

# 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.









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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. For this purpose, we disclose information through three outlets – the integrated report, the environmental report and the CSR report.

We refer to the following for identifying and editing the contents of the reports.

- Integrated report: The International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC)
- Environmental report: The Environmental Reporting Guidelines 2018 published by the Ministry of the Environment
- CSR report: Guidance on Social Responsibility ISO26000

### Strategy and Core Competencies

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### Features of the Sustainability Report 2019

- The content of this report was decided by the CSR Committee, taking into account social conditions and the responses to a survey of the FY2018 report.
- This report conforms to the Core items of the GRI Standards; general disclosures (topics that must be disclosed in compliance with the Core items) and 17 itemized standard material topics have been disclosed mainly within the pages concerning Putting Value Creation into Practice (ESG).
- As an annual report, this document organizes and discloses the results of initiatives implemented in FY2018. It also publishes achievements and self-evaluations regarding our targets.
- This report discloses the key performance indicators (KPIs) of important areas, such as the progress of our Eco-First Promise.

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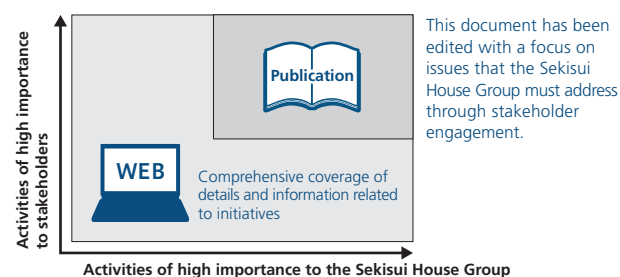
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### Our approach to reporting media

The information in this publication has been compiled based on its importance, and presented in a format that is easy to read and understand. Comprehensive information is disclosed on our website to fulfill our responsibility of full accountability to a wide range of stakeholders. We also issue a separate publication that focuses on activities of particular importance to customers.

Note: Our CSR website is only available in Japanese.



WEB <https://www.sekisuihouse.co.jp/sustainable/>

### Scope of business

This report covers Sekisui House, Ltd. and 264 consolidated subsidiaries.

### Scope of business activities

This report covers the business operations of the Sekisui House Group, which include custom detached houses, rental housing, remodeling, real estate management fees, houses for sale, condominiums, urban redevelopment, overseas business, and others (e.g. exterior construction work).

- Period covered: FY2018 (February 1, 2018 to January 31, 2019)  
Note: Some activities undertaken in FY2019 are covered in this report.
- Date of publication: This report is published annually in Japanese in May; versions in English and in Chinese are published annually in July.
- Direct inquiries about this report to:  
Corporate Social Responsibility Department; tel: +81-6-6440-3440  
Environment Improving Department; tel: +81-6-6440-3374

Online inquiries > <https://www.sekisuihouse.co.jp/mail/>

The energy usage, waste and greenhouse gas emissions, water used in factory production, and social reporting (accidents resulting in lost worktime and job-related illness frequency rates) disclosed in the Sustainability Report 2019 are assured by third-party institutions to heighten reliability (see the Independent Third-Party Assurance Report on page 88). Furthermore, the symbol on the right indicates that this report meets the greenhouse gas reporting examination and registration mark standards established by The Japanese Association of Assurance Organizations for Sustainability Information in terms of the reliability of the greenhouse gas emissions data disclosed herein.



Toshinori Abe

Chairman &  
Representative Director



# Tackling social challenges head-on with an eye to the global context

**How our collective diversity of strengths can transform the Japanese housing sector**

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## The dynamism of the world, on full display at COP24

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Japan is currently dealing with myriad social challenges: falling birthrate and aging population, climate change, large-scale natural disasters, and increasing numbers of unoccupied houses, to name a few. As a Japanese company, we at the Sekisui House Group have to address the challenges through our business pursuits and keep on growing amid the adversity. We also need to make steady, step-by-step progress on efforts to solve the problems at hand. One of the most pressing issues is the state of the environment. With typhoons, torrential rains, and other large-scale natural disasters wreaking havoc around the world at a startling frequency, extreme weather is quickly becoming an everyday occurrence—disaster could strike anywhere, any time. The prevailing discourse on global warming frames the environmental threat as an issue for the “future of our planet,” a concern for the “next generation.” That future, however, is now; the effort to control global warming simply cannot wait. The risks are real and present today, imperiling the world we inhabit at this very moment. The need for action is an urgent one.

At the 24th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP24) in Katowice, Poland, in December 2018, I gave presentations on Sekisui

House’s net-zero energy housing (ZEH) and other initiatives. As I took in my surroundings at the event, I got a real sense of how dynamically the global community is taking action.

Countries around the world are tackling climate change in so many practical, progressive ways, but Japan is starting to fall behind. A look at the Climate Change Performance Index, a report that a leading international NGO releases at yearly COP meetings, shows that Japan sits in the “Very Low” rating category. At the top of the list, meanwhile, are Sweden, the United Kingdom, and other European nations; India is one of the higher-performing Asian countries on the list.

Up until the mid-1990s, when the Kyoto Protocol was adopted, Japan was a world leader in the movement to cut greenhouse-gas emissions. Sekisui House blazed trails, too, releasing its “Environmental Future Plan”—a bold vision for a housing manufacturer—in 1999. Things have changed dramatically in the two decades since. I recognized our mission as a housing manufacturer and knew that we needed to accelerate our efforts with a real sense of urgency.

In 2008, the Sekisui House Group announced its “2050 Vision” aiming to eliminate CO<sub>2</sub> emissions from housing and quickly shift management focus to decarbonation. ZEH currently accounts for 79% of our newly built detached houses, with total cumulative sales of roughly 40,000 units—both world-leading figures. In October 2017, we became the first construction company in Japan to join the RE100 initiative,



a commitment to using 100% renewable energy for all business activities. With the purchase period under the Japanese government's feed-in tariff (FIT) system for renewable energy gradually drawing to a close, we are also planning to launch the "Sekisui House Owner Denki" in November 2019. This is a framework through which we buy surplus power from home owners at competitive prices and use the electricity for our group activities. Countries and corporations abroad are setting ambitious numerical targets and timelines for renewable energy, embodying a dynamic attitude. Japan has to be in the thick of it all. For Japan to do its part amid that constant rush of activity, climate-change countermeasures in the housing sector can play a crucial role. Now is the time for the Sekisui House Group to showcase its true value. Having balanced industry-propelling advances in low-carbon technology and comfortable living, we are in prime position to seize business opportunities and drive further progress forward.

### Tackling social challenges through stronger group solidarity

The Sekisui House Group has gradually expanded from a foundation in built-to-order housing into a structure encompassing supplied housing, development business, and overseas business. That breadth speaks to what we can do as a housing manufacturer in realizing a sustainable society, which goes beyond just building new ZEH units. We create top-quality housing and do the proper maintenance, remodeling, and renovations to keep the structures performing well—and better—for generations to come. Our mission is to extend housing life, provide long-term support to customers, form markets where housing constitutes a meaningful social asset, and minimize the impact of housing on the global environment, all in hopes of making a circular economy a reality. Vital to that process are the capabilities of the Sekisui House Group—the diversity of strengths that group companies like Sekiwa Construction, Sekisui House Remodeling, and Sekiwa Real Estate bring to the table. From my perspective, synergizing that diversity of strengths will open doors to new business approaches, such as customer-asset management, and pave the way for ongoing growth.

The plethora of existing houses in Japan presents a wealth of new roles and a world of new possibilities for housing manufacturers. In that area, The Sekisui House Group is proactively promoting "SumStock"—an initiative to help customers pass their homes on to the next generation. At the core of the effort is the Provision of Quality Housing Stock Association, which Sekisui House and nine other leading housing manufacturers created as a joint project. Through SumStock, the member companies get access to a housing history database that facilitates the process of evaluating and selling their high-quality existing houses in accordance with clear, well-defined appraisal standards. Besides providing that valuable framework, the Japanese housing market has traditionally followed a pattern of building new houses and selling as many as possible (and then tearing them down when they get old). SumStock, however, is working to invigorate the market for high-quality existing housing to help curb the country's growing numbers of unoccupied houses.

In driving SumStock forward, the Sekisui House Group is leveraging its impressive track record in supplied housing to stand at the industry forefront and accelerate the overall effort.

Social problems are growing more diverse and increasingly complex as we march into the future. In the process of formulating solutions to those changing issues, individual companies and industries can only do so much. Making problem-solving a concerted, society-wide effort hinges on all-encompassing standpoints and bold, revolutionary ideas. Without those radical breakthroughs, new answers will lie out of reach.

### Step-by-step progress toward governance reforms

Last but not least is governance reform, a crucial issue for the Sekisui House Group. Our efforts to tackle the six items for strengthening the corporate governance system that we laid out in 2018, the first year of the governance-improvement drive, have made solid progress and a sizable impact. In working toward the establishment of the Management Meeting and transparency and invigoration of Board of Director meeting operations, a new standard process has taken root: the Board of Directors deliberates on matters after the Management Meeting has discussed the topics, with outside officers present to diversify the talks. Forward progress has been made on clarifying directors' responsibilities for the various departments, thereby facilitating the evaluation of Board of Director efficacy—another of the six items. These initiatives are open-ended; there are always improvements to make and deeper levels to probe.

We have also added new efforts to our action plan ensuring independence and strengthening internal checks of chief managers in charge of general affairs, in sales administration headquarters and branches, as well as improving the integrity of branch managers. As we work to enhance training programs and make personnel evaluations more rigorous, we will also strive to foster future branch managers. The whole process will follow the Plan, Do, Check, Action (PDCA) cycle, just like our business activities do. On top of that, we plan to iron out new reform guidelines by 2020.

The Sekisui House Group's corporate philosophy encapsulates our beliefs. Our fundamental philosophy is "love of humanity," and our stance is "truth and trust." Those elements all play into our governance initiatives. Truth, for example, captures the sincere, high-minded morality of integrity that is at the crux of our governance reforms. Trust, meanwhile, represents an interpersonal ideal: connections where individuals can be their true selves, make the most of their abilities, and have that individual worth recognized. "Love of humanity" and "truth and trust"—it all finds expression in how we strive to stay humble, uphold honesty, answer our call with a full heart, want the best for others, and take joy in others' joy. Those philosophical roots form the cornerstones of our governance reforms as well.

Creating new standards with an eye to the world, our goal is clear, but our reforms—and evolution—are still works in progress. As we keep aiming higher, always training our sights on social issues, we continue to march on toward sustainable growth as a company.



Yoshihiro Nakai

President &  
Representative Director

# Happiness: Our core concept for a bright future of ongoing business growth

**Forming business strategies around social impact to create new value and make Sekisui House a leader in ESG management**

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## The turning point of 2020: Charting a new course for sustainable growth into the future

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The Fourth Medium-Term Management Plan, rooted in the core policy of building the foundation for the residential-related business toward BEYOND 2020, is set to wrap up in 2019. For Sekisui House, the year 2019 also represents the 60th anniversary of the company's founding. As we move closer and closer to 2020, which could prove a pivotal turning point for Japan as a whole, Sekisui House is constantly fostering innovations to drive sustainable growth and steadily expanding its business scope.

For us, innovation means expanding our strengths in the built-to-order business into non-housing areas and creating value with bold, forward-thinking concepts for housing.

Sekisui House has spent its entire history as a company striving to create safe, secure housing of exceptional quality—shelters for families' lives and property. Since releasing our Environmental Future Plan in 1999, we have concentrated on maximizing comfort and aimed to be a pioneering force in creating environmentally friendly housing. We want to stride onward along that path, translating our vision of "making home the happiest place in the world" into extraordinary housing. Our fundamental philosophy is a love

of humanity. Operating from that foundation, we are now delving deeper into realizing customer happiness in a society where people will have a 100-year lifespan. That means creating new value as a partner in nourishing happiness through housing. In August 2018, we began to concretize that vision with the opening of the Human Life R&D Institute: Japan's first-ever corporate research institution to specialize in happiness. Aiming to propose houses where happiness grows the longer you live there, the Institute is a hub of progressive inquiry. In October 2018, for example, we released the "Family Suite" concept model, which draws on institute research to break away from the conventional "LDK" (living-dining-kitchen) concept and propose a new mode of living. We also showcased our brand-new Platform House Concept at CES 2019, the world's largest consumer electronics show, in Las Vegas (US) in January 2019. The Platform House, a conception of home as a platform for happiness, will utilize resident data to foster intangibles like health, connections, and learning through technologies and services that fuse the physical and the immaterial. The concept is moving along the pipeline, nearing its release in the spring of 2020.

Our first initiative centers on health. With health-related services in three areas—emergency response, health monitoring over time, and preventive care—we can provide new value to residents in the forms of houses that make

health. Environmental controls and a bevy of sensing technologies will help users monitor day-to-day changes in their physical conditions, enabling early detection of sudden-onset diseases and life-threatening conditions, particularly those with a high likelihood of occurring at home (strokes and heart attacks, for example). By facilitating prompt medical care, our homes will not only help residents live healthier lives on an individual level but also benefit communities through reductions in medical expenses and other social costs. We look forward to forging alliances with outside partners, pursuing research backed by science and logic, and shaping those results into new services with roots in the home—offerings that will broaden our business domains and fuel sustained business growth.

### Housing expertise as a difference-maker outside the housing sphere, benefiting communities on multiple levels

In the non-housing sector, we launched a community-development project. The initiative makes use of resources like our original Flexible  $\beta$  System, which extends design freedom, expands our options for space proposals, and shortens construction times through the use of factory-shipped materials. Building on Sekisui House's prowess in delivering quality physical housing at quick turnaround times, the project also lets our proposal capabilities shine by foregrounding comfort, eco-consciousness, and other elements of the livability expertise we have gained.

An effort along those lines began in November 2018, when Sekisui House joined forces with Marriott International, Inc., a hospitality-focused accommodation provider with locations in 130 countries and regions around the world, to create the Trip Base *Michi-no-Eki*\* Project. With local governments across Japan offering their assistance, the collaboration will open hotels to showcase a "journey through the attractions of each region" and empower roadside *Michi-no-Eki* areas as travel hubs. The plan is to have 15 hotels in 5 prefectures up and running by the fall of 2020, with nationwide expansion to follow. Sekisui House will offer high-quality accommodation experiences at lodging-only roadside hotels, and guests will visit *Michi-no-Eki* locations and local establishments for food, shopping, and more. As inbound demand continues to grow, modes of travel—both domestic and international—are bound to diversify. Working in tandem with regional communities will make the Sekisui-Marriott tie-up a palpable force in benefiting people, economies, regional development, and community revitalization.

I look forward to seeing Sekisui House's track record expand in other areas outside the accommodation sphere, as well, including medical facilities, educational institutions, and commercial establishments.

\* *Michi-no-Eki* are highway rest areas where drivers and passengers can take breaks, get information on roads and the local community, buy local specialties at shops, try local eats, and even stay overnight at on-site accommodation.

### Stable, balanced business growth abroad

We have now been active in overseas business for nine years since our initial foray in Australia, and we are finally starting to reap benefits in valuable know-how. Business is on a solid trajectory, too, with the debut of our "SHAWOOD" wooden-frame houses in the Australian market and our acquisition of Woodside Homes in the United States. As we take overseas business to a new stage, we will foster our development business and start applying all the environmental technologies, production and construction systems, expertise, and real-estate management fee background that we have amassed. The goal is to use those assets to foster balanced growth in the industry—from development business to built-to-order and supplied housing—from a medium- and long-term perspective.

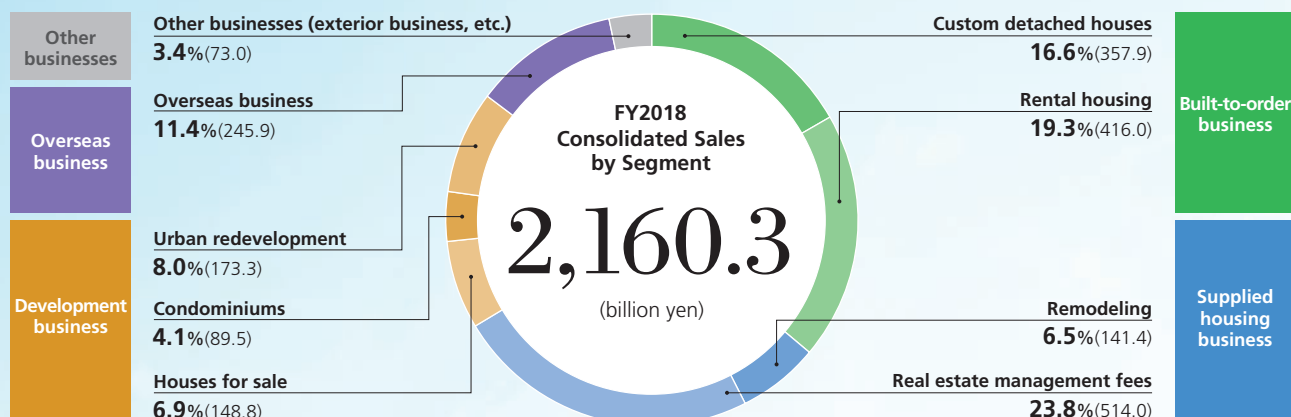
### Nurturing a culture of innovation and communication, two key elements of leading the way in ESG management

To accelerate sustainable growth on a company level, we need to enable growth on an individual employee level. Innovation and communication are our goals in that regard. We want our workplaces to encourage and rejuvenate communication through day-to-day interpersonal contact and free, candid dialogue—key ingredients in cultivating the ideas that spark innovation. Welcoming, open environments lay the groundwork for effective information sharing and, as a result, stronger governance. If we want to make home the happiest place in the world, we need to make our systems, offices, and worksites conducive to happy, healthy work. That effort spans a broad range of activities, including diversity-oriented measures to help women thrive professionally, workplace reforms, and health management. In September 2018, we instituted a special program that encourages male employees with children under the age of three to take month-long parental leave. Leave gives people time off, of course, but how employees use that extra time is a key factor. If people take those opportunities to spend more time engaging with their families, communities, and others both within and outside the company organization, the resulting value can be extraordinary—and the encounters and discoveries that emerge can even help shape new proposals to customers. With that awareness and a long-term perspective, we will strive to cement our status as a leading force in ESG management.

To keep growing into the future, we need to be a company capable of contributing to society through our business activities. The Sekisui House Group is determined to create new value via business strategies that align with the international community's shared Sustainable Development Goals (SDGs), hold true to our long-standing legacy, and know when to break from convention in favor of fresh ideas. Our initiatives will continue to focus on steady, innovative progress.



# Our growth strategy in four business domains



## Corporate profile (as of January 31, 2019)

Corporation name	Sekisui House, Ltd.
Head office	1-1-88 Oyodonaka, Kita-ku, Osaka 531-0076, Japan
Date of establishment	August 1, 1960
Capital stock issued	¥202,591,200,000
Employees	24,775 (consolidated); 14,616 (non consolidated)
Total number of houses built	2,425,372

## Sales and service offices (as of January 31, 2019)

Branch and sales offices:	115
Customer service centers:	29
Model homes:	370
Factories:	5
R&D institute:	1
Consolidated subsidiaries:	264
Companies accounted for under the equity method:	33

## Group companies

### Trade, brokerage and lease of real estate

Sekiwa Real Estate Tohoku, Ltd.  
Sekiwa Real Estate Kanto, Ltd.  
Sekiwa Real Estate, Ltd.  
Sekiwa Real Estate Chubu, Ltd.  
Sekiwa Real Estate Kansai, Ltd.  
Sekiwa Real Estate Chugoku, Ltd.  
Sekiwa Real Estate Kyushu, Ltd.  
Sekiwa Grand Mast, Ltd.  
Sekiui House Umeda Operation Co., Ltd.

### Remodeling

Sekisui House Remodeling East, Ltd.  
Sekisui House Remodeling Central, Ltd.  
Sekisui House Remodeling West, Ltd.

### Housing construction, remodeling and exterior business

18 companies under  
Sekiwa Construction, Ltd.  
Sapporo, Tohoku, Kita-Kanto, Saitama, Higashi-Kanto, Higashi-Tokyo, Nishi-Tokyo, Kanagawa, Shizuoka, Chubu, Niigata, Shinsyu, Hokuriku, Kinki, Kansai, Chugoku, Shikoku, Kyusyu

### Overseas subsidiaries

Sekisui House Australia Holdings Pty Limited  
Sekisui House Australia Pty Limited  
Sekisui House US Holdings, LLC  
North America Sekisui House, LLC  
SH Residential Holdings, LLC  
Woodside Homes Company, LLC  
Sekisui House Singapore Pte. Ltd.  
Sekisui House(China) Co., Ltd.  
Sekisui House Construction Engineering (Beijing) Co., Ltd.  
Sekisui House Advanced Manufacturing (Shenyang) Co., Ltd.  
Sekisui House(Shenyang) Co., Ltd.  
Sekisui House No.1 (Shenyang) Co., Ltd.  
Sekisui House • Changcheng (Suzhou) Real Estate Development Co., Ltd.  
Sekisui House • Changcheng (Suzhou) Real Estate Development Co., Ltd.  
Sekisui House (Taicang) Co., Ltd.  
Sekisui House No.2 (Taicang) Co., Ltd.  
Sekisui House (Wuxi) Co., Ltd.

### Others

Sekisui House Financial Services Co., Ltd.  
Sky Rail Service Co., Ltd.  
Sumainotoshokan, Ltd. (Housing Library, Ltd.)  
Sekisui House Asset Management, Ltd.  
Sekisui House Trust, Ltd.

## Built-to-order business

Custom detached houses,  
rental housing



### Custom detached houses

Design, construction, and contracting of detached houses

#### Main affiliates

- © 18 Sekiwa Construction companies (housing construction, etc.)

### Rental housing

Design, construction, and contracting of rental housing, medical and nursing care facilities, and non-housing such as commercial facilities and hotels.

#### Main affiliates

- © 18 Sekiwa Construction companies (housing construction, etc.)

### Custom detached house sales

**12,708** houses

No.1 among prefabricated house manufacturers (FY2017)

Source: Housing Industry Express,  
Jutaku Sangyo Kenkyusho Co., Ltd.

### Total number of orders received for net-zero-energy housing

**44,247** houses

No.1 in Japan

### Total number of houses constructed

**2,425,372** houses

No.1 in the world

### Remodeling business sales

**141.4** billion yen

No.1 in Japan

### Total number of registered residential units in assisted-living complexes for senior citizens

**14,883** units

No.1 in Japan

## Supplied housing business

Remodeling, real estate  
management fees



### Remodeling

Remodeling and renovation of houses, etc.

#### Main affiliates

- © 3 Sekisui House Remodeling companies (expansion and renovation of Sekisui House detached housing, etc.)
- © 18 Sekiwa Construction companies (remodeling and extension of housing and condominium, etc.)
- © 7 Sekiwa Real Estate companies (remodeling and extension of rental housing, etc.)

### Real estate management fees

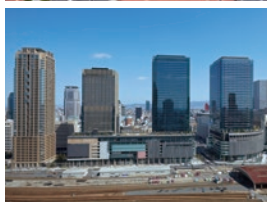
Subleasing, management, operation, and brokerage of real estate, etc.

#### Main affiliates

- © 7 Sekiwa Real Estate companies (trade, brokerage and lease of real estate)
- © Sekiwa Grand Mast, Ltd. (operation and management of rental housing for senior citizens)

## Development business

Houses for Sale,  
condominiums,  
urban redevelopment



### Houses for sale

Sale of houses and residential land; design, construction, and contracting of houses on residential land for sale

#### Main affiliates

- © 7 Sekiwa Real Estate companies (purchase/sale of real estate, etc.)
- © 18 Sekiwa Construction companies (housing construction, etc.)

### Condominiums

Sale of condominiums

#### Main affiliates

- © 7 Sekiwa Real Estate companies (purchase/sale of real estate, etc.)

### Urban redevelopment

Development of office buildings and commercial facilities; management and operation of real estate in possession

## Overseas business



### Overseas business

Condominium and building complex business, sales of ready-built detached houses and residential land, and detached housing business in overseas markets

#### Main affiliates

- © Sekisui House Australia Holdings Pty Ltd.
- © Woodside Homes Company, LLC

## Other businesses



### Other businesses

Exterior construction work, etc.

#### Main affiliates

- © 18 Sekiwa Construction companies (exterior construction, landscaping, etc.)

### Exterior business sales

**65.5** billion yen

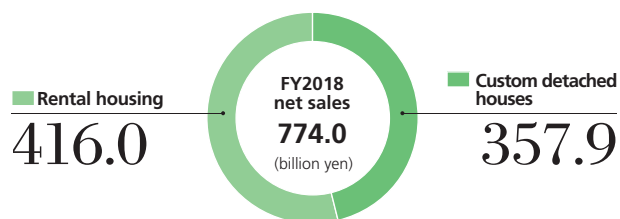
No.1 in Japan



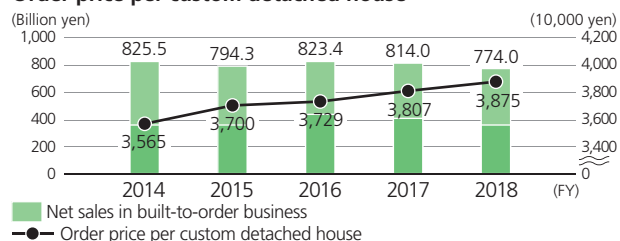
## Built-to-Order Business

Custom detached houses, rental housing

We are engaged in design, construction and contracting of custom detached houses and rental housing. We seek to take on fresh challenges in non-housing areas and other new fields, while leading the industry as a top brand.



### Trends in net sales in built-to-order business / Order price per custom detached house



### Strategies for the custom detached houses business

## Providing high-value-added houses that balance comfort and eco-friendliness

We seek to expand orders in the custom detached houses business through high-value-added products, such as ZEH Green First ZERO, which ensure energy zero by saving energy using increased insulation and other features and generating energy using photovoltaic systems, fuel cells and other methods.

We are steadily working toward a target ZEH ratio of 80% by 2020 and will continue to accelerate activities to spread ZEH by harnessing our strength of balancing comfort and eco-friendliness. We will focus on increasing sales of IS Series steel-frame houses, SHAWOOD wooden-frame houses and other products and selling three- to four-story houses that cater to various needs, such as multigenerational households, in cities with heavy steel-framed houses that offer higher flexibility in floorplans. We will strive to increase

the order price per house and achieve sustainable growth by promoting high-value-added houses using original technologies.



IS ROY+E steel-framed two-story house

## Business Focus 1

### Launched the Family Suite with a spacious living room using our happiness research and advanced technologies

The Family Suite model proposes the concept of a new kind of living room that breaks away from the conventional "LDK" (living-dining-kitchen) concept to enable the family to spend an exciting time together in any way they like. This model draws on the results of research on houses where happiness grows the longer you live there by the Human Life R&D Institute, Japan's first-ever corporate research institution to specialize in happy living, and the company's cutting-edge technologies.

We announced the Family Suite model in October 2018 and about 30%\* of our customers have adopted it ever since. In April 2019, we added the concept of a more relaxed lifestyle for families by working on providing a spacious area under the eaves in addition to a spacious living room that offers the happiness of connecting, the happiness of being oneself and the happiness of health. We have also made the Family Suite model available to all customers irrespective of the type of construction (steel frame/ wood frame) and the interior and exterior design.

We will continue to provide new value to our customers with the company's original happiness research and advanced technologies.

\* The proportion of customers who adopted Family Suite among all the IS ROY+E contracts made from October 2018 to February 2019 (five months)



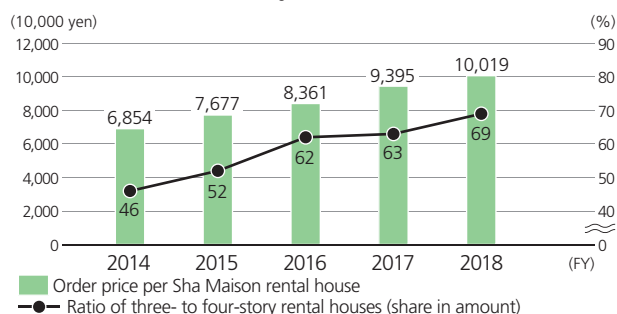
Spacious area under the eaves for relaxed lifestyle + spacious living room that connects the family

### Strategies for the rental housing business

## Growing through area marketing and high-value-added rental housing

In our rental housing (Sha Maison) business, we seek to expand orders, mainly of three- to four-story rental houses, by proposing high-value-added rental housing based on thorough area marketing in urban and other areas and leading to long-term stable management. The order price per rental house has also been rising steadily. We will strive to respond to varied needs and resolve social issues with our new construction method, Flexible  $\beta$  System, which extends greater design freedom and expands our options for space proposals, and aim for further growth in the non-housing field, including houses used as commercial properties, hotels, childcare centers, medical facilities and assisted-living complexes for senior citizens.

### Order price per Sha Maison rental house / Ratio of three- to four-story rental houses (share in amount)



BEREO three- to four-story rental housing



Celeblio assisted-living complex for senior citizens

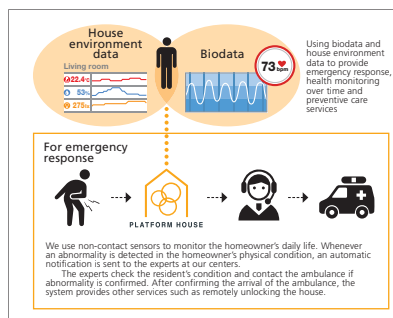
## Business Focus 2

### Launched the Platform House Concept that considers “home” as a platform for “happiness”

Sekisui House exhibited its new project, the Platform House Concept, which is based on the concept of making home the platform for happiness, at the consumer electronics show CES2019 held in Las Vegas, USA in January 2019. We seek to utilize the home as a base to expand our business by creating new services that assist the resident's lifestyle.

The Platform House will use resident data as a base to develop and propose services for creating intangible assets such as health, connections and learning. In line with our vision to “make home the happiest place in the world,” the Platform House will assist the happiness of the homeowners belonging to a society where people will have a 100-year lifespan. The first step in our efforts is health. We will provide three kinds of services: emergency response, health monitoring over time, and preventive care. At CES2019, we

presented our efforts towards emergency response. If the house can help in early detection of certain conditions, like drowning in bathtub, tumbling or falling; apoplexy or acute myocardial infarction, which have a high probability of occurring at home; and other domestic accidents, and lead to early treatment, then social cost can be reduced and quality of life can be improved. We will make wide alliances with specialized high-end companies to develop and provide services. Our efforts towards health will be continued together with NEC, NTT Comware, Faculty of Science and Technology at Keio University, Keio University Hospital, Konica Minolta, AIST and Hitachi. We will continue to expand our range of partners and complete various verification tests and clinical trials in line with our plan to launch the services of the Platform House by Spring 2020.



Providing emergency response, health monitoring over time and preventive care services with least stress to the homeowners



A scene from the CES2019 venue



The president's speech at CES2019



### Started the Trip Base *Michi-no-Eki* Project under the regional revitalization business

Sekisui House and Marriott International have teamed up with various regional communities throughout Japan to propose and provide a journey through the attractions of each region by empowering the *Michi-no-Eki* \* areas as travel hubs under the Trip Base *Michi-no-Eki* Project. In the first stage, 15 roadside hotels across five prefectures and offering a total of about 1,000 rooms are expected to open beginning in fall 2020. More properties are subsequently planned throughout the country.

This project proposes a new experience-based traveling style that is conceptualized on a quest for unexplored Japan. It will provide a taste of the resources rooted in the community, such as culture, customs, lifestyle and food, in collaboration with the local people. It aims to provide a higher level of satisfaction to travelers by enabling them to feel the connection between the region and its people, while traveling by cars, bikes or cycles to hotels located near popular *Michi-no-Eki* stations across the country. These roadside hotels, which form the core of the project, will belong to the hotel brand Fairfield by Marriott and introduce the high usability Marriott

International to Japan. The construction will be carried out by Sekisui House. The hotels will specialize in providing accommodation where travelers can enjoy a simple and comfortable relaxing time. They can also buy food and souvenirs from the *Michi-no-Eki* station and other shops in the region, enabling maximum interaction with the local community while cooperating with it.

We expect further increase in inbound visitors and diversification in domestic and foreign travel styles. We will leverage Sekisui House's strength of technologies that can build high-quality accommodations in short construction periods and Marriott International's strength of superior hospitality and global networking to help promote regional revitalization through new traveling styles while closely working with alliance partners who share our cause.

\* *Michi-no-Eki* Stations are highway rest areas where drivers and passengers can take breaks, get information on roads and the local community, buy local specialties at shops, try local eats, and even stay overnight at on-site accommodations.

#### Features of the Trip Base *Michi-no-Eki* Project

- Working with various regional communities throughout Japan, Sekisui House and Marriott International propose and provide a journey through the attractions of each region, empowering the *Michi-no-Eki* areas as travel hubs
- This project will utilize *Michi-no-Eki* stations, which have been so far a place to rest and pass by for tourists, as hubs to create a network out of dispersed regional tourist attractions, maximizing their potential and empowering regional revitalization
- Fairfield by Marriott is a global brand available all across the US and offering over 900 properties worldwide. Sekisui House will expand further into the non-housing sector by introducing this brand to Japan, combined with the superior quality and short construction periods possible with pre-engineered technologies developed through Sekisui House's housing business
- Sekisui House will be responsible for the project management. SPCs dedicated to this project funded by Sekisui House, Mizuho Financial Group and other tourism specialized funds will own the properties which will be operated by Marriott International
- A Sekisui House subsidiary will be responsible for the hotel business management and will attract the growing numbers of inbound tourists by catering to overseas tourist needs and leveraging the strengths of the Marriott International's brand
- The Trip Base project aims to become a platform for regional revitalization by working together with local governments and proactively developing alliances with partners

\* Watch the concept movie for The Trip Base *Michi-no-Eki* Project  
Sekisui House official channel:  
<https://www.youtube.com/watch?v=Es-Ffl883A4>

#### ■ Locations scheduled for first stage operations

Tochigi 3    Kyoto 3  
Gifu 4      Wakayama 3  
Mie 2

#### ■ Locations scheduled for second and third stage operations

Hokkaido    Okayama    Yamaguchi  
Shizuoka    Hiroshima    Fukuoka  
Nara        Ehime        Kagoshima  
Hyogo



In the first stage, we will open roadside hotels at 15 locations in five prefectures, with about 1,000 rooms in total, from fall 2020 onwards. We also plan to start hotels in 10 other prefectures in the second and third stages.

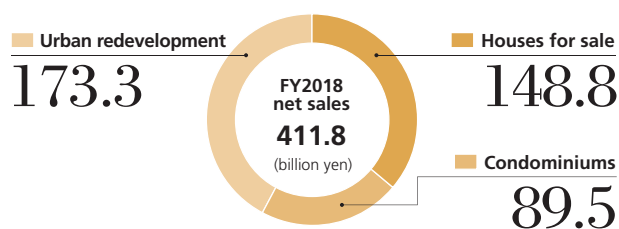


Roadside hotel

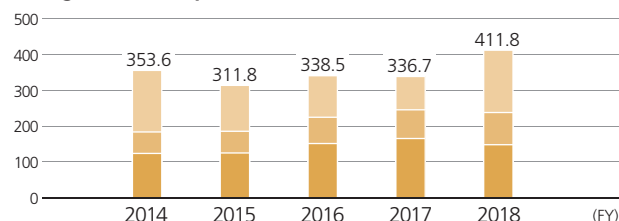
## Development Business

Houses for sale / condominiums /  
urban redevelopment

Our development business invests in the future growth of environmental creation development, aiming for stable growth through sustainable community development and an improved asset turnover rate.



Changes in development business net sales (Billion yen)



### Business Strategies

## Improving investments for future growth and rate of turnover, and enhancing exit strategies

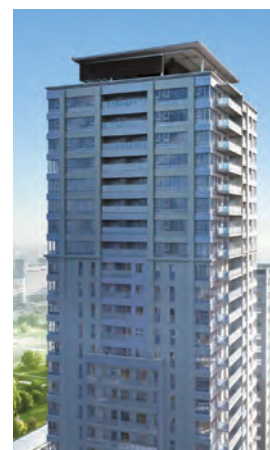
Our development business carefully selects profitable land, focusing on development that will increase our asset turnover rate. We are also promoting the development of townscapes that will increase asset value in the future. We lead our industry by actively making use of environmental technologies in our development projects.

The house sales business is involved in actively buying up land for first-time buyers and driving the high-quality development of communities to be handed down to the next generation. These communities will become even more beautiful as time passes, and are created with the goal of realizing a society where humans and nature can co-exist. We also aim to positively contribute to community formation under our own brand. We are proactively developing land with agreements to build upon it, which in turn having a ripple effect on our custom detached house business.



Houses for sale business (Fukuoka Island City, Teriha Smart Town)

In addition to engaging in exhaustive area-based strategies focused on Tokyo, Nagoya, Osaka, and Fukuoka, our condominium business makes use of the environmental technology that we have cultivated through constructing detached houses in order to actively develop environmentally-friendly condominiums. In FY2018, our accomplishments included Grande Maison Kakuouzan Kikusakacho (Nagoya City) the first condominium in Japan to meet the criteria for a complete net-zero energy housing (ZEH), and Grande Maison Uemachidai The Tower (Osaka City), in which all the units are equipped with Ene-Farms, residential fuel cells.



Grande Maison Uemachidai The Tower, in which all the units are equipped with Ene-Farms.

Our urban redevelopment business is pursuing enhanced investor value through cooperation with REITs and developing high-quality offices and rental housing. We are also developing buildings for which we predict inbound demand, such as hotels and long-term stay service apartments.

## Business Focus

### Sekisui House Asset Management, Ltd. signs the Principles for Responsible Investment (PRI)

Sekisui House Asset Management Ltd., which is responsible for the management of Sekisui House Reit, Inc.'s assets, signed the Principles for Responsible Investment (PRI) in March, 2019. The PRI involve incorporating ESG issues in investment analysis and decision-making processes, with the aims of improving long-term investment performance and ensuring that the fulfillment of fiduciary responsibilities to beneficiaries is of a higher standard than is conventional.

Sekisui House Reit, Inc. is involved in investment assets, mainly the real estate developed by the Sekisui House Group. This real estate has been well-received by various ESG certification institutes, including DBJ Green Building. The Sekisui House Group will continue to promote our development business with consideration for ESG.

Signatory of:



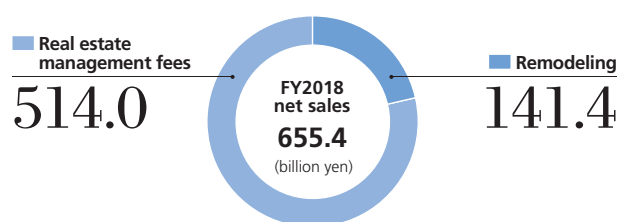


## Supplied Housing Business

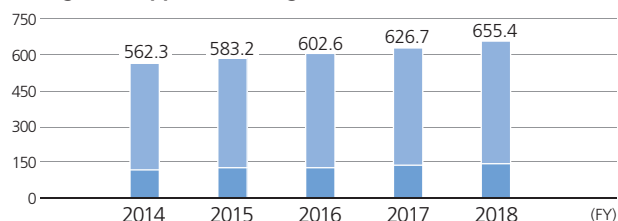
Remodeling / real estate management fees

Our remodeling business engages in remodeling and renovating housing, while our real estate management fees business is expanding real estate subletting and subleasing, management, operations, brokerage, and more.

Both businesses are optimizing the entire housing lifecycle and contributing to the creation of a recycling-orientated society.



Changes in supplied housing business net sales (Billion yen)

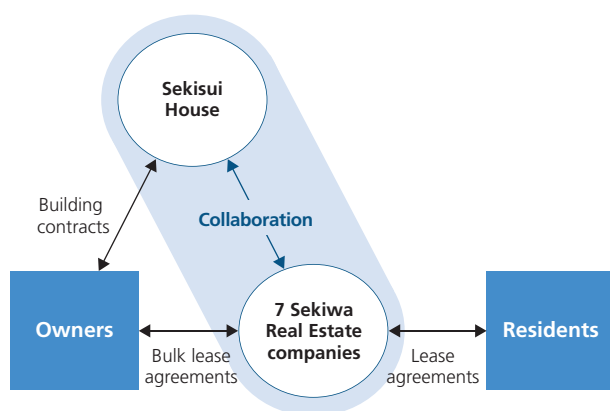


### Real estate management fees business strategies

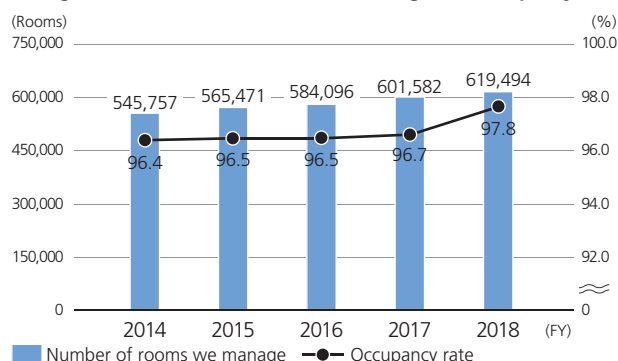
## Achieving business growth through the creation of a new market that makes use of existing housing

Our real estate management fees business maintains high occupancy rates through business development that corresponds to the occupancy needs of our high-quality rental housing. Thanks to collaboration between Sekiwa Real Estate companies and the group, bulk leasing of Sha Maison rental housing and the number of rooms we manage are steadily increasing. We are

also aiming to strengthen our profitability by making use of a price leader strategy for the rents we charge. Moving forward, we will enhance our real estate brokerage business, including SumStock, and contribute to the realization of a recycling-orientated society.



Changes in the number of rooms we manage and occupancy rate



BEREO three- to four-story rental housing



Interior of rental housing (example)

### Remodeling business strategies

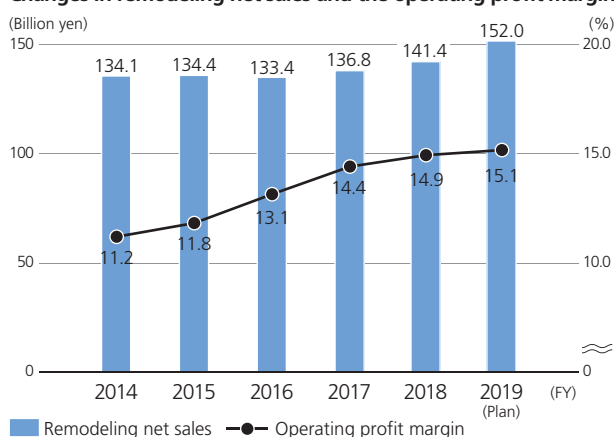
## Achieving reliable growth through proposal-type remodeling and energy-saving remodeling

Moving beyond conventional maintenance-type remodeling, our remodeling business offers proposal-type remodeling, which proposes lifestyles to allow residents to live comfortably for longer; we also provide energy-saving remodeling, for which we carry out energy-saving renovations with the aim of creating a decarbonized society, and large-scale remodeling. All of these are expanding our business. Moreover, we aim to increase orders by proposing remodeling to the owners of Sha Maison rental housing that will contribute to stable, long-term

management such as maintaining and improving rent levels and occupancy rates.

In December 2018, we launched *Idokoro Dan-netsu* (location-based heating) Green First Renovations. This is the idea of partial insulation focused on the locations where the family spend most of their time, mainly the living, dining and kitchen areas. We will carry out insulation repairs and install comfortable facilities, which will contribute to the creation of housing that helps to ensure the health and longevity of the residents.

### Changes in remodeling net sales and the operating profit margin



Proposal-type / energy-saving remodeling (example)

## Business Focus

### Expanding the business by developing a hands-on facility for people to experience the Before and After

#### An alliance with TOKYO interior

The Sekisui House Group has formed an alliance with TOKYO interior to expand our business. TOKYO interior has opened renovation booths in their Osaka, Kobe, and Fukuoka Shingu stores.

These booths enable visitors to experience facilities and housing layouts after remodeling. They also function as showrooms that can support general property remodeling as well as the remodeling of buildings constructed by Sekisui House.

#### Renovation showrooms

We have grown to have renovation showrooms in 21 locations\* around the country, where visitors can experience examples of the latest remodeling available for buildings constructed by Sekisui House. Visitors can see housing constructed around 25 years ago that has been renovated by three of Sekisui House's remodeling companies and has now been reborn, appearing as a new build. We expect to open showrooms in five further locations.\*

\* As of May 1, 2019



TOKYO interior Fukuoka Shingu store renovation booth

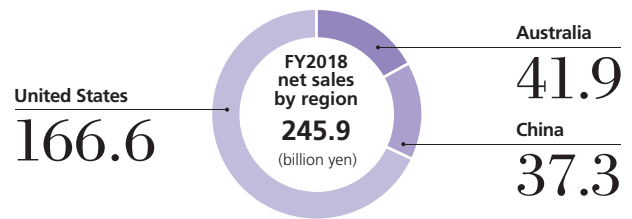


Renovation showroom

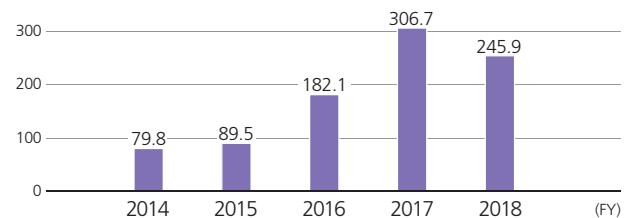


## Overseas Business

We seek to leverage the technologies and know-how developed in our domestic businesses to provide high-value-added houses and housing environments throughout the world. We will strive to create houses and communities that contribute to resolving local social issues based on the diverse climates, natural feature, cultures and lifestyles of each country or region.



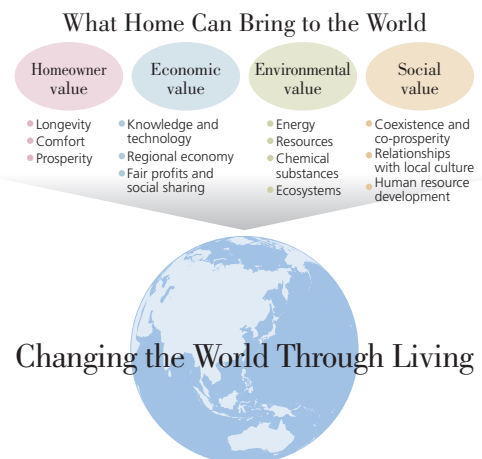
Changes in overseas business net sales (Billion yen)



### Our goals

## Contributing to sustainable development in every country and region from the perspective of the four key values

In the overseas business too, Sekisui House views housing value from the multidimensional perspectives of its four key values: environmental value, economic value, social value and homeowner value, and strives to increase the value of each. When developing business overseas, we thoroughly research the climate, natural features, culture and lifestyles in each country or region and aim to create sustainable houses and communities based on the specific requirements of the region. We will continue to respect the unchanging universal value of housing while responding to the needs of the changing times with advanced technologies to help achieve the SDGs by carrying out development (sustainable development) that will serve as an asset for the country or region.



### Business strategies

## Resolving social issues in each country by leveraging the technology and expertise developed in Japan

Sekisui House's overseas business has been growing each year, and in our ongoing Fourth Medium-Term Management Plan (FY2017-FY2019), we have positioned it as the fourth pillar of our growth strategy along with our built-to-order, supplied housing and development businesses.

We operate our business in Australia, USA, China and Singapore and expect future expansion in sustainable and stable demand for housing in all the four countries. We aim to make full use of the strengths we have developed as a leading Japanese industrialized housing company to offer highly satisfying housing suitable for each country's culture, lifestyle habits, and natural environment. We believe that our environmental technologies—including net-zero energy housing (ZEH), which take global warming and resource issues into consideration, and advanced community-building know-how, represented in the *Gohon no ki* project that considers the ecosystem around the house—can contribute

to resolving social issues faced by each country.

In our overseas business, we have mainly focused on the development business. However, we now seek to explore the possibilities of the built-to-order (e.g., custom detached houses, rental housing), and supplied housing (e.g., property management, rental housing management) businesses as well. In other words, our growth strategy for our overseas business here on involves applying our domestic strategy—expanding and strengthening these three areas: development, supplied housing and built-to-order. To expand these diverse businesses on a global scale, we will continue to focus on building trusting relationships with excellent local partners and promoting global training and education of superior local human resources that understand Sekisui House's principles and ideas to further promote localization of our business.

# Australia

Condominium business, custom detached housing business and building complex business

## Business strategies

## Further improving the quality of houses and services to expand business

In Australia, we strive to create value for society and the region through our business. For this, we offer a high-value-added housing environment for the homeowners, while building townscapes with rich natural environments, invigorating the regions, saving energy and contributing in other ways.

We are currently engaged in developing and selling residential land and condominiums, mainly in New South Wales (Sydney) in the southeastern part and Queensland (Brisbane) in the northeastern part of Australia. Apart from development of residential land, the custom detached houses business is also picking up in the suburbs of Sydney.

The high quality of the intrinsic basic performance of our houses and their environmental performance, as well as the high quality of our services, have been well received in the market and our brand recognition has been rising every year. With these achievements as stepping stones, we will focus on further improvement in quality and expansion in services to work toward sustainable business growth in the Australian market.

### Areas of operation

Australia

Brisbane

Sydney



The Hermitage, Sydney



West Village, Brisbane

## Business Focus 1

### SHAWOOD *Shinka* House based on ZEH specifications

In the residential land sales project, the Hermitage (230ha, about 1,800 plots), which is under development in the suburbs of Sydney, we are promoting sales of the Australian version of our ready-built SHAWOOD houses that meet local needs to spread the original SHAWOOD wooden-frame houses in the market.

We will maintain Japanese quality in all aspects of design, technology, construction and sales. Our standard specifications will significantly surpass the standard sustainability indicators expected in local houses, including high insulation and airtightness. We will also add photovoltaic systems and other features to the standard specifications to build *Shinka* House, a SHAWOOD model based on ZEH specifications, and work toward the commercialization of ZEH in Australia.

We will continue to strengthen the SHAWOOD brand in



*Shinka* House model based on ZEH specifications

collaboration with the company's and other domestic research institutions, local suppliers and the Product Design & Development Department.

## Business Focus 2

### Strengthening human resource development as a growth strategy

The employee turnover rate in Australia far exceeds that of Japan. With the working conditions of the country in mind, we not only disseminate information from Sekisui House in Japan, but also focus on encouraging communication within the company in our offices in Australia. We constantly share Sekisui House's ideas on the housing business, the four key values to achieve them, details on our CSR activities and other information through email. We hold quarterly events in the company to nurture the Sekisui House mindset and business visits to across various departments, including those at our Japan headquarters. This has invigorated communication between employees, and employees and management, and expanded mutual understanding. The turnover rate has fallen significantly since we began operations.

Moreover, as part of our efforts to develop human resources recruited locally, we also started an education and training program in entire Australia. We design and offer local training programs for human resource development and skill improvement based on surveys about the needs of each department.



# United States — Community business, multifamily business and homebuilding business

## Business strategies

## Strengthening housing proposals for highly environment-oriented customers

We are operating our master-planned community business and multifamily business in the US market in collaboration with excellent local partners. In 2017, we also entered the homebuilding business. We are contributing to raising housing value, in addition to promoting energy-saving housing and environmentally conscious development.

In the community business, we offer community building and houses for sale in suburbs from which people can easily commute for work to the areas where workplaces are concentrated in the country. We are working on various projects by leveraging our rich experience.

In the multifamily business, we are developing rental apartments in city centers and easily accessible locations for working members of the family who wish to live close to their workplace in big cities. Many projects are underway in the western parts of US.

We also entered the homebuilding business with the acquisition of Woodside Homes, a major home builder with housing sales

records of more than 40,000 units in western US. Amid advancement in environment-related regulations and growing interest in sustainable housing environment in the US, we will strive for further expansion in the country by developing and spreading the US version of ZEH using our strength in technology for eco-friendly homes and introducing prefab housing suited to local needs.



Skystone in Summerlin, Las Vegas

\*Woodside Homes



Union Denver, Denver



We offer Woodside Homes at locations marked with ● (four states, six locations)

## Business Focus 1

### Promoting development of housing and residential land in response to climate change

The global impact of climate change (extreme weather) in recent years has increased people's expectations for measures against natural disasters in houses and residential land. In our business in the US, we have been developing residential land where damage from natural disasters like heavy rainfall or hurricanes can be minimized. This has enabled us to limit damage to communities that comprise our houses, even in areas directly affected by the long spells of rainfall and hurricanes that occurred in recent years in the southern regions facing the Atlantic Ocean.



Cinco Ranch, Houston

## Business Focus 2

### We received the Best Community Award in Florida and became the most trusted brand in all of US

We received the Grand Aurora Award for Best Community in the southeastern region for Bexley, which is in Tampa, Florida. Our community business has also been highly praised for Bexley Club, which serves as an oasis for the residents. Launched in fall 2016, this business offers various lifestyles, from townhouses to luxury houses.

Woodside Homes featured among the top four brands in the US in the home builder category as the most trusted brand in the country. This has contributed to maintaining employee motivation and skill improvement in services.



Bexley, Tampa

# China

—Townhouse and condominium business

## Business strategies

## Building houses from the homeowner's perspective

In China, we operate our townhouses and condominiums business under the brand “Yuqin” in the cities of Taicang, Suzhou and Wuxi on the outskirts of Shanghai and in the northeastern city of Shenyang.

It is common in the Chinese housing market to sell just the skeleton of the house. We provide houses with high-quality interiors and storage because we thought it essential for housebuilding to take care of the interior design as well.

China has been focusing on environmental issues in recent years. Therefore, we are striving to reduce harmful chemicals, such as formaldehyde, using building materials that have cleared strict standards and technology for better ventilation to provide healthy and safe living environments.

We design projects from the homeowners' perspective, using the strengths developed in Japan, such as high-quality construction, environmental technology and after-sales services, while respecting local culture and customs. Our brand is gradually gaining recognition in the local market for living comfort and high quality.

We will continue to offer safe, reliable and comfortable housing to protect the resident's lifestyle and the buildings forever.



Taicang Yuqin Garden, Taicang



# Singapore

—Condominium business and building complex business

## Business strategies

## Generating new value in society along with local partners

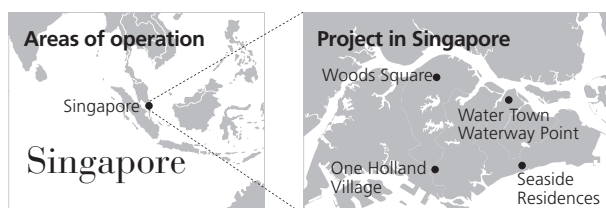
We are engaged in the building complex business, including retail malls and offices, centered on condominium development, in collaboration with leading local developers. We will share our ideas on community and house building with local partners and offer them as added value.

We are working on three building complex projects – Woods Square, which are characterized by offices of unique designs and building complexes with commercial facilities; Seaside Residences, which incorporates our design ideas such as living room closet; and One Holland Village, a housing design that incorporates the idea of slow living. Water Town, which includes houses for sale, and Waterway Point, a commercial facility, are part of our building complex business in which we have sold out all houses and own and run commercial facilities with partner companies.

We will strive to create new value in Singapore by sharing our ideas, which focus on the homeowners' perspective, with local partners.



Woods Square, Woodlands





# Analyzing risks and opportunities from a

The external environment surrounding businesses is becoming increasingly complex, with the speed of technical innovation and social system change accelerating. In these circumstances, a company's existing and potential ability to create value is subject to a variety of influences.

Having analyzed the risks and opportunities should these megatrends be accepted as part of the business environment, we are formulating measures from the perspective of sustainability and the SDGs, and focusing our efforts on these. In addition, in relation to climate change, in FY2018 we promptly endorsed the TCFD\*, and analyzed scenarios according to its recommendations and are taking concrete steps to evaluate risks and opportunities, and reflect their impact on our business activities.

## Risks and opportunities relating to the environment, and the economy and society












	Megatrend	Business environment	Risks
Environment	Climate change	Acceleration of the trend of decarbonization due to concerns about global warming	Impact on lifestyles caused by extreme heat ★
			Impact on business (production and construction sites, etc.) caused by extreme heat ★
			Impact of increasingly severe natural disasters ★
			Introduction of carbon tax
	Ecosystem conservation	Responses to ecosystem change due to global warming	Changes in vegetation regions and adaptive areas for plants used for afforestation
		Demand for effective use and re-use of water resources	Demand for the introduction of water conservation business and facilities
	Resource recycling	Demand for effective use and re-use of resources	Demand to realize higher quality recycling
		Change in awareness, moving towards a society without plastic	Increased processing costs for plastic waste materials derived from fossil fuels
Economy and society	Economic and policy changes	Promotion of workstyle reforms	Reduced workforce due to declining employee satisfaction, turnover, and working-hour regulations should reforms not go ahead
		Accepting foreign workers	Turnover and reduced productivity due to worsening working conditions
		Extension of loan deduction, expansion of housing benefit	End of support measures to buy housing
		Increase in consumption tax	Reactionary fall due to rush demand, move away from home-owning
	Globalization	Acceleration of business globalization	Intensification of competition
		Increase in foreign visitors to Japan	Lost opportunities due to an inability to respond to need
		Inadequate number of hotel rooms	Lost opportunities due to an inability to respond to the needs of the new generation
		Social participation of the millennial generation	Lost opportunities due to an inability to respond to the needs of the new generation
	Changes in population movement	Coming of a super-aged society	Accidents in the home, lack of care support
		Total population reduction	Decline in the number of new home starts, decline in the occupancy ratio of properties under management, increased severity of the problem of unoccupied houses
		Concentration of population in urban areas	Decline of rural areas
		Escalation of the issue of daycare waiting lists	Delay in employees returning to work
		Coming of a long-lived/high death rate society	Increasing complications and trouble with asset inheritance
		Rising health consciousness	Preemptive competition over advanced health-related technology
	Technological innovation	Coming of an IoT/AI age	Loss of business opportunity, rising necessity for security measures
		Development of robotics technology	Discontinuation of passing on construction techniques

# sustainability perspective

## \* TCFD

The TCFD (Task Force on Climate-related Financial Disclosures) is a subordinate organization of the Financial Stability Board (FSB), made up of the governors of central banks and Finance Ministers from different countries. It is a private-sector-led task force that recommends effective climate-related financial disclosures to companies to encourage investors to make appropriate investment decisions; the TCFD seeks to ensure that companies understand the scale of the impact of climate change risk, and the financial impact it will have on corporate management.

When carrying out TCFD scenario analysis, we have constructed an internal, cross-organizational project and are clarifying high priority areas with the cooperation of outside experts (marked with a ★ below).

	Opportunities	Policies and initiatives	The main SDGs targeted
	Promoting the popularization of net-zero energy housing (ZEH) ★ Promoting the popularization of net-zero energy buildings (ZEB)	Strengthening the Green First ZERO product strategy Promoting ZEB in the non-housing sector Popularizing and expanding environmental reforms Promoting ZEH in housing complexes	 
		Strengthening occupational health and safety	
	Popularizing highly durable homes, etc.	Strengthening the weather resistance capabilities of housing (rainfall assumed in designs, etc.) Inclusive, safe and strong community development	
	Introducing and expanding renewable energy ★	Launching Sekisui House Owner Denki Introducing internal carbon pricing	 
	Proposals for effective arrangements for shrubs and trees	Increasing greening through the fulfillment of the <i>Gohon no ki</i> indigenous landscaping concept	
	Popularization of water-saving housing facilities	Popularizing and expanding environmental reforms	
	Promotion of recycling business through the use of high-level, thorough sorting and "wide-area certification"	Expanding Zero Emissions	
	Improved productivity due to better employee satisfaction, recruitment of talented personnel	Introducing IT, improving working environment by offering leave for men who want to care for their children	
	Ensuring a good-quality workforce due to improvements in working environment	Workstyle reforms, promoting diversity	
	Increased orders due to appropriate funding advice	Business strategy via four business domains	
	Development of international business	Overseas business strategy	
	Capturing overseas visitor demand	Development business strategy, Trip Base-related business	
	Expanding digital marketing opportunities	Technological innovation and alliances	
	Expanding Platinum Business, providing health-conscious housing	Assisted-living complexes for senior citizens, smart universal design	 
	People selecting good-quality housing	High-value-added built-to-order business, supplied housing business	
	Increased need for regional revitalization	Rental housing area strategy, Trip Base <i>Michi-no-Eki</i> Project	
	Increased opportunities for preschool intake, improved child support systems	Built-to-order business (non-housing), promoting diversity	 
	Increased distribution of existing housing and need for real estate management trusts	Cooperation with Sekiwa Real Estate and Sekisui House Trust, promoting SumStock	
	Promoting the sale of housing that contributes to health	Platform House concept, alliances, deepening technological development	
	Providing highly convenient housing		
	Improving construction efficiency	Developing exoskeletons	



# Maximizing value for customers using our

Unlike general consumable goods, the value sought from houses varies significantly from one customer to another. Sekisui House itself must continue to exist by engaging in sustainable management if it wishes to provide “comfortable living—now and always” to its customers in response to changes in housing environment, changes in the needs and mental or physical conditions of the homeowners and changes in buildings due to age. To this end, it must incorporate a business mechanism that can continue to provide services.

All companies of the Sekisui House Group will strive to maximize value for customers by leveraging the group's core competences (unique strengths) throughout the value chain.

We will demonstrate the merits of in-group alliances, while dividing functions efficiently and working flexibly.

## Technical Capabilities

—— Housing innovation

### **Tangibles** Predicting future trends with the basic features important for housing

Japan faces numerous natural disasters. Therefore, houses serve as shelters that protect our customers' lives and properties and must be equipped with various basic features such as earthquake resistance, durability, shock resistance, and fireproofing. At Sekisui House, we constantly predict future trends and develop various features at our advanced research facilities to increase safety, reliability, and comfort for our customers. We develop technologies required for housing from all angles. These include safety in the event of major earthquakes, durability (carried out by checking the housing components), features that ensure a healthy and comfortable lifestyle, and universal design that is verified by ergonomic experiments. We also focus on building eco-friendly housing. For this, we have developed the Green First ZERO net-zero-energy housing and the Airkis high-quality indoor air system. We actively propose the *Gohon no ki* indigenous landscaping concept to contribute toward protecting eco-systems.



Explaining the SHEQAS seismic control system

### **Intangibles** Pursuing happier homes through research and proposals on new lifestyles

We have been conducting universal design research based on lifelong housing, a concept we initiated more than 30 years ago. This research helps produce a safe and comfortable living environment for everyone, underpinned by the achievements of ergonomic experiments. Our KidsDesign *Kodomo idokoro* houses were born from research to foster children's healthy growth by considering space from their perspective. We are also looking into offering other new lifestyle concepts, such as *Oishii365*, which proposes interior designs centered around happy dining; *Shuuno 3 Shimai* that attempts to resolve storage problems in houses; *Dear One* for those who live with pets, *Tomoie* for families where both husband and wife work; and *Otona House awai* for elderly couples.

Additionally, we opened the Human Life R&D Institute in August 2018, becoming the first Japanese company to study happiness. The institute began research on houses where happiness grows the longer you live there and strives to raise

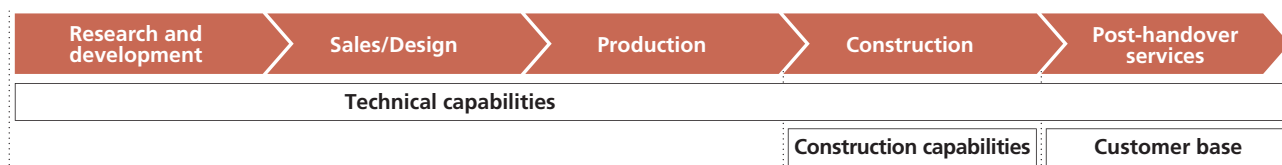
the intangible value of feeling happy, manifested in familial bonds, health, life purpose, individuality and enjoyment.



An example of KidsDesign *Kodomo idokoro*

# core competences

## Displaying our core competences (unique strengths) in the value chain



We will demonstrate our core competences throughout the value chain, from research and development of latest housing technology to post-handover services, by combining the strengths of all group companies.

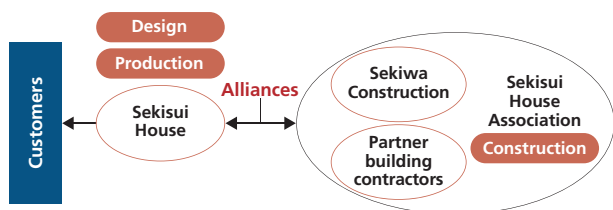
## Construction Capabilities

— Unique project accountability system through alliances between group companies

### Project accountability from wholly owned subsidiary Sekiwa Construction and partner building contractors

Controlling the quality of onsite construction is an extremely important process to ensure that our characteristic detached housing is designed, manufactured, and constructed to match each customer's taste.

Therefore, we created a project accountability structure to ensure proper construction quality. The Sekisui House Association, which includes the wholly owned 18 Sekiwa Construction companies and partner building contractors, constantly strive to improve their skills through training and other activities. The Sekisui House Group's proprietary IT system helps plan construction schedules and visualize information on inspections as well as progress in construction works. These are continually shared with the Sekisui House Association to thoroughly manage quality.



Sekisui House Association

## Customer Base

— Lifelong support for homeowners through post-handover services

### Long-term support to maintain and improve asset value of houses

Many housing companies consign after-sales services to an outside contractor after handing over a property. However, Sekisui House considers appropriate after-sales services that ensure security, safety and comfort for customers to be an intrinsic part of a house's value. For this reason, we have established Customer Service Centers throughout Japan where 1,450 employees, about 10% of the total number, take care of after-sales services. We also centrally manage information related to customer housing in our company-wide system.

We use questionnaires and other tools to solicit customer feedback after they move in and harness the responses as an important source of information for product development and service improvements.

We also provide a wide range of services from small-scale remodeling to large-scale renovations to deal with aging buildings and changes in customer lifestyles. These services are provided for detached houses by the three companies that comprise Sekisui House Remodeling and for rental housing Sha Maison by the seven companies that make up Sekiwa Real Estate. We also respond to customer needs during rebuilding and relocation through in-group alliances.



Visit from after-sales service in-charge



# Creating economic and social value with

The Sekisui House Group is building business models to create value for various stakeholders. We invest the profits and value we generate by collaborating with group companies for future growth using our core competencies, which are our unique strengths, and the expertise of each company. We seek to create further value for society and stakeholders in each aspect of ESG. We believe that we can achieve sustainable development by brushing up this business model.

### Investment and activities aimed at value creation

(Figures show FY2018 results)

¥6,041 million

spent on research and development to further strengthen technical and construction capabilities

Technical and construction capabilities are our core competencies. Therefore, we strive to improve these at all times. We are particularly focused on developing new businesses, such as the platform house concept, and streamlining construction, which suffers from severe aging and shortage of labor. From basic research to commercialization of products to vitalization of existing residential land and other urban development, we are engaged in research and development in collaboration with universities and other companies.

¥15,892 million

invested in IT environment upgrades to improve productivity and innovate workstyles

The group constructed a system based on the usage of big data to centralize the management of residence information related to customer proposals, construction and after-sales services. As a result, we have shortened construction time, substantially reduced cost and trained human resources. We are also reforming workstyle by enabling employees to carry out major operations on smart devices. This has led to greater work-life balance by increasing productivity and widening the range of operations that can be completed on the go.

We are also visualizing our capabilities using IT for design, site supervision and other purposes.

About 720,000

requests and consultations handled annually to ensure customer satisfaction

Approximately 10% of Sekisui House employees—1,450 people—work at the customer service center in the after-sales service division. The service center dispatches customer support desks and service in-charges to 95 sites across Japan, conducting periodic inspections and responding promptly to requests and consultations from customers.

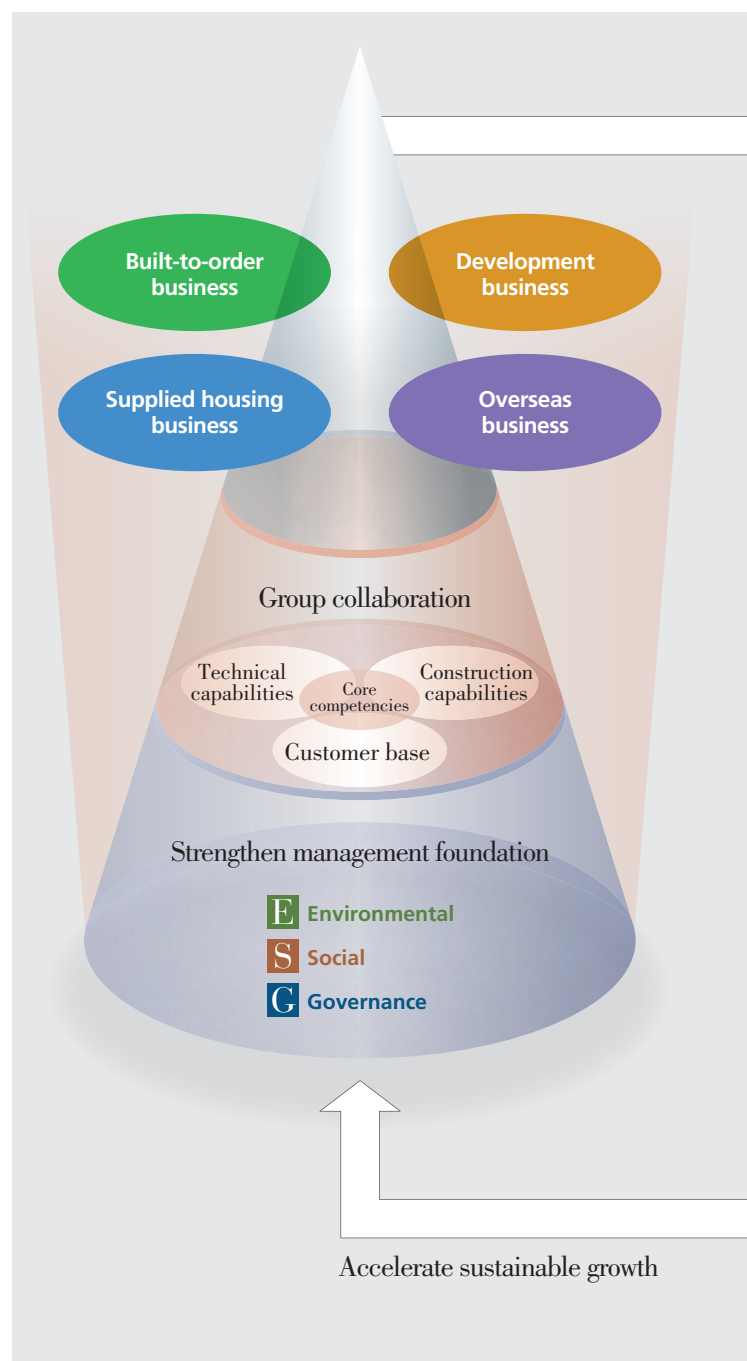
We also make various proposals on maintenance and other matters and conduct monthly “LOHAS visits” during the first year after detached housing customers move in. This is to provide information on seasonal care so that customers can enjoy a long stay and experience “comfortable living—now and always.”

¥848 million

invested in employee training to cultivate professionals with a deep sense of humanity

The Sekisui House believes that its mission is to develop the skills of diverse human resources, harness those to create high added value and become a corporate group needed by the world. To cultivate professionals having a deep sense of humanity who understand what customers want from housing and make their wishes a reality, we systematically conduct a variety of trainings for all levels and positions.

### Business model



# unique business models

## Providing houses and building of value

We achieve high customer satisfaction by providing high value-added housing (such as Green First ZERO) that deliver comfort, economy and eco-friendliness.

## Building a solid customer base

We have been leading the housing industry for more than half a century, developing businesses specialized in housing and building a solid customer base by delivering the largest number of detached and rental housing units in the world.

## Supplied housing business expansion

We are expanding real estate management fee, remodeling and other supplied housing businesses in response to societal changes by applying our strengths of a solid customer base and in-group collaborations.

## Investment for future profits

We invest profits earned from business activities in human resource development, IT (for operational efficiency and cost reductions), overseas business and other forward-looking activities.

## Primary value creation and impact on society

(Figures show FY2018 results)

Approximately **25,000** man-hours reduced by streamlining construction

We are striving to increase productivity at construction sites to cope with expected shortage of construction workers and diversifying workstyles on-site. We identified issues and took steps to deal with them using "things," such as improvement in construction methods by developing new components and combining materials, and "structures and people," such as improvements in process management and design as well as the environment of the construction sites. As a result, we drastically reduced man-hours in comparison to FY2017. We will continue to focus on reducing man-hours to achieve shorter construction periods and greater customer satisfaction.

¥ **73.5** billion worth of non-housing orders to help resolve social issues

We are receiving an increasing number of orders for constructions that contribute to resolving social issues. These include accommodations to cope with the increase in inbound visitors and regional vitalization, care facilities for the growing needs of the elderly, assisted-living complexes for senior citizens, group housing to support the daily life of persons with disabilities, kindergartens for waitlisted children and medical facilities to support residents returning to Fukushima. We respond to varied needs through increased design freedom levels, space proposal capabilities and environmental technologies.

Additionally, our original construction method Flexible B System, with shorter construction time and lower costs as compared to RC constructions, got us orders worth ¥50 billion out of the ¥73.5 billion worth of orders received.

Rate of insulation reforms **13.1**%

Sekisui House has about 405,000 existing houses that were constructed before 1996 and fall short in insulation capabilities. These houses do not have adequate insulation. Repairing the insulation function in these houses is not only important to increase comfort but also for decarbonization. We have conducted a total of 53,000 insulation reforms, achieving an insulation reforms rate of 13.1% (0.8-point increase year-on-year) for existing houses. We are promoting proposals such as *Idokoro Dan-netsu* (location-based heating) and seek to achieve the target rate of 15% set for 2020.

Customer satisfaction level **95.9**%

In questionnaires submitted one year after moving in, the total ratio of very satisfied (42.3%), satisfied and somewhat satisfied homeowners has hovered around 95% for the past several years. The questionnaire results are analyzed in detail and incorporated into the PDCA cycle.

Number of employees acquiring qualifications **2,821**

We are focusing on fostering professionals by establishing in-house standards for chief architect, chief constructor, platinum specialist, building and design specialist and others, in addition to first-class architect and other public qualifications, and encouraging employees to acquire them.



# Improving financial Indicators by

We established four key values in 2005: environmental value, economic value, social value and homeowner value.

We have continued to grow ever since through business activities that pursue these values by creating products and services that solve the issues of the times and respond to customer needs.

The company's growth trajectory in recent years is presented below in the form of major financial and non-financial data.

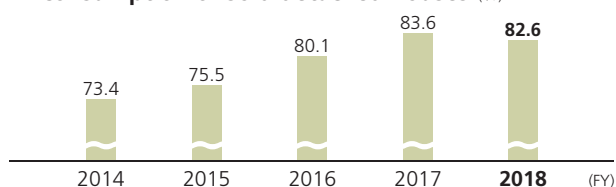
It shows that our efforts to create environmental and social values have led to improvements in financial indicators.

We will continue to generate values sought by society by striving for a balanced business with sustained growth.

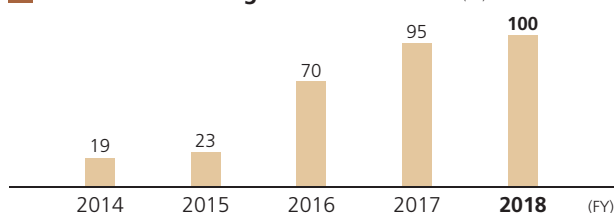
		FY2010	FY2011	FY2012
<b>Business performance</b>	Net sales	1,488,369	1,530,577	1,613,816
	Operating income	56,354	70,897	86,196
	Ordinary income	56,271	70,075	91,767
	Net income attributable to owners of parent	30,421	28,962	46,458
	Earnings per share (EPS)	45.02 <sub>yen</sub>	42.90 <sub>yen</sub>	69.17 <sub>yen</sub>
	Return on equity (ROE)	4.2%	3.9%	6.0%
	Operating income ratio to net sales	3.8%	4.6%	5.3%
<b>Financial status</b>	Total assets	1,341,308	1,445,828	1,539,272
	Net assets	738,029	750,374	814,063
	Shareholders' equity ratio	54.9%	51.4%	52.4%
<b>Dividend</b>	Dividends per share	21.00 <sub>yen</sub>	20.00 <sub>yen</sub>	28.00 <sub>yen</sub>
	Total dividends	14,193	13,477	18,811
	Dividend payout ratio	46.6%	46.6%	40.5%
<b>Shared value</b>	Total market value (year-end)	540,831	484,650	680,946
	Average sales price of detached houses (10,000 yen)	3,172	3,311	3,344
	Average sales price of rental housing (10,000 yen)	5,138	5,263	5,519

## Non-financial data

### **E** CO<sub>2</sub> emissions reduction rate of the daily energy consumption of sold detached houses (%)

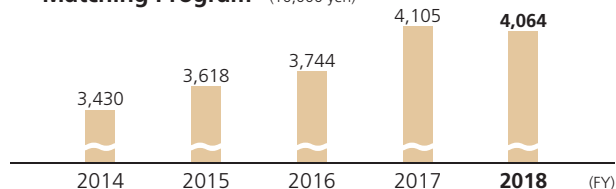


### **S** Rate of men taking childcare leaves\* (%)



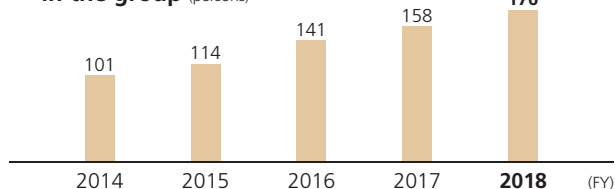
\* Number of employees taking parental leave/number of births; the value for FY2018 is 100% as the number of employees taking parental leave exceeded the number of births (555)

### **S** Grants through the Sekisui House Matching Program\* (10,000 yen)



\* Program for joint donations with employees

### **S** Number of women in managerial positions in the group (persons)



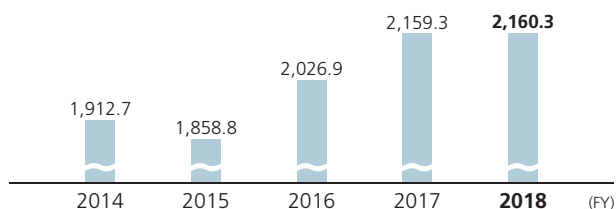
# creating value sought by society

(Million yen)

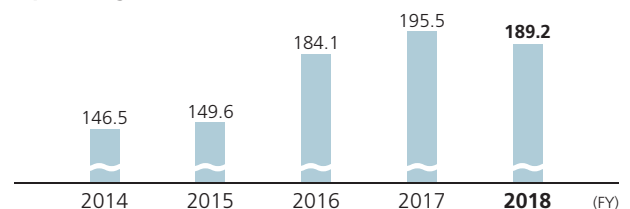
FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
1,805,102	1,912,721	1,858,879	2,026,931	2,159,363	2,160,316
131,930	146,595	149,645	184,164	195,540	189,223
137,794	156,426	160,589	190,989	203,678	195,190
79,801	90,224	84,302	121,853	133,224	128,582
118.63yen	130.91yen	120.16yen	175.48yen	193.06yen	186.53yen
9.2%	9.0%	7.9%	11.3%	11.6%	10.8%
7.3%	7.7%	8.1%	9.1%	9.1%	8.8%
1,769,005	1,929,409	2,029,794	2,184,895	2,419,012	2,413,053
941,415	1,079,064	1,068,428	1,118,264	1,208,121	1,196,923
52.6%	55.4%	52.1%	50.5%	49.4%	49.0%
43.00yen	50.00yen	54.00yen	64.00yen	77.00yen	79.00yen
29,200	34,799	37,832	44,243	53,151	54,454
36.2%	38.2%	44.9%	36.5%	39.9%	42.4%
985,007	1,059,072	1,329,946	1,297,656	1,379,985	1,123,050
3,450	3,565	3,700	3,729	3,807	3,875
6,128	6,854	7,677	8,361	9,395	10,019

## Financial data

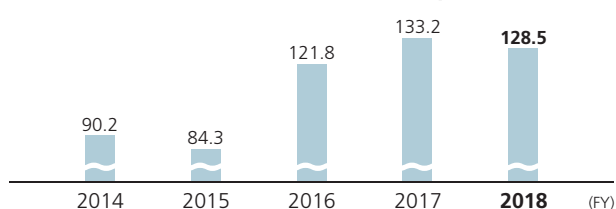
Net sales (billion yen)



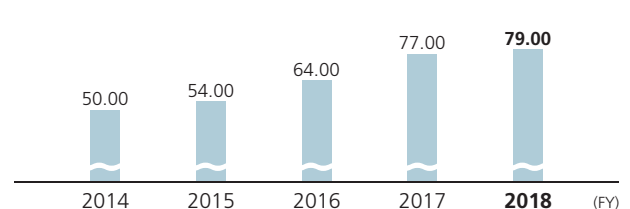
Operating income (billion yen)



Net income attributable to owners of parent (billion yen)



Transition of dividends (yen per share)

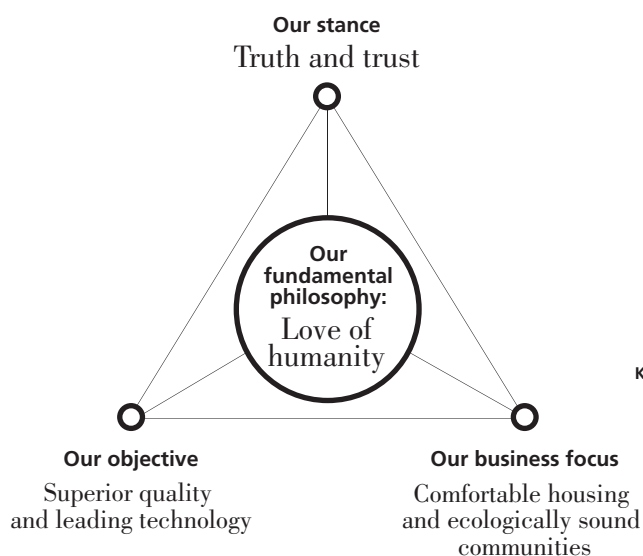




# Promoting sustainable management through

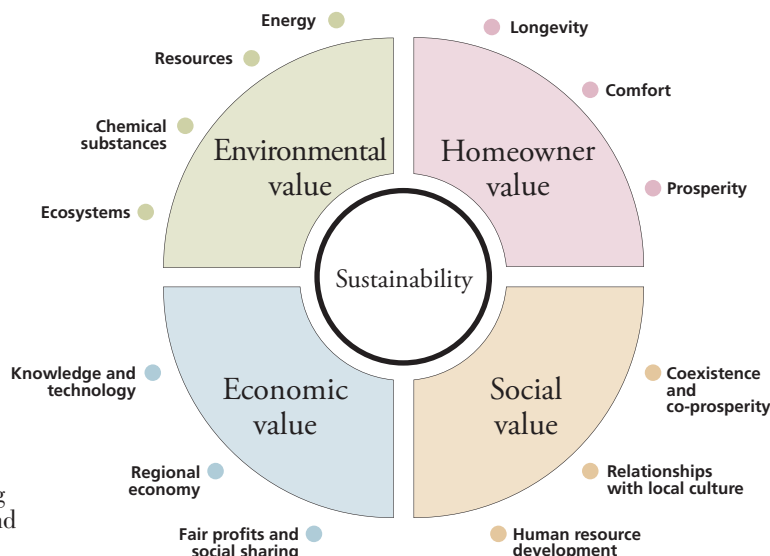
The Sekisui House Group creates and provides value in response to societal changes and needs based on its corporate philosophy. Our value creation has always been based on our Sustainable Vision, which was established in 2005. With management that balances our four key values—environmental value, economic value, social value and homeowner value—based on the 13 guidelines that embody them, we confidently make use of synergies to generate a major driving force.

## Corporate Philosophy



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.

## 4 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.

Actions taken by Sekisui House	<p>1960 <b>Sekisui House established</b></p> <p>1979 <b>Conducted the housing industry's first full-scale vibration experiments</b></p> <p>1981 <b>Built Japan's first model house for people with disabilities</b></p>	<p>1982 <b>Launched the PSH-21 (passive solar house) utilizing natural energy</b></p> <p>1989 <b>Formulated a corporate philosophy</b></p> <p>1996 <b>Launched the Centrage Σ model, a first in the housing industry to provide multi-layered high-performance heat insulating glass as a standard component</b></p>	<p>1999 <b>Announced the Environmental Future Plan</b></p> <p>2001 <b>Launched the <i>Gohon no ki</i> indigenous landscaping project</b> <b>Began uniform use of Fc0 and E0 materials in finishing materials for interiors as a countermeasure for sick building syndrome</b></p> <p>2002 <b>Achieved zero emission at all our factories, Incorporated standardized crime prevention specifications in all homes</b></p>	<p>2003 <b>Incorporated next-generation energy-saving systems as standard equipment in all newly built detached homes</b></p> <p>2004 <b>Began systematic initiatives toward disaster-ready housing</b> <b>Launched sales of energy-saving and disaster-ready housing</b></p> <p>2005 <b>Announced the Sustainable Vision</b> <b>Formulated the Urban Development Charter</b></p>
	<p>High growth period of Japan</p> <p>Oil shock</p> <p>1981 New seismic design standards introduced in Japan</p>	<p>1985 Vienna Convention for the Protection of the Ozone Layer adopted</p> <p>1992 Earth Summit held in Brazil</p> <p>1993 Environmental Basic Act comes into force in Japan</p>	<p>1995 Great Hanshin-Awaji Earthquake</p> <p>2000 Housing Quality Assurance Act comes into force in Japan</p> <p>2002 "New National Biodiversity Strategy" determined Construction Materials Recycling Act comes into force in Japan</p>	<p>2004 Niigata Prefecture Chuetsu Earthquake</p> <p>2005 Kyoto Protocol takes effect</p> <p>2006 Basic Act for Housing comes into effect in Japan</p>

# our four key values

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

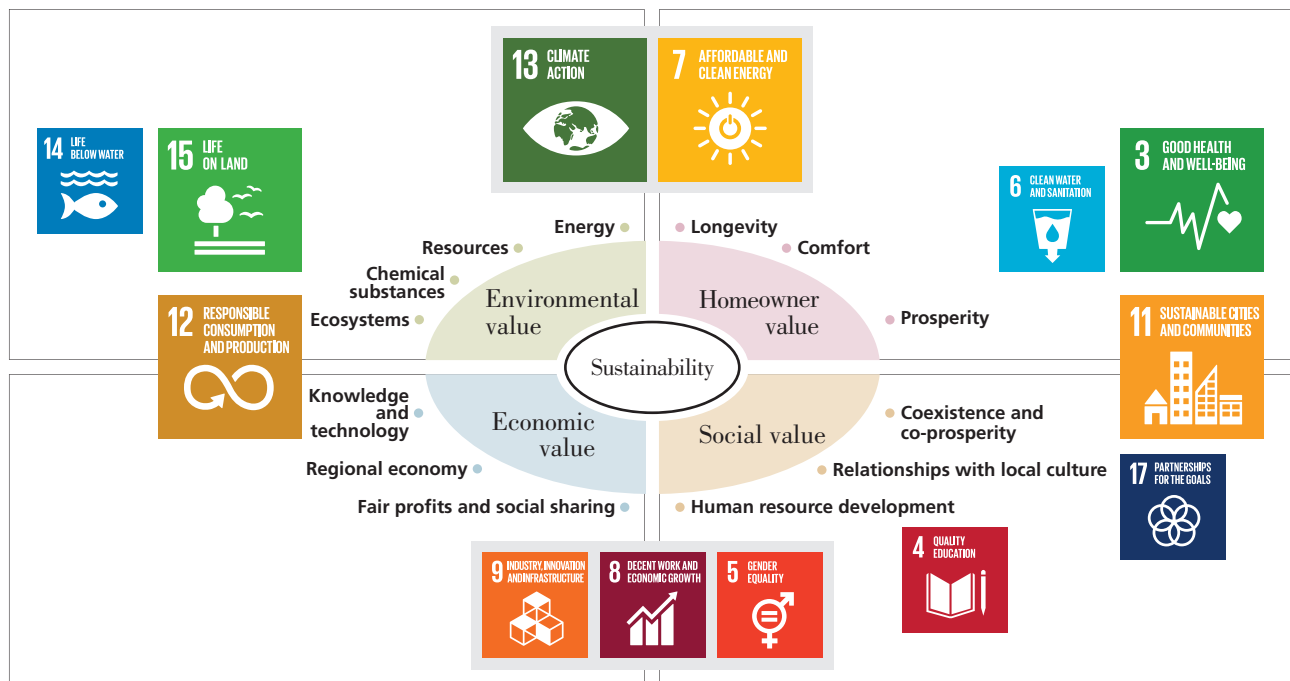
The direction of the 4 Key Values and 13 Guidelines established in our Sustainable Vision in 2005 corresponds with the SDGs\*<sup>1</sup>, which are common goals for the international community adopted by the UN in 2015. We were one of the pioneering companies to deal with “sustainability” head on at the time and have been advancing it ever since.

Social issues are expected to become even more global and complex in times to come. It will be increasingly important to achieve the SDGs and Society 5.0\*<sup>2</sup> to resolve those issues. We will continue to achieve the targets set in the SDGs through our businesses by carrying out steady and innovative activities to add value.

\*1 SDGs: Acronym for Sustainable Development Goals

Common goals for the international community, including both developed and developing nations, that aim for sustainable development with respect to society, the economy and the environment, adopted by the General Assembly of the United Nations in September 2015.

\*2 Society 5.0 refers to a future-oriented society that optimizes people's lives and entire society by making the most of new technologies, such as IoT, AI and robots.



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

2007  
Formulated Wood Procurement Guidelines  
Introduced the SHEQAS seismic control system

2008  
Made the Eco-First Promise  
Cooperated in the construction of a Zero Emissions House for the Toyoko Summit in Hokkaido  
Announced the 2050 Vision

2009  
Launched the Green First model of eco-friendly homes

2010  
Commemorated 50th anniversary  
Achieved the milestone of 2 million homes

2011  
Launched the Green First HYBRID model  
Launched the Airkis high-quality indoor air system

2013  
Launched the Green First ZERO model that promotes energy-neutral housing

2014  
Launched Disaster Risk Reduction Factory of the Future

2015  
Signatory to the Global Alliance for Buildings and Construction at COP21  
Paris Agreement Compliance Declaration

2016  
Higashi-Matsushima City Disaster-Ready Smart Eco-Town  
Commenced operation of the electronic management system

2017  
Became the first firm in the Japanese construction industry to join the RE100 initiative

2018  
Joined the TCFD declaration  
Received accreditation for SBT Initiative  
Began implementation of paid childcare leaves system for men  
Started research on “houses where happiness grows the longer you live there”

2007 Niigata Prefecture Chuetsu Offshore Earthquake

2008 Lehman Shock causes global financial crisis  
Hokkaido Toyoko Summit held

2009 Japanese government launches Long-Life Quality Housing Certification Program

2010 10th meeting of the Conference of the Parties to the Convention on Biological Diversity (COP10) held

2011 Great East Japan Earthquake

2015 Third session of the United Nations World Conference on Disaster Reduction held  
Adoption of Paris Agreement  
United Nations formulates sustainable development goals (SDGs)

2016 Kumamoto Earthquake

2017 The GPIF selected three ESG indices

2018 The Katowice Climate Package adopted at COP24  
1.5-degree C Special Report announced by IPCC



# Toward 2050: Creating Environmental and Social Value, Leading





In 2008, the Sekisui House Group announced its 2050 Vision that aimed to eliminate CO<sub>2</sub> emissions from housing and we quickly shifted management focus to decarbonation. Amid changing social systems and rapid technological innovations, we laid down a long-term vision in FY2016 to gear up for 2050, preparing for future environmental changes and being aware of the timeline of a wider range of business domains.

In FY2017, we announced medium-term initiatives for 2030 to share our path of progress with customers, employees, long-term investors, suppliers and other stakeholders who are interested in the group's achievements of long-term value.

## Sustainability Vision 2050

Our Goals	Main Actions Taken	
 <p><b>Leading the Way to a Decarbonized society</b></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>	<ul style="list-style-type: none"> <li>• Announced the Eco-First Promise (2008)</li> <li>• Launched the Green First model of eco-friendly homes (2009)</li> <li>• Launched Net Zero Energy House Green First ZERO (2013)</li> <li>• Paris Agreement Compliance Declaration (2015)</li> <li>• Joined RE 100 international initiative and announced commitment (2017)</li> </ul>	
 <p><b>Leading the Way to Societies in which humans and nature coexist</b></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>	<ul style="list-style-type: none"> <li>• Launched <i>Gohon no ki</i> indigenous landscaping project (2001) ...Total number of trees planted: 15 million (2018)</li> <li>• Formulated Wood Procurement Guidelines (2007)</li> </ul>	
 <p><b>Leading the Way to a Circular economy</b></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>	<ul style="list-style-type: none"> <li>• Initiated the Zero Emissions Project (2000)</li> <li>• Achieved zero waste emissions at all our factories (2002)</li> <li>• Achieved zero waste at each stage of production, including new home construction, and after-sales maintenance to remodeling (2005–2007)</li> <li>• Transitioned to a next-generation system compatible with big data utilization (2017)</li> </ul>	
 <p><b>Leading the Way to Society with advanced longevity and diversity</b></p> <p>We aim to create a society in which the elderly are healthy and proudly participate actively (advanced longevity society) as well as a society in which people of every generation and nationality with disparate values work to realize mutual benefit while realizing sustainable innovation (diverse society).</p>	<ul style="list-style-type: none"> <li>• Built Japan's first model house for people with disabilities (1981)</li> <li>• Defined lifelong housing as the ideal for Sekisui housing construction (1989)</li> <li>• Established Sekisui House Universal Design (2002)</li> <li>• Announced Human Resource Sustainability (2006)</li> <li>• Began proposing Smart Universal Design in pursuit of comfort (2010)</li> <li>• Launched the Airkis high-quality indoor air system (2011)</li> <li>• Began research on happy living (2018)</li> </ul>	

# the Way to Sustainable Societies






























2030 Goals	Corresponding SDGs	2050 Challenge Objectives	Measures for ESG
<b>Achieving SBT Goals</b> With the goal of achieving zero CO <sub>2</sub> emissions throughout the housing lifecycle, we aim to reduce emissions by 45% for Scope 1 & 2 and 35% for Scope 3 (category 11: Housing) compared to FY2013 (SBT goal). Also, as a RE 100 member company, we will ensure that 50% of the electric power consumed by our business activities is from renewable energy sources.	Goal <b>7</b> Energy Goal <b>11</b> Sustainable cities Goal <b>12</b> Consumption and production Goal <b>13</b> Climate action Goal <b>17</b> Partnerships	<b>Zero CO<sub>2</sub> Emissions within the Housing Lifecycle</b> As a leading company in housing products, we will eliminate CO <sub>2</sub> emissions from the entire housing lifecycle, from the purchase of materials to manufacturing, sales, occupancy and demolition, including renewable energy usage.	
<b>Leading the Mainstreaming of Biodiversity</b> 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.	Goal <b>6</b> Water and sanitation Goal <b>11</b> Sustainable cities Goal <b>12</b> Consumption and production Goal <b>14</b> Life below water Goal <b>15</b> Life on land Goal <b>17</b> Partnerships	<b>Maximizing Ecosystem Networks through Business</b> 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.	
<b>Recycling Business System Development Acceleration</b> 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.	Goal <b>11</b> Sustainable cities Goal <b>12</b> Consumption and production Goal <b>17</b> Partnerships	<b>Expanding Zero Emissions Initiatives within the Housing Lifecycle</b> 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.	
<b>Provision of New Value in Housing</b> We will focus on tangible assets such as structure, interior and eco-friendliness as well as intangible assets including health, connections and learning, by providing happiness well into the 100th year of life through the creation of homes that support a long and healthy life. Specifically, we will tackle the prevention of injuries and disease by preventing in-home accidents, providing support in times of emergency, monitoring lifestyle diseases and enabling stress reduction.	Goal <b>3</b> Good health Goal <b>4</b> Education Goal <b>5</b> Gender Goal <b>8</b> Decent work Goal <b>9</b> Innovation Goal <b>11</b> Sustainable cities Goal <b>12</b> Consumption and production Goal <b>17</b> Partnerships	<b>Maximizing Abundance in Housing and Communities</b> Positioning the abundance of safety, security and comfort, enjoyment of new technologies, health, long life, happiness and a familial bond as a positive element of people's lifestyles, we will pursue the potential for these elements from every angle. We will keep striving to develop new technologies and carry out open innovation that maximize the richness of our lives and create happiness.	

# Aiming to be a leading company in ESG

The Sekisui House Group has specified that ESG (environmental, social, and governance) initiatives are important management topics. They have been incorporated in our Medium-Term Management Plan, and we are striving to create and develop a sustainable society as a management foundation.

In addition, our long-term goal for ESG management is the realization of our Sustainability Vision 2050.

This vision also establishes our medium-term goals for 2030, taking into account the 17 Sustainable Development Goals adopted by the United Nations, and we are making steady progress towards creating our ideal society.

	Main ESG Themes	Material Topics (See page 85)	Main Corresponding SDGs
<div>E</div> <div>Environmental</div>	Decarbonized society <span>Page 35–</span>	Energy Atmospheric emissions	  
	Society in which humans and nature coexist <span>Page 43–</span>	Biodiversity	 
	Circular economy <span>Page 47–</span>	Effluents and waste	
<div>S</div> <div>Social</div>	Pursuing customer satisfaction through our value chain <span>Page 53–</span>	Environmental assessments of suppliers	    
	Promoting diversity <span>Page 61–</span>	Diversity and equal opportunities	  
	Workstyle reforms <span>Page 63–</span>	Employment	  
	Human-resource development <span>Page 65–</span>	Training and education	 
	Respect for human rights <span>Page 67–</span>	Human rights assessment	 
	Contributing to society <span>Page 69–</span>	Biodiversity Atmospheric emissions	    
<div>G</div> <div>Governance</div>	Strengthening our corporate governance system <span>Page 73–</span>	Socioeconomic compliance	
	Compliance and risk management <span>Page 79–</span>	Customer privacy Customer health and safety Environmental compliance	
	Occupational health and safety management <span>Page 83</span>	Occupational health and safety	 



# management, and creating a sustainable society

## ESG Incorporated in the Fourth Medium-Term Management Plan (FY2017–2019)

### E: Environmental Management

#### Net-Zero energy housing Promotion of Green First ZERO

- Global warming prevention
- Ecosystem conservation
- Resource recycling
- Joined the RE100 global initiative
- Launched Sekisui House Owner Denki
- Recognized by the SBT Initiative for greenhouse gas reduction

### S: Improvement in Sociability

#### Diversity driving growth

#### [Workstyle reforms]

#### Creating exciting workplaces

- Fair evaluations and visualization
  - Higher operational efficiency using IT
  - Achieving a work-life balance
  - Introducing a childcare leave system for men
- ⇒ Improved productivity

#### [Diversity promotion]

- Promoting active female participation
- Support for people childrearing while working
- Support for people providing nursing care while working
- Creation of pleasant workplaces for people with disabilities

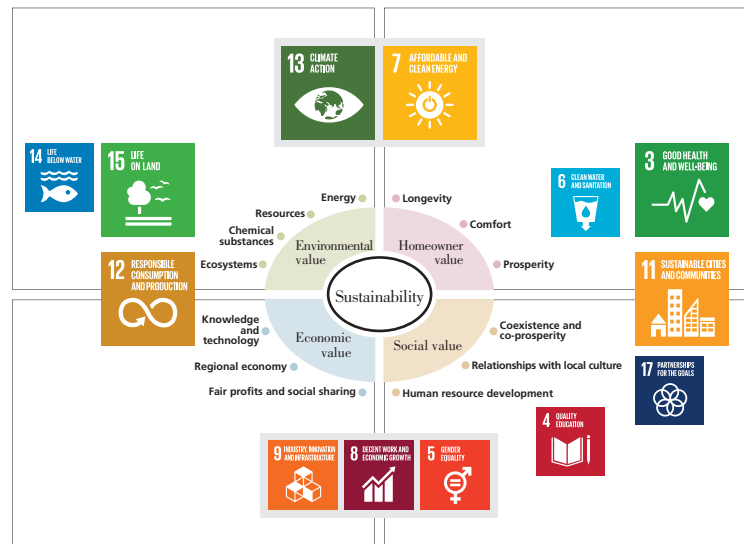
### G: Governance

#### Innovation and communication

- Ranking corporate governance as an important management issue and promoting reforms
- Further strengthening governance based on our Basic Policy on Corporate Governance

## Medium- and Long-Term Initiatives

The four key values and SDGs (2030) that we will continue to pursue



### Sustainability Vision 2050

