance and Risk Management



### Basic concept

The Sekisui House Group considers compliance to encompass more than legal compliance alone; it must also incorporate our corporate social responsibility. Moreover, since any lack of employee awareness of compliance is a matter of corporate risk, we consider compliance and risk to be two sides of the same coin. We regard them as essential management issues that must always be addressed and we remain committed to this view.

### Promoting compliance

The Risk Management Committee, an advisory body to the Board of Directors, and the Governance Committee, which has been under the auspices of the CSR Committee since 2017, implement the PDCA cycle while working to improve issues related to compliance. We have also established a Management Committee to deliberate on important investment projects before resolutions and request the approval of the Board of Directors to promote compliance and risk management.

Moreover, we formulated the Sekisui House Corporate

Ethics Guidelines to list common items with which officers and employees must comply in order to undertake corporate operations at each group company. We undertake revisions as appropriate from the perspective of changing social conditions and group management.

Every October during our annual Compliance with Corporate Ethics Check, all executives and employees submit a Pledge Regarding Compliance with the Essentials of Corporate Ethics.

Note: The full Sekisui House Corporate Ethics Guidelines are available on our website.  
Scan the QR code at right to view a PDF file of our policies.



### Legal compliance status

There was no major violation of laws or voluntary standards in the relevant fiscal year.

- No disciplinary action or dismissal took place against any employee for non-compliance of the anti-corruption policy. To the best of our knowledge, no cost was incurred on penalties, surcharges or settlement related to corruption.
- There were no major infractions of environmental laws or regulations. There were no accidental spills or other incidents impacting the environment surrounding our factories.

- There were no legal or regulatory infractions or penalties paid related to the provision and use of our products and services. There were also no infractions of health and safety-related regulations or voluntary standards.
- There were no substantiated petitions for redress related to customer privacy infringements or customer data loss.
- The group faced no legal action, substantial fines or punitive measures in connection with violations of laws or regulations related to competition and monopolistic practices.

### Internal Reporting System (available 24 hours a day, 365 days a year)

The Sekisui House Group has established an Internal Reporting System that allows employees and other officers and employees of companies with whom we have ongoing business relationships to report illegal or inappropriate

behavior in the group to the company itself or to outside lawyers. This system complies with the Whistleblower Protection Act.

Note: More details are available on our website.  
<https://2c.sekisuihouse.jp/ypy8>

### Risk management system enhancement

Responsibility for risk management at the Sekisui House Group is undertaken by the various departments assigned to this task with initiatives conducted according to work duties within technical department and administrative department manager meetings. We have established divisions that cover multiple head office departments to clarify the responsibilities and authorities of directors and executive officers.

The Risk Management Committee, an advisory body

to the Board of Directors, strengthens management by collecting and verifying the status of development of the risk management system in each department of the group; receives reports in the event an instance of risk arises; and verifies recurrence prevention measures.

We have also put in place a Business Continuity Plan to deal with the occurrence of large-scale natural disasters and epidemics of infectious disease.





Ensuring occupational health and safety



Maintaining awareness of health and safety



Discouraging excessive working hours



## Main ESG Themes

## Occupational Health and Safety Management



At the Sekisui House Group, nothing is more important than the health and safety of employees, subcontractors, and everyone else who plays a role in the group's business activities. If a worker-related accident ever occurs in the administrative, production, or construction departments, we provide the relevant details to the Health and Safety Committee and incorporate the corresponding information into its PDCA cycle for improving workplace health and safety.

## Accidents resulting in lost worktime and occupational-illness frequency rates

The frequency of accidents and occupational illnesses resulting in lost worktime in fiscal 2019 increased compared to the previous fiscal year, excluding the occupational illness frequency rate of the Production Department and Construction Department. By thoroughly analyzing and sharing data, we will take steps to raise awareness of health and safety, prevent unsafe behaviors, and minimize the excessive working hours that can contribute to accidents and illnesses.

## Accidents resulting in lost worktime and occupational-illness frequency rates

(Total of one or more days of lost worktime)

Department		Frequency rate of accidents resulting in lost worktime		Frequency rate of occupational illnesses	
		FY2018	FY2019	FY2018	FY2019
Administrative department (employees)*		0.19	0.42	0.03	0.07
Production department	Employees*	0.00	0.45	0.00	0.00
	Subcontractors	0.00	0.27	0.00	0.00
Construction department (subcontractors only)		2.42	2.92	0.63	0.43

\* On a non-consolidated basis (Sekisui House only)

One particular factor contributing to an increase in lost worktime accidents in the Construction Department is the apparently static number of accidents involving falls and cuts/punctures. Notably, more than 40% of falls are from stepladders, and most of these can be attributed to unsafe behaviors. We will therefore promote training focused on methodical work procedures and elimination of unsafe behaviors.

The number of contractor fatalities due to industrial accidents in the Construction Department over the past three years was 2 in FY2017, 0 in FY2018, and 0 in FY2019.

## Occupational health and safety activities at worksites

At the Sekisui House Group, ensuring the occupational health and safety of all of our construction employees is an important social responsibility and one of our key focus areas as a business. We organize and implement a variety of activities to make sure that our construction employees are as safe and secure as possible on the job.

## Occupational accidents in FY2019

- The number of cases of heat stroke decreased from the previous fiscal year due to initiatives such as the adoption of work clothes incorporating electric fans ("air conditioned clothing") and recommendations for "cool breeze" products contributing to improved work environments.
- Toppling of heavy machinery and items falling from high locations also affects third parties such as neighboring residents and passers-by. We will continue to thoroughly investigate the cause of each incident and implement measures to prevent a recurrence.

## Initiatives for FY2020

In order to reduce occupational accidents, we are introducing preventive measures by implementing various safety measures at all sites and preventing accidents involving members of the public (property damage and personal injury) as a basic policy of our FY2020 Company-wide Construction Health and Safety Plan.

This plan is outlined below.

- We will devote more attention to measures to prevent serious life-threatening accidents as we continue to focus on eliminating fatal accidents.
- Since falls and cuts/punctures remain common, we remain dedicated to implementing comprehensive safety measures, ensuring their adoption, and establishing an accident prevention system.
- To address accidents involving members of the public, we will devise measures against previous accidents in order to prevent the occurrence of similar accidents.



Poster of slogan for FY2020



## International Business and ESG Management

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

At Sekisui House, we have been contributing to the resolution of social issues throughout the 60 years since our founding, all the while providing housing that meets the needs of the times. We are providing solutions by sharing the Sekisui House technology we have developed during our history. These include technologies focused on safety and security, such as resistance to earthquakes, fires and impacts, and technologies focused on comfort, such as thermal insulation, universal design and devices for maintaining indoor air quality. In this way, as we contribute to the emergence of a sustainable society, we are also meeting the preferences of ESG management around the world.

### United States

Applying Sekisui House technology:  
Responding to the various natural disasters  
that can occur in large land areas



In the U.S.A., demand for housing is projected to grow over the coming decades, with balanced population growth expected across all ages. Due to the large land area of the United States, different regions focus on different issues. In recent years, problems associated with climate change, such as the shifting paths of hurricanes, have become apparent. In addition, the West Coast of North America is exposed to a high risk of earthquakes as well as frequent power outages in light of the numerous major earthquakes that have struck the region in the past. While traditional wooden houses represent the mainstream for dwellings, houses constructed with high resistance to earthquakes, fires and impacts are required to minimize the devastating effects of natural disasters and global warming.

#### Challenge

- Strong demand for housing due to high population growth
- A population motivated to fight global warming due to possibly related occurrences, such as shifting paths of hurricane
- A high risk of powerful earthquakes along the West Coast of North America
- A need for ongoing maintenance of building exteriors

#### Response

- Acquisition of Woodside Homes and expanded collaboration efforts
- Transplanting of Sekisui House technology
- Construction of SHAWOOD, which is built to ZEH standard and features high seismic resistance
- Introduced Bellburn ceramic wall product



Interior of the SHAWOOD concept home, built to ZEH standard and with high seismic resistance (see page 60)

Adopting ZEH standards across the U.S.A.  
from California



California is an environmentally advanced state that has been proactively adopting environmental regulations. Reductions in greenhouse gas emissions have been legislated, and legislation requiring new homes to be equipped with photovoltaic panels was introduced in 2020, marking the first time such a policy has been adopted in the United States. Our subsidiary, Woodside Homes, is strengthening the development of environment-friendly and lifestyle-oriented products to promote zero net energy housing (or ZNE, the industry term in the U.S.A.) in line with revisions to the state's environmental and energy-efficiency standards for buildings. We are providing ZEH housing as a foothold for popularizing this innovation in the United States, and we are planning to introduce environment-friendly urban developments in the future.



ZNE housing in California

Development projects focused on biodiversity



Canyon Falls, a community development project in Texas, was developed with a view to preserving biodiversity; specifically, it is focused on protecting the habitat of post oak trees, some of which are 120 to 150 years old. It is considered difficult to preserve post oak trees when developing the surrounding land, as this tree species is known for its delicate roots. However, the post oak trees in this area have continued to grow even after the development was completed. At the end of 2018, Canyon Falls was presented with the Tree of the Year Award from the town of Flower Mound in Texas.



### The first SHAWOOD concept home in the U.S.A. was unveiled at IBS 2020.



In January 2020, we participated as the first Japanese house builder to exhibit at the International Builders' Show (IBS), the largest U.S. trade fair for housing, held in Las Vegas.\* In addition to hosting an exhibit at our booth, we constructed a SHAWOOD concept home (an original wooden house design of Sekisui House) in the Summerlin area of western Las Vegas and opened it to the public. This marked the debut of the SHAWOOD house in the United States, and interest was very high. This also represented a valuable opportunity for us to convey our commitment to making a better society through housing.

#### The SHAWOOD brand, an initiative intended to resolve housing issues

The SHAWOOD Concept House is a structure built to the ZEH (Net-Zero Energy House) standard that offers high earthquake resistance and photovoltaic power generation capability with storage batteries. It is constructed with fireproof and low-maintenance Bellburn ceramic exterior wall material. This concept home earned high praise from participants, as it demonstrated a path to resolving some of the social issues facing the United States. It was designed to address the issues of life balance, connection with nature, symbiosis, and the design seeks harmony between Eastern and Western living customs, the concepts of indoors and outdoors, and a balance between technology and privacy.

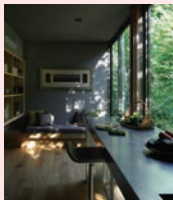

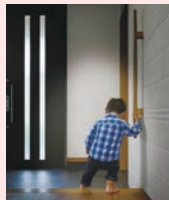
By showcasing these technologies in the United States, we seek to provide helpful solutions. We will continue to promote the adoption of the SHAWOOD concept in the United States, incorporating sales methods that offer health and a choice of lifestyles.

\*Our research of various display materials suggests we were the first Japanese housebuilder to exhibit at IBS, an annual housing fair that attracts more than 85,000 participants involved in the construction industry as well as institutional investors from around the world. Our concept home was an actual real-life exhibit presented by one selected company. We constructed it in collaboration with Woodside Homes.



Displays of our original building materials attracted attention at our exhibition booth.

#### Highlights of the SHAWOOD Concept Home

Beauty	Strength	Functionality
 <ul style="list-style-type: none"> <li>• Bellburn</li> <li>• Clear view design</li> <li>• Broad horizontal roof design</li> </ul>	 <ul style="list-style-type: none"> <li>• Structural laminated wood</li> <li>• Metal joint construction</li> <li>• Earthquake resistance</li> </ul>	 <ul style="list-style-type: none"> <li>• Net-Zero Energy House standard</li> <li>• Smart UD</li> <li>• Fresh interior air</li> </ul>



Concept home constructed in the Summerlin area of western Las Vegas

## Australia

### Offering eco-friendly housing in preparation for growth in housing demand E S

Australian Government statistics suggest that significant population growth is expected in the future, and we expect increased demand for sustainable housing. We have established a SHAWOOD factory in the suburbs of Sydney and have introduced a repetitive production system for high-quality building materials. Furthermore, we have constructed *Shinka House*, a ZEH-compliant pilot house equipped with solar power generation and storage batteries, in The Hermitage, a residential housing development on the outskirts of Sydney. In addition to offering an environment-friendly lifestyle that reduces energy consumption, it serves as a platform for promoting the improved quality of housing that we provide to our customers.

### The Central Park Project, recognized as the world's tallest skyscraper E

Construction of Central Park, a development complex in central Sydney, has been under way since 2011 with our joint venture partner, Frasers Centrepoint Limited. The concept of "environment-friendly development" has been thoroughly implemented here; for example, a large reflector is used to direct natural light to the lower part of the building in order to reduce the power consumption needed for daytime lighting. In addition, by adjusting indoor temperatures with the largest green wall in the Southern Hemisphere, the project reduces CO<sub>2</sub> emissions. It also introduces eco-friendly water reuse facilities. With exterior features such as greenery on the walls, a garden on the 29th floor, and a huge reflector, the condominium earned the world-famous architectural award known as Best Tall Building Worldwide in 2014 from the Council on Tall Buildings and Urban Habitat (CTBUH). Moreover, in 2019, at the CTBUH Awards, this project received the world's highest award for Urban Habitat District/Master Plan Scale, as both the building and surface development were evaluated as "best in the world" in both name and reality.

We have received various other awards recognizing our achievements in improving local security, and we received the highest evaluation under the Australian Environmental Standards.



Aerial gardens, impressive green walls, and reflectors to take advantage of natural light

#### Challenge

- Strong demand for housing due to population growth
- Much room for quality improvements in the existing housing market
- Soaring electricity bills resulting from liberalization of the electricity market

#### Response

- Constructed an Australian version of the SHAWOOD factory near Sydney.
- Established a repetitive production system for high-quality building materials.
- Constructed *Shinka House*, a ZEH-compliant pilot house.



*Shinka House*, a SHAWOOD model based on ZEH specifications

### Human resource development aimed at global expansion of our domestic business S

In Australia, we assist local employees and industry groups in understanding our corporate philosophy by inviting them to *Sumai-no-Yume-Kojo* Centers, *Nattoku Kobo Studio* (Home Amenities Experience Studio), and *Sekisui House Eco First Park* in Japan. The *Gohon no ki* indigenous landscaping project (highlighted on page 25) has been incorporated at each project, and the *Satoyama* concept has been adopted in various parts of our local projects, both of which have been well received by local customers. Similar initiatives are being undertaken in each country in which we operate, and participants who visit these facilities retain and bring back what they have learned in Japan, adapt it to their cultures and climates, and implement it.



West Village site planned according to the *Gohon no ki* project and *Satoyama* concept

### Promoting diversity initiatives in other countries S

Our Australian subsidiary promotes diversity, with females filling 50% of the employee positions and about 6% of the managerial positions. The company has also instituted an extensive promotion system for managers that focuses on individual abilities.

In addition, in order to support the social advancement of women and the development of the next generation, West Village has partnered with the Property Council, a real estate industry group, to explain our initiatives in Australia and introduce local high school students to the town development and housing development field. This program, known as "Girls in Property," is contributing to the promotion of female participation in the male-dominated real estate development field and the construction industry.



## United Kingdom

### Our full-scale entry into the UK housing market is contributing solutions to housing challenges. E S

In May 2019, we undertook our full-scale entry into the UK housing market in partnership with Homes England, a UK government agency, and Urban Splash, an integrated real estate company. The chronic housing shortage in the UK has become a social issue, resulting in a shortage of about four million houses. In addition, the traditional stone-and-brick construction methods used for local houses are associated with challenges in terms of productivity, construction time, and quality, and a high-quality housing alternative is demanded. We believe we can contribute solutions to these issues by employing our high-quality, short-schedule industrialized housing technology. Notably, the UK government aims to decarbonize by 2050; from our experience with ZEH gained from our track record in Japan, we are confident we can help to solve the environmental problems facing the UK.

#### Challenge

- A shortage of 4 million houses
- A need for quality housing to replace stone and brick structures
- Mandatory implementation of ZEH (Zero Carbon) as of 2025

#### Response

- Establishment of a joint venture with the government agency Homes England and the real estate company Urban Splash
- Launch of in-house production of high-quality modular housing
- Production of environment-friendly housing including zero carbon incorporating energy-efficient technology



High-quality, high-performance townhouses in New Islington

### Introducing the *Gohon no ki* project in residential developments E

In housing developments in the UK, which are incorporating the perspective of biodiversity conservation, we are undertaking research to incorporate biodiversity conservation efforts such as the *Gohon no ki* indigenous landscaping project in these sites.

## Singapore

### Adapting “slow living” to the local culture E S

The One Holland Village Project—undertaken with our joint business partners Far East Organization and Sino Group—is an integrated complex incorporating dwellings, serviced apartments, commercial facilities, and offices. The residential building, a comfortable space of our own design, adopts the concept of “slow living” and aims to provide residents with a calm and peaceful living space. The Singapore version of slow living incorporates three specific themes: Balcony Life (balcony space with consideration for privacy and a linkage between the interior and exterior); Storage (easy-to-use storage spaces where they are needed); and Flexibility (design for variability). One Holland Village was also conceived as an environment-friendly development with plans for greenery and a regional heating and cooling system that exceeds regulatory requirements throughout the project. We will continue to create value in Singapore by sharing our ideas on sustainability and contributing to local communities in concert with our local partners.



The One Holland Village Development

## China

### Creating living spaces constructed to a high standard to accommodate both the homeowner's perspective and the health of the environment E

We are developing townhouse and condominium projects under the Sekisui House Yuqin brands in the cities of Taicang, Suzhou, and Wuxi on the outskirts of Shanghai and in the northeastern city of Shenyang. The Taicang I Project (Taicang Yuqin Garden) earned high praise for its residence-perspective manufacturing and environmental considerations, garnering the 2019 Gold Award of the Tien-yow Jeme Civil Engineering Prize in the Excellence Housing Category (China Civil Engineering Society; equivalent to grand prize of the Architectural Institute of Japan). In China, which emits large amounts of CO<sub>2</sub>, we will continue to make use of environmental technologies tailored to the perspective of the homeowner.



Taicang Yuqin Garden, highly regarded as an environment-friendly building

## Common to All Countries

### Strengthening governance through close collaboration with Japan G

To maintain close communication, our head office in Japan and various departments hold separate meetings twice monthly with our local subsidiaries in each country. Since April 2020, we have been conducting base management training mainly for management groups selected from each country. We are also strengthening governance by clearly communicating our corporate philosophy and management policy in each country and promoting mutual understanding.

### Activities of the International Auditing Office and establishment of our International Whistleblowing System G

We are working to strengthen governance at local subsidiaries in each country through a focus on the activities of the International Auditing Office, which was established in April 2019. In June 2020, we established an International Whistleblowing System with third-party law firms as a point of contact, in addition to maintaining our in-house reporting system at our local subsidiaries in the U.S.A., Australia, the UK, and Singapore (excluding Woodside Homes). If the law firm receives a report from an employee of a local subsidiary, the report is communicated directly to the head office to ensure the system operates as intended, ensuring its effectiveness.



# CSR Policies and the ESG Management Framework

Positioning ESG management as a foundation of company operations, in line with its corporate philosophy and CSR policies, the Sekisui House Group pursues its goal of becoming a leading company in ESG management through its everyday business activities.

The group's concrete action plans take shape through the efforts of the CSR Committee and its three subordinate ESG committees.

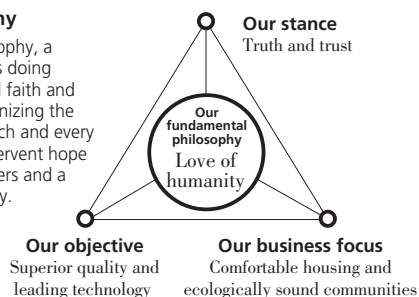
The CSR Committee includes four representative directors from within the company organization and two outside experts (outside members) to enrich the relevant initiatives from a diversity of perspectives.

## Corporate philosophy and CSR policies

At the core of the Sekisui House Group's corporate philosophy is a love of humanity: 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. That philosophy took root in 1989 with the unanimous approval of every group employee. Striving to ensure the wellbeing of all of our stakeholders—customers, employees, and shareholders—we pursue a CSR policy that focuses on maximizing customer satisfaction (CS), employee satisfaction (ES), and shareholder satisfaction (SS) in harmony with our corporate philosophy.

### Corporate philosophy

Our fundamental philosophy, a love of humanity, means doing whatever we do in good faith and a spirit of service. 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.



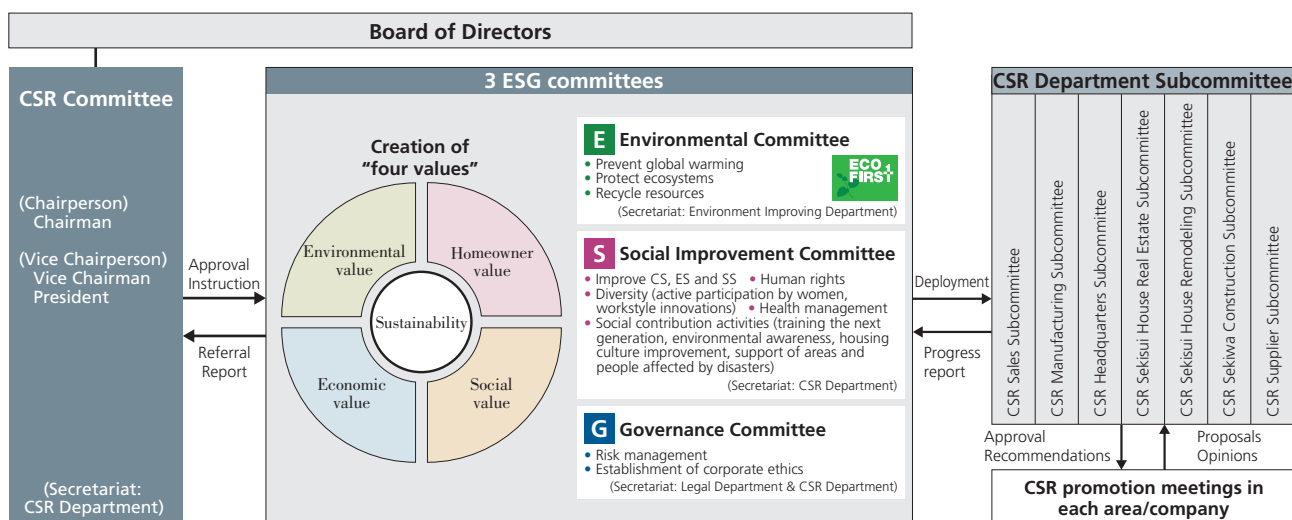
## The framework for the CSR Committee and promoting ESG management

The Sekisui House Group regularly convenes its CSR Committee to determine and promote policies and discuss whether CSR initiatives responding to the trend toward ESG management are in line with common sense and the expectations of society, and whether social issues are being resolved through our business operations.

Members of the CSR Committee are chosen through a resolution of the Board of Directors. The Chairman and Representative Director serves as the Chair, and the Vice Chairman as well as the President and Representative Director serve as Vice Chairs. To support the internal committee members, we have added two external experts: Katsuhiko Kokubu, Professor and Vice President of the Graduate School of Business Administration, Kobe University; and Hidemi Tomita, Director of Lloyd's Register Japan K. K.

Moreover, three ESG committees operate under the umbrella of the CSR Committee to develop action policies, promote initiatives, and help efforts take root under the chairmanship of the Representative Directors and the Senior Managing Officer. Furthermore, we have established CSR subcommittees in each department to raise awareness of our efforts at all our business locations. In order to implement our activities in cooperation with the managers of these business locations, we also assign CSR Promotion Committees at all our business sites to link ESG management to the actions of each employee.

## ESG management promotion structure



# Summary of Initiatives

## Environmental management

The year 2019 marked a transition in Japan to a new beginning; as the name of the historical era changed from Heisei to Reiwa, we focused our attention on the dawn of a new age in our country.

At the same time, however, we had to accept that the dawn of a new year also brought tremendous damage caused by record-breaking rains from powerful typhoons that struck the Boso Peninsula and other parts of Japan. It is suspected that global warming is beginning to have a major impact on our lives in the form of abnormal weather events. Clearly, these types of natural disasters can lead to supply chain disruptions and other business risks. We have come to realize once again that proactive efforts to address non-financial issues in the environmental field, including countermeasures targeting climate change, will significantly support the sustainable growth of companies.

Among our measures to fight climate change, we are actively promoting the widespread adoption of the ZEH standard, which aims to achieve a zero energy balance in the dwelling phase. In FY2019, the ZEH ratio of newly built detached homes we supplied reached 87%, and we were able to achieve our target rate of 80% in FY2020 ahead of schedule. In addition to the benefits of increased energy efficiency, the ZEH standard is highly resilient because it provides comfort and economy and can be powered with solar cells, fuel cells, and storage

batteries even during power outages. We believe our excellent track record in this area is attributable to customer appreciation of the added value these amenities provide. We are promoting net-zero energy consumption in rental housing and non-residential buildings as well by taking advantage of the expertise we have gained from building detached houses.

Regarding ESG investment, which evaluates the long-term growth potential of companies, we have become the first non-financial private enterprise in Japan to provide institutional investors with TCFD reports, which provide financial information and analyze the risks and opportunities posed by climate change.

In fiscal 2020, we will continue to create sustainable value by “making home the happiest place in the world.”



**Toshiharu Miura**  
Chairman of the Environmental Committee  
Director and Senior Managing Officer  
In Charge of Technology Divisions / Production & Procurement Division

## Improvement in sociability

With a commitment to “making home the happiest place in the world,” we remain focused on addressing social issues through housing. As a concrete measure to ensure the contentment of our customers, employees, and our communities, we are developing technologies that pursue health in addition to safety, security, and comfort through the fusion of tangible (technologies) and intangible elements. At the same time, we are maximizing customer satisfaction throughout the value chain. With regard to employee contentment, we are strengthening initiatives such as promoting diversity, reforming workstyles, and developing human resources in addition to gradually developing content for health management. In the summer of 2020, we are launching a program of AI-based risk analysis of health checkup results and lifestyle improvement simulation programs. Our goal is to raise awareness and improve the health literacy of all our employees.

In terms of addressing the contentment of our communities, we are solving social issues such as the declining birthrate and aging population through proposals such as nursery schools and nursing homes; specifically, we are specializing in four policies: nurturing the next generation; protecting the environment; improving housing

culture; and preventing disaster and providing disaster relief. In response to these policies, the Sekisui House Matching Program, a joint donation system for employees and companies that meet these policies, supports the implementation of programs by non-profit organizations and functions in cooperation with our offices.

In April of this year, we established a human rights policy grounded in our corporate philosophy.

As we work toward the emergence of a sustainable society, we will continue to enhance our corporate value by meeting the expectations of our various stakeholders as they expand globally.



**Takashi Uchida**  
Chairman of the Social Improvement Committee  
Executive Vice President and Representative Director  
Management of Administration Division

## Governance

ESG investment is now in excess of 3,000 trillion yen and is considered a driving force for corporate growth. With regard to the governance aspect, we have positioned 2018 as the First Year of Governance Reform and have begun implementing steps to strengthen our corporate governance. We have implemented 17 reforms from the top management level to the business management level and are continuously working to further improve them. These reforms include improving the independence of the Board of Directors and reviewing the term of office of the Representative Director.

Moreover, in order to strengthen the governance system, it is important to promote the creation of an open workplace culture. The Governance Committee under the CSR Committee promotes a more open atmosphere in three phases: top-down, up and down from the middle, and bottom-up. In addition to promoting the permeation of, and raising awareness of, governance compliance under the slogan “Innovation & Communication,” we are nurturing the next generation of talented individuals who represent one of the foundations of our growth.

In October 2019, Konoike Construction Co., Ltd. became a subsidiary; as a result, the number of group employees both inside and outside Japan has grown to 27,000. As we prepare to celebrate

our 60th anniversary in August 2020, we are dedicated to making this year one in which every Sekisui House Group employee understands and acts on the essence of our corporate philosophy and ESG management.

In addition to publishing this *Sustainability Report*, we have decided to issue a new *Integrated Report* in 2020 with enhanced information for investors. As the individual responsible for the Investor Relations Division, I will continue to increase transparency and the timeliness of our information disclosure. Moreover, when designing media, we will strive to reflect the Sekisui House Group's efforts to contribute to the emergence of a sustainable society using a structure that is more conscious of the target audience.



**Shiro Inagaki**  
Chairman of the Governance Committee  
Vice Chairman and Representative Director  
Management of Investor Relations Division

# ESG & Main Indicators

The Sekisui House Group aims to become a leader in ESG management by setting major non-financial indicators (including KPIs) and implementing the PDCA cycle to improve our initiatives while monitoring our progress.

The ESG data presented below is also available on our website with greater detail.

<https://2c.sekisuihouse.jp/xs9q>

## E Environmental

Main Themes	Indicator	Unit	2015 Results	2016 Results	2017 Results	2018 Results	2019			2020 Targets	2022 Targets
							Target	Results	Evaluation		
Decarbonized Society	Green First ZERO ratio* <sup>1</sup>	%	71%	74%	76%	79%	80%	87%	◎	88%	90%
	Rate of CO <sub>2</sub> emissions reduction from business operations* <sup>2</sup>	%	8.6%	13.0%	16.0%	21.5%	23%	27.4%	◎	29%	34%
	Rate of CO <sub>2</sub> emissions reduction from new housing* <sup>3</sup>	%	21.3%	27.7%	36.1%	38.1%	39%	41.6%	◎	42%	43%
	Ratio of post-FIT power purchased* <sup>4</sup>	%	—	—	—	—	1%	1%	○	6%	15%
Society in Which Humans and Nature Coexist	Sustainable wood procurement ratio* <sup>5</sup>	%	92.7%	92.6%	91.9%	93.6%	95%	95.3%	○	95.5%	96%
	Eco-friendly tree planting* <sup>6</sup>	× 1000	11990	13060	14090	15020	16000	16110	○	17000	19000
Circular Economy	Waste ratio (new construction)* <sup>7</sup>	%	5.2%	5.6%	5.5%	5.5%	—	5.8%	—	5.5%	5.2%
	Waste recycling rate (new construction)* <sup>8</sup>	%	100%	100%	100%	100%	100%	100%	○	100%	100%
	Waste recycling rate (maintenance and remodeling)* <sup>9</sup>	%	93.2%	94.0%	95.5%	94.9%	90% min.	94.3%	◎	90% min.	90% min.

\*<sup>1</sup> Ratio of ZEH equivalent houses to all built-to-order houses and condominiums (excluding Hokkaido)

\*<sup>2</sup> Scope 1, 2: 50% reduction (relative to FY2013) in CO<sub>2</sub> emissions by FY2030. Excludes Konoike Construction Co., Ltd., which became a group company in October 2019 (described in the boundary of current SBT targets).

\*<sup>3</sup> Scope 3, Category 11: 45% reduction (relative to FY2013) in CO<sub>2</sub> emissions for newly built detached houses and low-rise rental housing by FY2030. Excludes Konoike Construction Co., Ltd., which became a group company in October 2019 (described in the boundary of current SBT targets).

\*<sup>4</sup> Percentage of electricity used for business operations (FY2040: 50%, FY2050: 100%)

\*<sup>5</sup> Procurement ratio of Rank S and Rank A wood products (according to Wood Procurement Guidelines)

\*<sup>6</sup> Cumulative number of trees planted under the *Gohon no ki* project

\*<sup>7</sup> Waste ratio from raw material production and resource inputs for new industrialized housing products

\*<sup>8</sup> Waste recycling rate for new industrialized housing products

\*<sup>9</sup> Waste recycling rate for maintenance and remodeling work

## FY2019 value chain CO<sub>2</sub> emission status (outline of Scope 1, 2, 3)\*<sup>1</sup>

### Scope 1 & 2

Scope 1	CO <sub>2</sub> emissions associated with fuel consumption	70,574 (t-CO <sub>2</sub> )
Scope 2	CO <sub>2</sub> emissions associated with purchased electricity and heat	50,808 (t-CO <sub>2</sub> )
Total of Scope 1, 2		121,382 (t-CO <sub>2</sub> )

### Scope 3

Category 11	Use of sold products (dwellings)	3,605,204 (t-CO <sub>2</sub> )
Category 1	Purchased goods services (raw materials)	1,538,204 (t-CO <sub>2</sub> )
Other categories	Product disposal, business waste, upstream transportation, etc.* <sup>2</sup>	361,547 (t-CO <sub>2</sub> )
Total of Scope 3		5,504,955 (t-CO <sub>2</sub> )
Total of Scope 1, 2, 3		5,626,337 (t-CO <sub>2</sub> )

\*<sup>1</sup> Excludes CO<sub>2</sub> emissions from Konoike Construction Co., Ltd., which became a group company in October 2019.

\*<sup>2</sup> Category 12, End-of-life treatment of sold products (Product waste): 151,742 t-CO<sub>2</sub>

Category 2, Capital goods: 50,740 t-CO<sub>2</sub>

Category 3, Fuel- and energy-related activities not included in Scope 1 or Scope 2: 14,943 t-CO<sub>2</sub>

Category 13, Downstream leased assets: 5,569 t-CO<sub>2</sub>

Category 5, Waste generated in operations (Business waste): 97,508 t-CO<sub>2</sub>

Category 4, Upstream transportation and distribution (Transport): 31,374 t-CO<sub>2</sub>

Category 6, Business travel: 7,251 t-CO<sub>2</sub>

Category 7, Employee commuting: 2,420 t-CO<sub>2</sub>



## S Social

Main Themes	Indicator	Unit	2015 Results	2016 Results	2017 Results	2018 Results	2019			2020 Targets	2022 Targets
							Target	Results	Evaluation		
Contributing to Health, Longevity and Wealth; Pursuing Customer Satisfaction through Our Value Chain	Customer satisfaction*1	%	95.2%	95.5%	95.6%	95.8%	95% min.	95.9%	◎	95% min.	95% min.
	SDG procurement coverage	%	—	—	77%	80%	80%	76%	△	85%	90%
	SDG procurement score	Points	—	—	85.0	86.2	82.2*2	86.7	◎	87.0	88.0
Promoting Diversity	Number and percentage of female managers	People (%)	114 (2.43%)	141 (2.79%)	158 (2.94%)	176 (3.10%)	185	206 (3.44%)	◎	200	260
	Percentage and number of full-time female employees	% (people)	23.6% (4954)	24.2% (5142)	25.0% (5431)	25.7% (5657)	—	26.4% (5930)	—	27.0%	28.0%
	Percentage and number of female new graduates hired	% (people)	40.6% (276)	41.6% (237)	40.3% (266)	37.7% (250)	—	42.0% (281)	—	41.6%	42.0%
	Number of female directors (non-consolidated basis)	People	—	—	—	1*3	1 or more	1*3	○	1 or more	1 or more
	Employment rate of persons with disabilities (non-consolidated basis)*4	%	2.21%	2.20%	2.38%	2.53%	2.55%	2.61%	◎	2.61%	2.61%*5
Workstyle Reforms	Take-up rate for male childcare leave (non-consolidated basis)	%	23.0%	70.0%	95.0%	100%	100%	100%	○	100%	100%
	Annual paid leave take-up rate and number of days taken	% (days)	32.8% (5.8)	35.0% (6.2)	39.7% (7.1)	42.2% (7.4)	—	56.1% (9.8)	—	57%	60%
	Monthly average working hours per person	Hours	171.37	170.02	168.32	170.26	—	168.17	—	166.66	164
Human Resource Development	Cumulative number of workers who have acquired major qualifications required for a position*6	People (total)	18516	19588	20632	21516	—	22176	—	22300	22900
Respect for Human Rights	Governance awareness survey score for "Anti-power harassment culture"*7	Points	77.7	78.1	77.5	79.2	—	79.7	—	81.0	83.0
Contributing to Society	Sign-up rate for Sekisui House Matching Program	%	15%	16%	18%	21%	25%	25%	○	30%	40%

\*1 Total ratio of "very satisfied," "satisfied," and "somewhat satisfied" responses in the questionnaire after one year

\*2 Score evaluation criteria changed in 2019.

\*3 The three female executives comprise one Outside Director, one Outside Auditor and one Executive Officer.

\*4 Calculation based on the exclusion rate system (construction industry 20%)

\*5 The statutory requirement for number of employees with disabilities is achieved in the group as a whole.

\*6 First-class architect, second-class architect, first-class construction management technician, residential land building trader (passed), FP skill test (1st, 2nd, 3rd class)

\*7 An item of the annual governance awareness survey. Figures in the table are average values calculated as follows: "strongly agree": 100 points, "mostly agree": 75 points, "mostly disagree": 25 points, "strongly disagree": 0 points.

## G Governance

Main Themes	Indicator	Unit	2015 Results	2016 Results	2017 Results	2018 Results	2019			2020 Targets	2022 Targets
							Target	Results	Evaluation		
Strengthening Our Corporate Governance System	Governance awareness survey score for "Workplace culture"*1	Points	77.9	77.6	79.3	79.7	82.6	79.0	△	82.6	83.0
	Governance awareness survey score for "Compliance"*1	Points	81.3	81.1	82.9	82.7	86.1	81.9	△	86.1	87.0
	Governance awareness survey score for "Employee satisfaction"*2	Points	80.8	80.6	82.0	82.0	82.5	81.5	△	82.0	83.0
Compliance and Risk Management	Number of serious violations of laws and voluntary norms	Cases	0	0	0	0	0	0	◎	0	0
Occupational Health and Safety Management	Lost-time accident frequency rate in the Construction Department	—	2.42	2.57	1.89	2.42	2.18	2.92	△	2.63	2.13
	Occupational illness frequency rate in the Construction Department	—	0.14	0.34	0.20	0.63	0.57	0.43	○	0.39	0.31

\*1 Items that serve as indicators for the creation of an open workplace culture among all survey items of the annual governance awareness survey.

Figures in the table are average values calculated as follows: "strongly agree": 100 points, "mostly agree": 75 points, "mostly disagree": 25 points, "strongly disagree": 0 points.

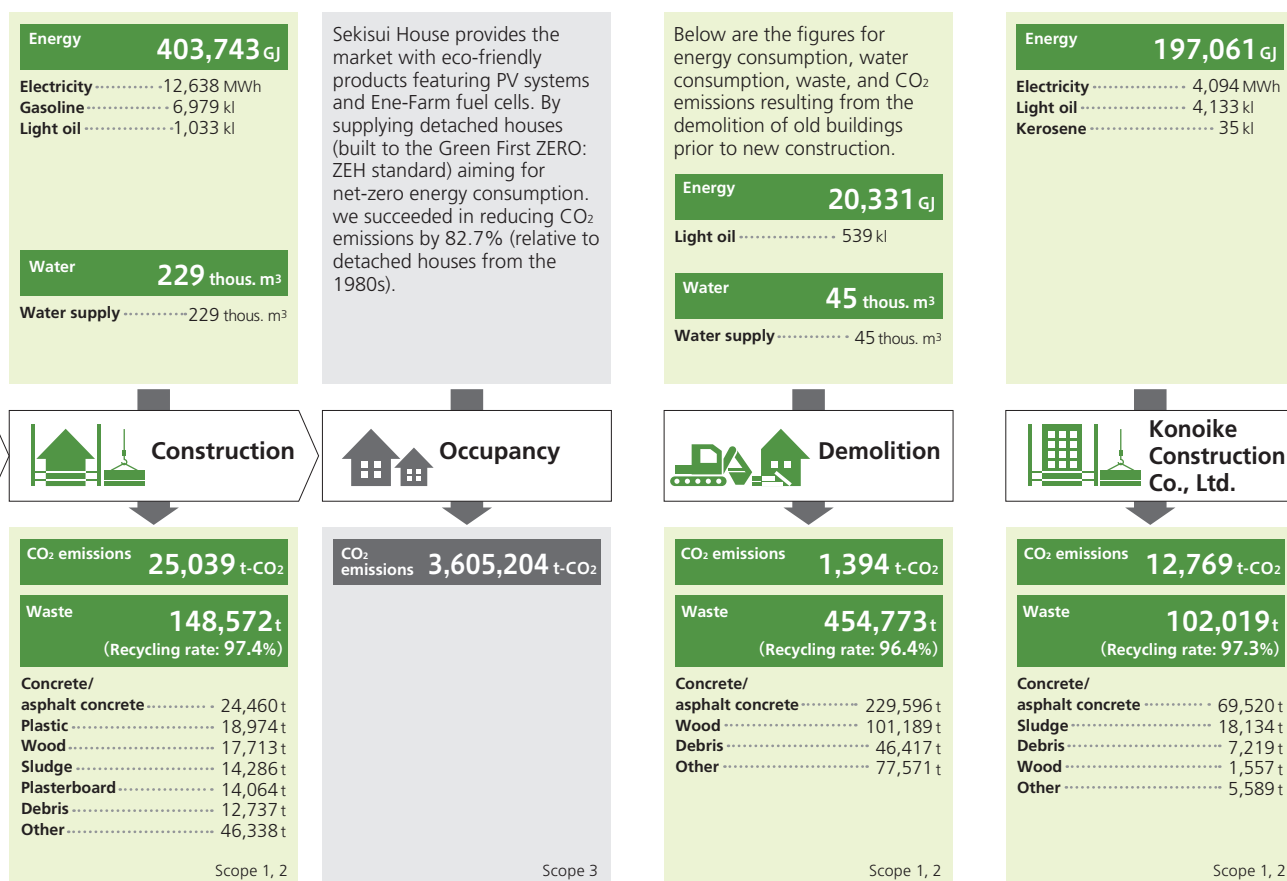
\*2 Average of all items in the governance awareness survey. The calculation method is the same as that stated in footnote 1 above.



Scope: The subjects of this survey are Sekisui House, Ltd., its major consolidated subsidiaries in Japan (42 companies), and major consolidated subsidiaries overseas (11 companies). Scope 3 CO<sub>2</sub> emissions include those attributable to parties outside the Sekisui House Group.

Period: The data is for FY2019 (from February 2019 to January 2020). The figures include estimates in cases where final data was unavailable at the time of calculation.

Construction energy consumption, CO<sub>2</sub> emissions, and construction waste generated by Konoike Construction Co., Ltd., (which became a consolidated subsidiary in October 2019) during October to December 2019 are presented separately below.



- ### Construction
- **Energy and CO<sub>2</sub>:** Estimated energy consumption and CO<sub>2</sub> emissions resulting from new construction by 17 Sekiwa Construction companies and partner building contractors
  - **Waste:** Waste generated via new construction, after-sales maintenance, and remodeling by Sekisui House, Ltd., 17 Sekiwa Construction companies, and three Sekisui House Remodeling companies

- ### Occupancy
- **CO<sub>2</sub>:** Estimated CO<sub>2</sub> emissions during occupancy at detached houses and low-rise rental apartments built from building components shipped from factories (calculated assuming an occupancy period of 60 years for detached housing and 45 years for low-rise rental apartments)

- ### Demolition
- **Energy and CO<sub>2</sub>:** Estimated energy consumption and CO<sub>2</sub> emissions resulting from the use of heavy machinery for demolition by 17 Sekiwa Construction companies and partner building contractors
  - **Waste:** Waste generated via the demolition of housing and commercial buildings by Sekisui House, Ltd. and 17 Sekiwa Construction companies

- ### Konoike Construction Co., Ltd.
- **Energy and CO<sub>2</sub>:** Energy consumption and CO<sub>2</sub> emissions associated with domestic construction and civil engineering work (excluding demolition-only) with Konoike Construction Co., Ltd. as the lead manager. The fuel consumption by construction machinery is calculated from the number of operating days of construction machinery using the Japan Construction Machinery and Construction Association's loss table for construction machinery. Energy consumption and CO<sub>2</sub> emissions are only estimated for small-scale construction work at contracted amounts of less than 100 million yen.
  - **Waste:** Amount of waste generated by domestic construction and civil engineering work with Konoike Construction Co., Ltd. as the lead manager.

#### [Remarks]

- We have a framework under which the head office receives reports of any violations of environmental laws or regulations at a factory. In FY2019, there were no major violations of greenhouse gas-related laws or regulations (no single case subject to criminal punishment, administrative penalty, or administrative guidance) nor any serious leaks of chlorofluorocarbons (CFCs).
- Sekisui House recycles all waste resulting from the production of materials purchased by factories. Of that total, the material-recycling rate was 94.9%.
- The water discharged from our factories into rivers meets the water-quality standards specified in Japan's Water Pollution Control Law and other relevant regulations and agreements. The water from our Tohoku, Kanto, Shizuoka, Yamaguchi, and Hyogo factories meets Sekisui House's in-house standards, which are stricter than the legal requirements.



# FY2019 Accolades and Achievements

## Environment

### ● Climate change initiatives and information disclosure

January 2020 Included in CDP 2019 Climate Change A List



## Community building and landscape

### ● Egota-no-mori Project

May 2019

**The Townscape Award, Urban Space Division, Excellence Award**

Organizer: "Cityscape Day" Executive Committee  
Note: Joint entry with the Egota 3-chome District Town Planning Council, the Urban Revitalization Organization, and the Medical Corporation Kenkokai General Tokyo Hospital

October 2019

**The Green City Awards, Green Business Activities, MLIT Minister's Prize**

Organizer: Organization for Landscape and Urban Infrastructure

Note: Award shared jointly with the Mori Living-In-Lab Council of Egota-no-mori, Urban Renaissance Agency, and Kenkokai Tokyo General Hospital



### ● Townhouse in The Hermitage, Australia

October 2019

**HIA NSW Housing Awards First Prize for Townhouse/Villa Development**

Organizer: Housing Industry Association

### ● Shin-Satoyama and the Wall of Hope

November 2019

**Osaka Landscape Awards, Landscape Management Category The Expo '90 Foundation (Commemorative Foundation for the International Garden and Greenery Exposition, Osaka, Japan, 1990) President's Award**

Organizer: Osaka Prefecture

### ● Singapore Integrated Complex Development Watertown & Waterway Point

October 2019

**Singapore Property Awards 2019 Integrated Complex Development, Medium-rise Condominium and Retail Categories**

Organizer: FIABCI

Note: Award shared jointly with Frasers Property Limited and Far East Organization

### ● Grande Maison Shin Umeda Tower

December 2019

**Osaka Eco-Friendly Architecture Award Housing Category Award**

Organizer: Osaka Prefecture and Osaka City

Note: Award shared jointly with Takenaka Corporation

**Osaka City Housing Design Award**

Organizer: Osaka City

Note: Award shared jointly with Takenaka Corporation

### ● Kiara

November 2019 "Night of the Stars 2019" High-Rise Residential Development of the Year

Organizer: NAIOP

Note: Award shared jointly with Holland Partner Group

## Kids Design Awards

September 2019

Organizer: NPO Kids Design Association

(Designs to support comfortable child-rearing)  
**Excellence Award (Minister of State for Gender Equality Award)**

### ● Ikumen Leave

Special Award (Chief Juror's Special Award)

### ● Research on Baby OS (thoughts and behaviors specific to infants under the age of 3)

Note: Joint entry with Combi Corporation



### ● Egota-no-mori Project

Note: Joint entry with the Egota 3-chome District Town Planning Council, the Urban Revitalization Organization, and the Medical Corporation Kenkokai Tokyo General Hospital

(Designs contributing to the safety and security of children)

### ● Wooden horizontal louver handrail

Note: Joint entry with LIXIL Corporation

(Designs that develop children's creativity and shape their future)

### ● Fresco-painting workshop at Koji Kinutani Tenku Art Museum

### ● Research into fatigue-fighting study environments

Note: Joint entry with Osaka City University, Graduate School of Medicine and RIKEN

## Good Design Award

October 2019

Japan Institute of Design Promotion

Good Focus Award (Design of Community Development)

### ● Condominium (Prime Maison Egota-no-mori, Grande Maison Egota-no-mori)

Note: Award shared jointly with Sakakura Associates Architects and Engineers, and Haseko Corporation



Prime Maison Ryogoku

Good Design Best 100

### ● Apartment (Prime Maison Ryogoku)

### ● House [Family Suite]



## ESG Management

### ● Sekisui House, Limited

April 2019

Selected as a Competitive IT Strategy Company 2019

Organizer: Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange



August 2019

Selected under the Bronze Class in the General Category and the Silver Class in the Industrial Category (Construction) of the Sustaina ESG Awards 2019

Organizer: Sustaina Japan Inc.

September 2019

Selected by U.S. S&P Dow Jones Indices and Swiss RobecoSAM for inclusion in the Dow Jones Sustainability World Indices (DJSI World) and the Dow Jones Sustainability Asia Pacific Index (DJSI Asia Pacific)



Osaka Prefecture Men's and Women's Lively Business Operator Awards  
Men's and Women's Lively Excellence Award

October 2019

Gold Award in work with Pride's "PRIDE Index 2019," a system for evaluating companies' LGBT-related initiatives

Organizer: work with Pride



November 2019

2019 IT Award, Transformation Segment, IT Encouragement Award

Organizer: Japan Institute of Information Technology

December 2019

Forbes Japan Women Award 2019

Third place in the Corporate Category (more than 1,000 employee class)

Organizer: Forbes Japan

January 2020

Sustainability Site Award 2020 Silver Prize (Excellence Award)

Organizer: CSR Communication Association

February 2020

Selected by RobecoSAM as "Silver Class" in the homebuilding category in the RobecoSAM Sustainability Award 2020



Osaka City Women's Leading Company, Mayor's Award Grand Prize

March 2020

2020 Certified Health and Productivity Management Outstanding Organizations Certified in the large enterprise category "White 500"

Organizer: Japan Ministry of Economy, Trade and Industry



### ● Disaster Response Kids' Education Support Project

March 2020

Japan Resilience Award Excellence Award

Organizer: Association for Resilience Japan

Note: Award shared jointly with Sankei Shimbun Co., Ltd. and Osaka Gas Co., Ltd.

February 2020

Corporate Award for Promoting Youth Experience Activities Judging Committee Encouragement Award

Organizer: Japan Ministry of Education, Culture, Sports, Science and Technology

Note: Award shared jointly with Sankei Shimbun Co., Ltd. and Osaka Gas Co., Ltd.

### ● Koji Kinutani Tenku Art Museum

June 2019

Certified under "This is MECENAT 2019"

Organizer: Association for Corporate Support of the Arts

### ● Sustainability Report 2019

February 2020

23rd Environmental Communication Awards Selected Hall of Fame Enterprise in the Environmental Report Category

Organizer: Ministry of the Environment and the Global Environmental Forum



# Independent Third-Party Assurance Report

A third party was engaged to provide assurance on Sekisui House, Ltd.'s Sustainability Report 2020 and to verify that the report provides reliable information on the company's energy consumption; waste and greenhouse gas emissions volumes; water used in factory production; and social reporting (occupational illnesses and frequency of accidents resulting in lost worktime). The J-SUS symbol indicates that a report has undergone an accreditation review under methodology adopted by the Japanese Association of Assurance Organizations for Sustainability Information.



This is an English translation of the "Independent Assurance Report" dated May 13, 2020 originally issued in Japanese by KPMG AZSA Sustainability Co., Ltd. for the "Sustainability Report 2020" published in Japanese by Sekisui House, Ltd.

## Independent Assurance Report

Sekisui House, Ltd.

Mr. Toshinori Abe, the Chairman & Representative Director,

Mr. Yoshihiro Nakai, the President & Representative Director

We were engaged by Sekisui House, Ltd. (the "Company") to undertake a limited assurance engagement of the environmental and social performance indicators listed below for the period from February 1, 2019 to January 31, 2020 (the "Indicators") included in its Sustainability Report 2020 published in Japanese (the "Report") for the fiscal year ended January 31, 2020.

### Indicators and pages in the Report

Indicators	pages
Accidents resulting in lost worktime and occupational-illness frequency rates	58
Amount of CO <sub>2</sub> emissions of "Scope 1", "Scope 2", "Total of Scope 1, 2" and Scope 3 "Category 1", "Category 4", "Category 5", "Category 11" and "Category 12" in "FY2019 value chain CO <sub>2</sub> emission status (outline of Scope 1, 2, 3)"	65
Energy (total amount and itemized details by energy source) and Water supply, Industrial-use water and Groundwater of "Factory production" in "Input"	67, 68
Amount of CO <sub>2</sub> emissions and Waste (total amount and itemized details by waste category) in "Output"	67, 68

### The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the Company's web site.

### Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information', the 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements' issued by the International Auditing and Assurance Standards Board, and the 'Practical Guidelines for the Assurance of Sustainability Information' of J-SUS. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company's responsible personnel to obtain an understanding of its policy for preparing the Report and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and recalculating the Indicators.
- Visiting two construction sites managed by one of the Company's subsidiaries selected on the basis of a risk analysis.
- Evaluating the overall presentation of the Indicators.

### Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Company's web site.

### Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

KPMG AZSA Sustainability Co., Ltd.

Osaka, Japan

May 13, 2020