



Extend lifespan of houses and enhance after-sales support

Long-term support of customer lifestyles through Group company collaborations. Link to improved value of housing and resource recycling

Main stakeholders:

Customers and business partners (materials manufacturers, Sekisui House Association, intermediate disposal operators, dismantlers)

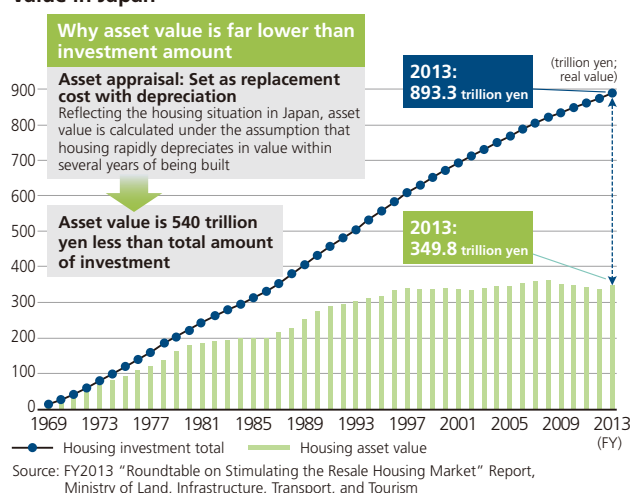
Backdrop

Japanese Home Asset Value is Lower Compared to Europe and the United States

The cumulative amount of housing investment in Japan from 1969 to 2013 was approximately ¥893 trillion. The total appraisal value of housing stock assets in 2013 was about ¥350 trillion, ¥540 trillion less than the housing investment figure. This is because in Japan, homes rapidly lose asset value as they get older, meaning housing assets do not accumulate as stock the way they do in Europe and the United States. Given that housing is typically the cornerstone of household assets, the low asset value of houses in Japan represents major losses not only in macrosocial and macroeconomic terms, but also in the way it significantly impacts people's economic lives.

Even the SDGs cite making cities and human settlements inclusive, safe, resilient and sustainable (Goal 11) as a critical issue, thus it is increasingly important to improve the asset value and sustainability of cities and lifestyles by creating a housing culture that passes safe, secure and comfortable homes on to future generations.

Total Amount of Housing Investment and Housing Asset Value in Japan



Approach

Our Goal

Maintaining Homes as Long-Lasting Quality Assets for Customers and Society

The Sekisui House Group aims to cultivate housing as long-lasting quality asset. In addition to developing and providing homes that can be lived in for a long time offering excellent basic qualities, including high durability and comfort, we will attempt to maintain and improve housing stock asset value by proactively promoting housing stock remodeling and renovation through Group collaborations and the long-term support of comfortable customer lifestyles. We will realize housing that provides "comfortable living—now and always" by expanding service proposals, including the use of IoT, from the perspective of both physical housing structures and comfortable living standards, even

with respect to diverse needs that will arise in the coming era.

Furthermore, the creation of high-quality housing and appropriate remodeling and renovation enables long-term utilization of houses as social assets, leading to reductions in resource inputs and leading to the effective use of resources. We will contribute to the realization of a recycling-oriented society by creating a market in which homes are shared as social assets, promoting the reuse of waste and zero emissions* to limit adverse impacts on the environment.

* A concept aimed at reusing all waste materials and byproducts resulting from industrial activities as resources resulting in zero waste emissions throughout society. The Sekisui House Group defines zero emissions as eliminating waste sent to landfills for disposal as well as waste incineration that does not involve heat recovery.

Action Policies

1

Provide Long-Term Support for Customer Lifestyles, Maintain and Improve Housing Asset Value

Aiming to create homes that can continue to be lived in beyond each life stage, Sekisui House Group companies flexibly collaborate to propose maintenance optimized for individual customers.

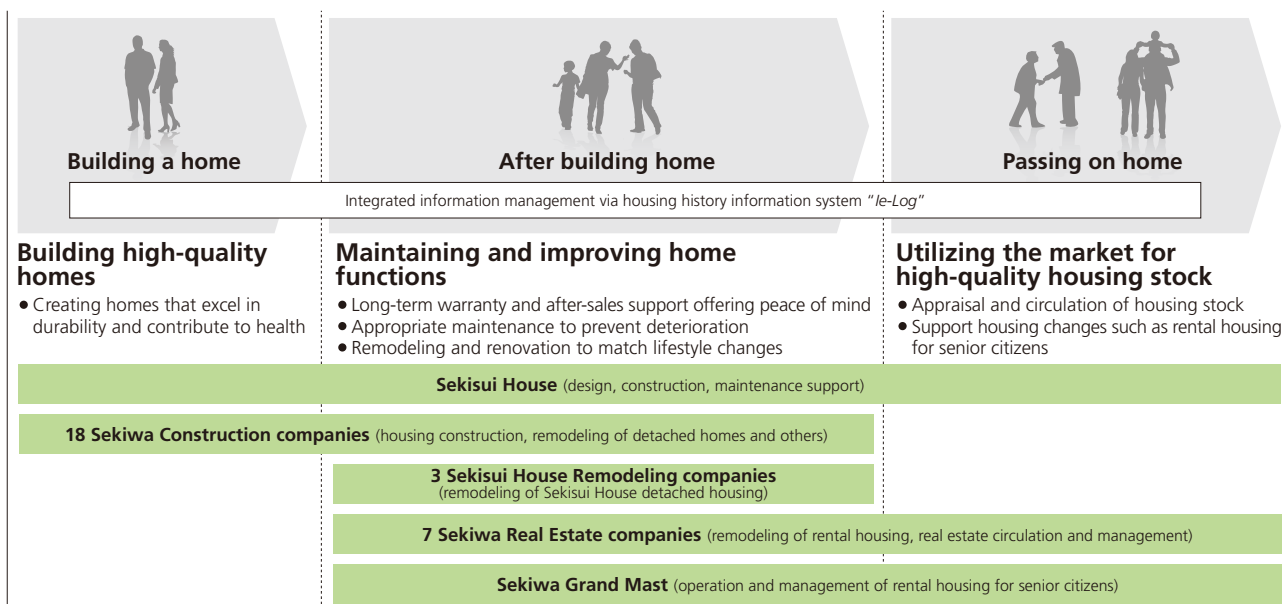
Going beyond repairs, facility renewals, and remodeling for improved comfort and convenience, we conduct renovations involving large-scale transformations and changes in use that correspond to customer needs, providing an extremely high level of safety, security, and comfort that heightens customer satisfaction.

2

Contribute to the Creation of a Recycling-Oriented Society through the Effective Use of Resources Related to Housing

We are reducing the loss of social assets through the vigorous circulation of properly assessed quality housing stock abundant in society while conducting appropriate maintenance to lengthen the life of housing, leading to resource conservation. Furthermore, we will contribute to the formation of a recycling-oriented society through the effective use of limited resources by focusing efforts on recycling waste and reducing emissions to zero as the result of promoting remodeling and renovation.

Engaging in Group Collaborations to Provide Peace of Mind throughout the Customer Life Stage



Impact of These Activities on the Company

Sekisui House, three Sekisui House Remodeling companies and 18 Sekiwa Construction companies provide after-sales support after customers move in. We also utilize the "Ie-Log" housing history information system to make maintenance, remodeling, renovation and other proposals in an effort to ensure high-quality housing for years to come so customers can live in comfort. Customers also understand these efforts,

leading to the creation of a solid customer base. In addition, by maintaining the asset value of housing at a high level and extending the length of housing life, we are accumulating an excellent social stock. Achieving customer satisfaction and increasing high-value housing as social stock will lead to making sustainable cities and communities (Goal 11), as indicated in the SDGs.

Risk Management

Risk 1

Long-life housing causes the newly built home market to shrink

Our response 1

With a 5.1% share in the domestic newly built home market, there is still room for Sekisui House to grow. We will expand our market share and enhance our brand power through the provision of high-quality homes and comprehensive after-sales support.

Risk 2

Intensifying competition due to expansion in the remodeling market

Our response 2

We will attempt to differentiate ourselves in the market with highly cost-effective remodeling and renovation proposals demonstrating a strong commitment making use of business scale in the newly built home market and timely proposals based on housing history information system "Ie-Log."

State of Progress

1

Provide Long-Term Support for Customer Lifestyles, Maintain and Improve Housing Asset Value

Activities Report

Long-Term Support for Customer Housing through Group Collaboration

About 10% of Sekisui House Employees Dedicated to After-Sales Service

As housing is used over the long-term, providing a quality support system after move-in is crucial. Sekisui House employs 1,450 people—accounting for about 10% of all employees—as dedicated staff in our Customer Center. They support the lifestyles of customers living in 790,000 detached homes and

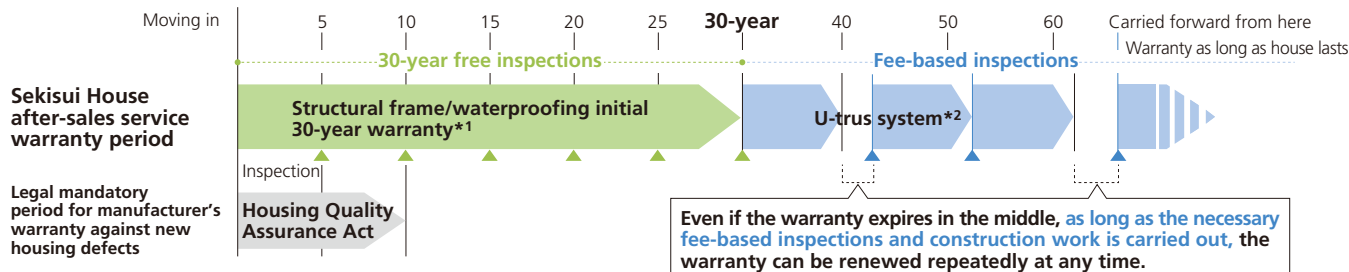
220,000 rental housing units such as by assisting with daily repairs and remodeling consultations. Our unique organizational structure enables us to quickly reflect customer feedback into our product development and management structure.

30-Year Manufacturer Warranty Program, U-Trus System and Housing History Information Database “Ie-Log”

For structural frames and rainwater-proofing components, we offer a 30-year warranty, which provides an additional 20 years to the 10-year liability period required under the law promoting housing quality. In addition, all other components are under warranty for a specified period of time. Even after the warranty period has expired, homeowners can take advantage of our U-trus system to extend warranties in 10-year intervals.

We operate “Ie-Log,” which shares each property’s various building component information and other data in digital form, based on the Long-Term Quality Housing Certification Program in Japan, which aims to build up a stock of high quality housing that can be used in the long term. Group companies utilize “Ie-Log” historical data to make remodeling and renovation proposals.

The 30-Year Warranty System and the U-trus System



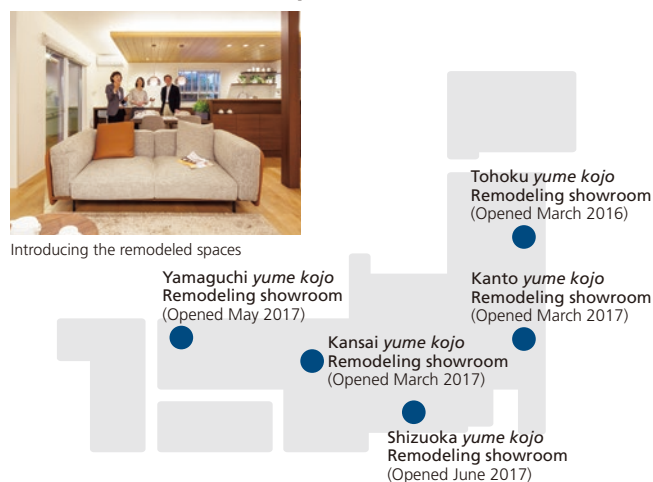
*1. This system is applicable to agreements commenced on or after April 1, 2018.

*2. The U-trus system provides extended warranty at 10-year intervals, subject to required inspections and with maintenance/repairs to be completed at the homeowner's expense.

Sumai no Yume Kojo Remodeling Showrooms Opened in Five Locations Across Japan

The three Sekisui House Remodeling companies that handle Sekisui House's remodeling business for detached and other housing aim to establish and engage in maintenance-type remodeling to maintain and improve the asset value of homes over the long term.

Remodeling showrooms were opened at the *Sumai no yume kojo* inside Sekisui House factories at five locations across Japan. Initially opened as a facility enabling the comparison and experience of actual-size reproductions of aging and remodeled houses at the Tohoku *yume kojo* in 2016, facilities were expanded to a total of five location across Japan in 2017. Tactile displays of integrated floor, wall and ceiling insulation remodeling aimed at realizing long, healthy customer lives and environmental friendliness are particularly popular with visitors.



From “Unavoidable” to “Enthusiastic” Remodeling Initiatives

For general detached housing and condominiums, the Sekisui House Group responds to customers’ various needs, from remodeling to renovations. The 18 companies comprising the Sekiwa Construction Group responsible for Sekisui House construction conduct remodeling and renovation nationwide

under a single brand, “Re:QUEST,” which conducts proposals offering a high degree of customer satisfaction.



Advancing Condominiums with Renovation Proposals

Condominium renovations involve more than simply upgrading fixtures and interiors; we make an effort to improve its functionality as a space and enhance value by giving shape to the required function and value in response to owner requests. The Sekisui House Group, including Sekiwa Real Estate, offers its customers support, from imaging consultation to property search, planning, design and construction. We also conduct regular inspections via a proprietary after-sales maintenance program, which is very popular among our customers.

In addition to these efforts, we have created materials used as proposals for condominium renovation creation that

highlight the achievements and know-how acquired through the construction of numerous custom homes. They introduce our meticulous condominium renovations planned using innovative ideas through examples based on seven groups of owner families in the 30–60 year old age range. With these specific proposal examples, customers can consider their options with the aid of rich imagery.



Proposal Example 1: Space Combining Japanese and Modern

The scenario for this proposal focuses on the renovation of a condominium treasured by a married couple in their sixties who have lived there for many years. This space will be used for those lively times when the couple’s three married children and grandchildren visit, as well as during quiet times of comfort when the couple is relaxing in their daily lives. The flooring uses paulownia wood that is soft to the touch and gentle on the occupants. In the wall storage surface of beautiful paulownia woodgrain, a useful desk is built as place for doing housework or using a computer.



Proposal Example 2: Housing that Cultivates a Healthy Life

The scenario for this proposal focuses on a married couple in their sixties who are cyclists and accustomed to training their body on a daily basis. They purchased their current condominium based on the desire to create a fitness gym inside their home similar to those found in luxury condominium complexes. The renovation involves transforming their living space with a focus on beauty and function with a stoic approach to health promotion. The result is a home that cultivates mind and body in an urban space with adult sensibilities.

TOPICS

“Before & After Corner” Opened at the TOKYO interior corporation in Osaka

In January 2018, a “Before & After Corner” was created at the Sekisui House Group condominium renovation showroom exhibit. The “Before” display features a space presenting a 30-year old Sekisui House, while the “After” display features a space outfitted with new fixtures and specifications. This experience of spaces featuring different interior tastes enables customers to develop a concrete image of renovations. We regularly hold various seminars and reform promotions that attract a number of visitors to the showroom, where we propose a wide range of remodeling and renovation initiatives.

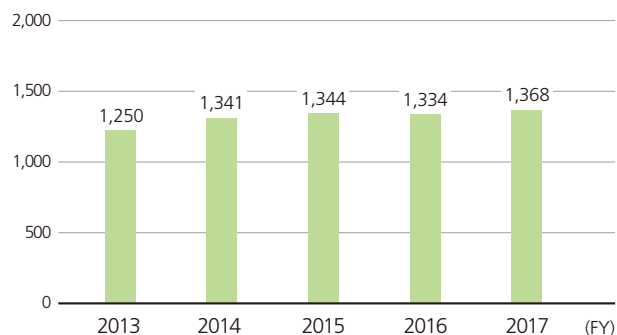


Numerous people attend various seminars

Key Performance Indicators (KPIs)

Indicator	Unit	FY2013	FY2014	FY2015	FY2016	FY2017	Definition and remarks
Long-Term Quality Housing certification acquisition rate*	%	92.1	92.1	92.0	90.5	92.6	* System of certification issued by the Japanese government for houses that meet prescribed criteria, including durability, seismic resistance, ease of maintenance and remodeling, and versatility
Ratio of "very satisfied" customers in survey	%	41.0	41.9	42.0	43.3	42.3	Ratio of "very satisfied" in seven-rank assessment

Remodeling Business Net Sales (Hundred million yen)



Evaluation

Sekisui House maintains a high level of housing certified under the Long-Term Quality Housing Certification Program. Customer satisfaction surveys indicate that customers who are "satisfied" or "somewhat satisfied" have risen to 95.6%, and we will make an effort to provide even higher satisfaction by expanding our service structure and increasing quality. In the remodeling business, we are promoting enhancements to our menu options, from general existing houses to condominium remodeling, including Sekisui House properties. We are also further promoting remodeling proposals contributing to the long-term stable management of Sha Maison rental housing in an attempt to strengthen and expand the foundation for Group collaborations.

Future Initiatives

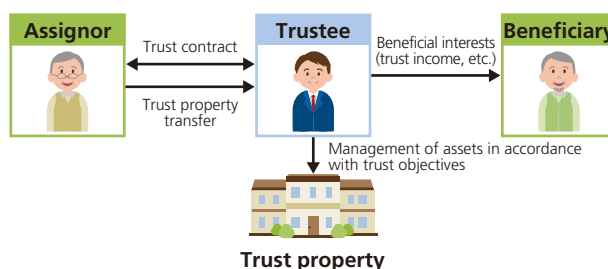
Expanded Support for Rental Housing Management Owners

While some rental housing owners attempt to secure profit and avoid inheritance tax through the utilization of land for rental housing construction, others have concerns about management involving growing old or changes in physical health (the onset of dementia) as well as concerns about troubles surrounding rental housing with regard to inheritance and asset succession methods. There are also people who are troubled because they cannot dispel their concerns about future long-term rental housing management.

Real estate management trusts are an effective method for resolving these worries and concerns.

In August 2017, we launched Sekisui House Trust, Ltd.,

specializing in real estate management trust services to assist rental housing owners in handing over their valuable real estate to the next generation with peace of mind.



2

Contribute to the Creation of a Recycling-Oriented Society through the Effective Use of Resources Related to Housing

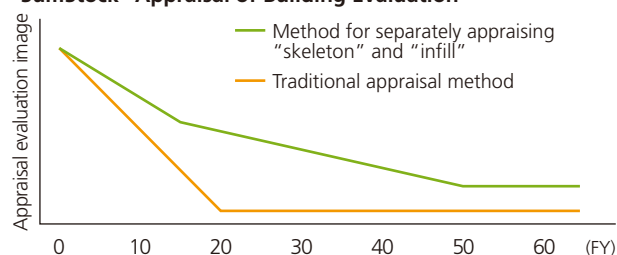
Activities Report

Spread of "SumStock" Quality Housing Stock

Aiming to invigorate the circulation of quality housing stock and create an appropriate market, 10 major housing manufacturers including Sekisui House participate in the Provision of Quality Housing Stock Association (General Incorporated Association). Salespeople certified by the Association appraise a house's basic structure ("skeleton") and its interior furnishings and facilities ("infill") separately. The value of the building and the land are indicated separately in our proprietary circulation system "SumStock," which we are striving to expand. The Sekisui House Group is also promoting "SumStock" proposals using "Ie-Log." Our customer centers, Sekisui House Remodeling and each Sekiwa Real Estate Group company work together to promote the spread of "SumStock."



"SumStock" Appraisal of Building Evaluation



Strengthening the System for Properly Disposing and Recycling of Waste Increasing Due to the Expansion of Remodeling and Renovation

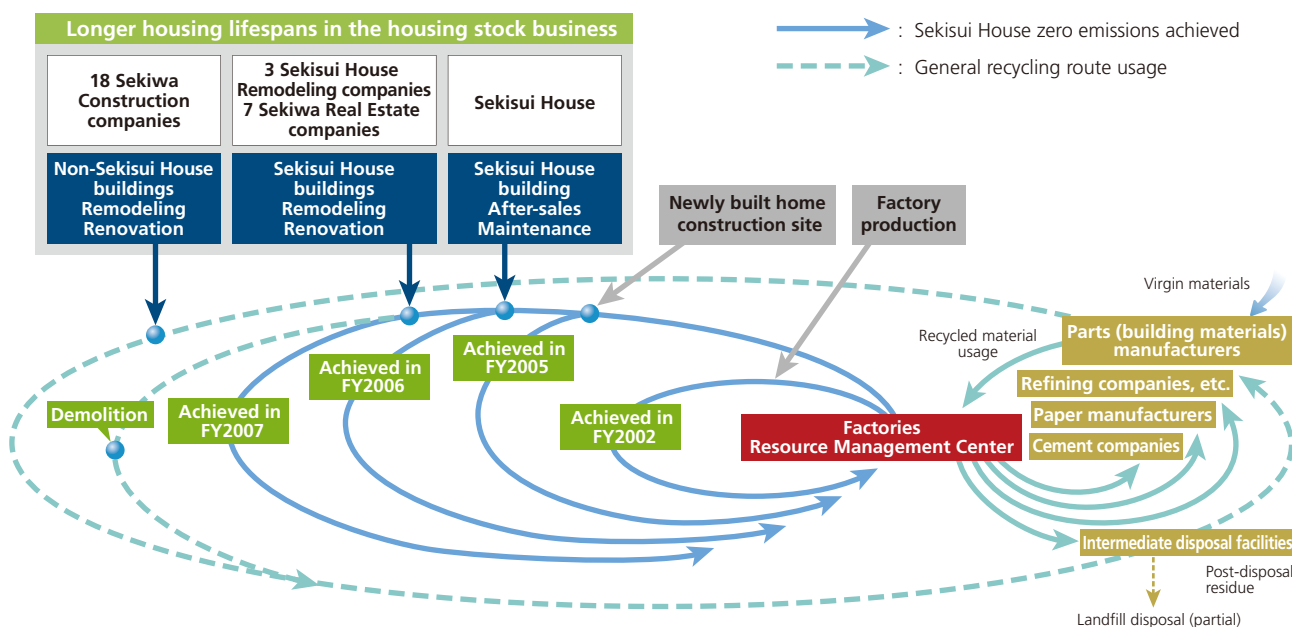
The Sekisui House, which aims to make effective use of limited resources, engages in initiatives that extend housing life and focuses efforts on the recycling of waste created by remodeling and renovation. Up to now, we have promoted industry-leading initiatives including the construction and operation of our own waste disposal system centered on 21 recycling centers throughout Japan. We were also the first in our industry to acquire certification by the Wide-Area Certification System under the Waste Management and Public Cleansing Law. We are achieving zero waste emissions at each stage from production, new home construction, and after-sales maintenance to remodeling.

From FY2016 to FY2017, we upgraded our electronic management system for waste control, developed at the same

time as acquiring the Wide-Area Certification, to a cloud-based system. In this way, we flexibly responded to the progress of today's need for the improved functionality of electronic waste management systems. We also completed a waste measurement system utilizing QR codes.

For renovations that include demolition work, to ensure the separation of individual items such as wood and tiles during demolition, we apply guidelines to define waste disposal operator selection criteria. In addition, we are also promoting environmental education for Group company employees involved in remodeling and renovation to create a system for working with partner companies to ensure the appropriate handling and recycling of waste.

Zero Emissions Structure and Status of Support for Remodeling and Recycling



Key Performance Indicators (KPIs)

Indicator	Unit	FY2013	FY2014	FY2015	FY2016	FY2017	Definition and remarks
Total resource input	Thousands of tons	1,286	1,079	1,109	1,098	1,058	Amount used at our factories
Volume of waste generated*	Thousands of tons	362	728	753	725	678	Waste from new construction, remodeling, and demolition
Volume of waste generated at new construction sites	Kg/house	1,449	1,485	1,506	1,476	1,517	Amount per house (per 145 m ²)

Note: From FY2014, includes waste from affiliated companies and waste from demolition of buildings.

Evaluation

The volume of waste generated at new construction sites per house was substantially reduced by approximately 60% compared to FY1999 through improved construction methods and other practices.

In recent years, we have made an effort to control waste emissions through the establishment of a streamlined construction model that also utilizes pre-cut components in general models. However, due to an increase of 3–4 story rental housing where the waste emissions are comparatively high, the volume of waste generated at new construction sites per house stays near the same level each year.

Future Initiatives

Regarding waste generated at new construction sites, Sekisui House sets target values for each model, continues to implement optimized construction management and eliminates surplus materials while ensuring reliable disposal and recycling by monitoring waste volumes.

Furthermore, in light of expansion in the Supplied Housing Business, including demolition projects, we collaborate with partner companies and industry organizations to promote research related to proper waste disposal and recycling.



Promoting diversity and developing human resources

Aim to become a sustainable corporate group generating high added value with response sensitive to diverse customer needs and creative thinking

Main stakeholders:

Customers, employees, investors, students and job applicant

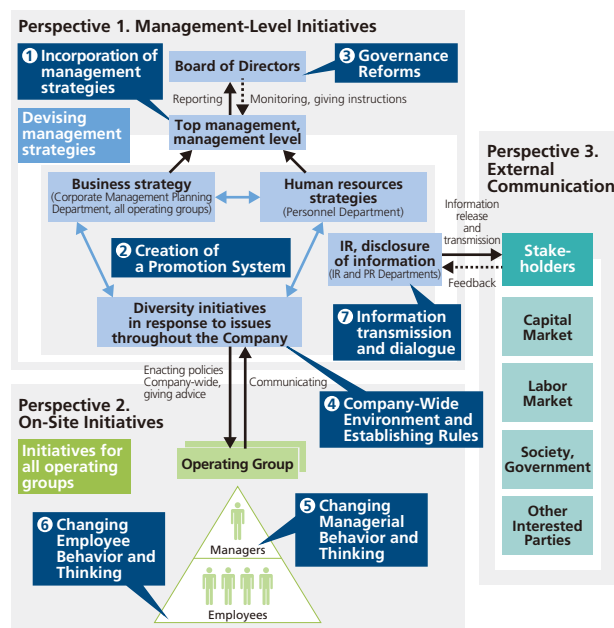
Backdrop

Diverse Perspectives Necessary for Responding to Customer Needs

Diversity management, aimed at increasing diversity in human resources and creating new opportunities for innovation, is very important for securing growth and continuing to create value over the medium to long term in a turbulent market environment. The establishment of environments in which diverse human resources can thrive is also an indispensable countermeasure against Japan's declining workforce population. With this perspective, the Ministry of Economy, Trade and Industry came out with an approach called "Diversity Management (Diversity 2.0) as a Competitive Strategy" and publicly announced its "Diversity 2.0 Behavioral Guidelines." In international society, SDGs five (gender equality) and eight (decent work and economic growth) have also become high priorities.

As customer needs diversify due to lifestyle changes such as falling birthrates, an aging population, changes to the family structure and women entering the workplace, the housing industry has also begun undertaking initiatives toward workstyle innovations that will create workplaces in which diverse human resources, including women, people with disabilities, senior citizens and foreigners, will be able to display their maximum capabilities.

Seven Actions Aimed at Putting the Diversity 2.0 Behavioral Guidelines into Practice



Note: Created based on the Ministry of Economy, Trade and Industry's Diversity 2.0 Behavioral Guidelines

Approach

Our Goal

Creating High Added Value Making Use of Diverse Employee Skills to Become a Corporate Group Necessary to Global Society

At Sekisui House, we set environment, social, governance (ESG) initiatives as our management foundation for the fourth mid-term management plan. As one of these initiatives, we promote diversity and inclusion and are endeavoring to establish working environments in which we can not only hire human resources with diverse attributes and abilities but also have them display those abilities as much as they while simultaneously respecting one another.

In accordance with the love of humanity that underpins our corporate philosophy, the Group aims to establish work environments that support a variety of work styles, and in which employees can feel the value of their work, while achieving sustainable growth. We want to instill a sense of mission for "Changing society through housing" in each of our employees and respond to society's needs.

Action Policies

1 Promoting Diversity

In 2006, Sekisui House declared “Human Resources Sustainability,” whose three main pillars are “encouraging female employees to pursue career development,” “promoting a variety of work styles and work-life balance” and “effective utilization of human resources,” to be its basic human resource policy. In February 2016, the Group established an action plan for the promotion of active participation by women based on the Act Promoting Women’s Participation and Advancement in the Workplace and is strengthening related activities. Additionally, we have established and are

steadily implementing specific policies in connection with three perspectives outlined in the Ministry of Economy, Trade and Industry’s Diversity 2.0 Behavioral Guidelines’ seven actions: Management-level initiatives, on-site initiatives and external communication. Through these policies we aim to provide not only women but also other diverse human resources the opportunity to play an active role. We have also made diversity promotion as a management initiative a very important theme for our Social Improvement Committee, which operates underneath our CSR committee.

Sekisui House’s Action Plan for the Promotion of Active Participation by Women

Promoting Women’s careers

Provide training based on level and position while accelerating initiatives geared toward furthering female employees’ careers

- Implement various management candidate training programs, such as the Sekisui House Women’s College, and cultivate female managers.
- Continuously offer instruction tailored to individual positions, levels and regions as well as networking events in order to conduct career development, network building and systematic training.
- In order to extend women’s range of participation, systematically appoint and instruct women as onsite supervisors, a position previously held mostly by men, and make improvements to work environments through the Female Onsite Supervisor Support Program.
- Actively utilize our Career Challenge System which allows general employees to transition into career track positions (Sekisui House, Ltd. only).

Support for Work and Childrearing

Create work climates in which men and women can actively participate and contribute not only in the workplace but also at home and with childrearing.

- Routinely hold active support forums for work and childrearing, targeting staff taking childcare leave, supervisors and staff returning from childcare leave in order to increase autonomy among child caregivers and raise awareness among supervisors.
- Effectively conduct interviews between employees who are pregnant or raising children and supervisors in order to ensure seamless returns and active participation upon return.
- Further encourage male employees to take our men’s childcare leave, Hello Papa Paid Leave (target rate of utilization: 50%).
- Inform those who leave the company for reasons of childcare, caregiving or a change in their spouse’s workplace about our rehiring program, the Retiree Reinstatement Registration Program, in order to secure superior human resources and to restore them to active participation in the Company upon return.

Workstyle Innovation

Conduct Work-Life Management and Promote Workstyle Innovations that Achieve Results through Balance

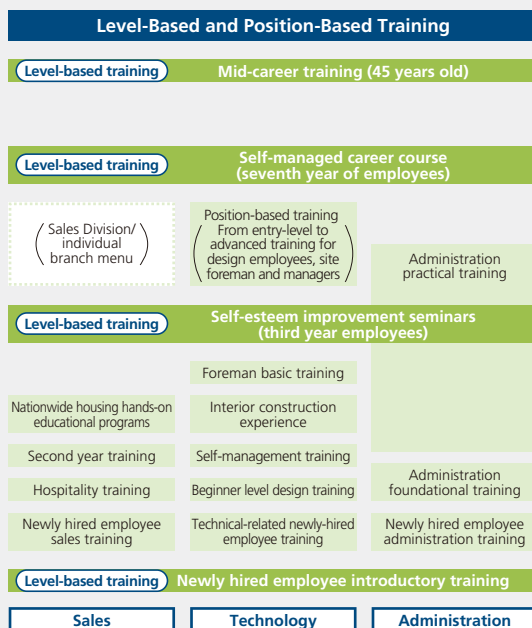
- Send strong messages from top management about the rectification of long working hours.
- Collect good examples of high productivity from Sekisui House offices in each region and use them to conduct improvements (utilization of IT, etc.).
- Encourage employees to take paid leave using our Smart Holiday system, which includes, child leave, self-improvement leave, health care leave and volunteer leave (targeted rate of utilization: 80%).
- Encourage the spread of personnel evaluations focused on time-based productivity to provide fair evaluations to employees with time restrictions due to childcare or caregiving.
- Accumulate experience regarding diverse workstyles such as working from home or telework by cooperating with individual employees and aim to strengthen these systems.

2 Develop Professionals with a Deep Sense of Humanity

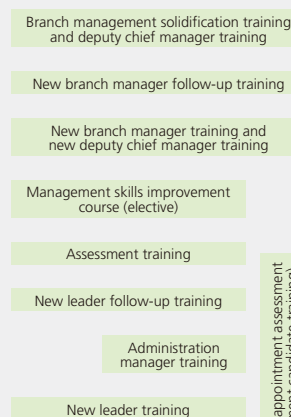
Our fundamental philosophy regarding the cultivation of human resources is to create autonomous human resources through training and career building. To incorporate customer hopes into the houses Sekisui House builds, we are focusing efforts on employee skills development and the establishment of various human resource systems able to realize the development of professionals with a deep sense of humanity who can build high quality homes.

In terms of employee development, we systematically implement a training program that offers a variety of level- and position-based instruction targeting salespeople, technicians and administration. In an attempt to improve motivation among individual employees, we utilize a professional duties interview system that links development and evaluation by incorporating the PDCA cycle.

Training System



Manager training



B qualification appointment assessment (and management candidate training)

Impact of These Activities on the Company

By implementing diverse workstyles, we are able to make varied proposals from the perspectives of ordinary citizens and conduct technological development making full use of diverse human resources, leading to solutions for social issues. For example, we are able to use the perspectives and sensibilities we have learned from those with disabilities for universal design proposals

and related development of technology.

In addition, developing human resources embodying a love for humanity, the core of our corporate philosophy, and offering high-quality housing or services will drive growth across the entire industry and contribute society at large.

Risk Management

Risk 1

Productivity could decrease with an increase in diverse workstyles.

Our response 1 Establish work environments and systems compatible with childcare and caregiving while stably securing human resources through programs such as the Retiree Reinstatement Registration Program.

Risk 2

Education and training may not lead to growth.

Our response 2 At the managerial level, conduct training that is appropriate for each recipient's level and will increase their ability to lead. Aim to share goals and content of training lectures attended by employees while linking them with OJT and promoting effective human resources development.

Risk 3

There may be a lack of communication from employees working from home.

Our response 3 Encourage employees with diverse workstyles to communicate with each other through the effective use of IT tools, etc.

Risk 4

It may not be possible to fairly evaluate personnel with different workstyles.

Our response 4 Utilize operational big data and employee interviews to quantify and visualize individual personnel's abilities and careers.

State of Progress

1 Promoting Diversity

Activities Report

Development and Career Support for Female Managers

Our Group promotes active female participation through systematic development programs such as management candidate training at Sekisui House Women's College. Additionally, we support the career development and human networking goals of female employees by holding workshops and networking events that are appropriate for employee positions, levels and regions.

We are also working to expand the occupational field of female employees. For example, we make it possible for general staff to transition to career track positions through our Career Challenge System. Additionally, we operate the Female Onsite Supervisor Support Program, which expands opportunities for females to participate as onsite supervisors, a position that was previously held mostly by men, in order to create new and diverse perspectives and values. In keeping with the goals of this program, our sales divisions and branches throughout Japan collaborate to ensure measured promotion, appointment and development of female supervisors and strive to improve work environments through measures such as equipping sites with tools and portable toilets that are more suitable for women. These construction site reforms are also having a positive influence on work environments for our technicians, whose ages are rising.

VOICE

I want to create a path for women to advance their careers.

Naomi Katayama

Manager of Administrative Department,
Yokkaichi branch



I entered the company as a member of the general staff and worked as a member of the model home staff or did internal work at branches for 18 years. Having thought that I wanted to expand my contributions, I transferred to a career track position through the Work Category Transfer Program established in 2006 (now, the Career Challenge System).

After that, I became a second-class architect, switched from office work to technical work and in 2014, was selected in the inaugural class at the Sekisui House Women's College. Through two years of training at the college, I was named Superintendent, one of the five branch management positions, and am the first female in Sekisui House's history to hold this position. In the future, I want to create a path for more women to advance their careers.

Simultaneous Support for Work, Housework and Childcare

Sekisui House is proceeding with system reforms and the development of corporate culture that simultaneously support work, housework and childcare.

In 2017, we established support systems such as Kindergarten Hunting Concierge, which assists employees targeting a return to work within one year of giving birth with searching for a childcare facility, Smart Development Aid, which increases subsidiary aid for full-time employees (both men and women) who are raising children and Partnership Slide, which allows married couples who work on Sundays to alternately work staggered work shifts.

Additionally, we conduct Work and Childrearing Forums to encourage autonomy for employees raising children or on childcare leave and raise supervisor awareness about childcare issues. In 2017, 1,100 men and women in a total of seven locations nationwide participated in panel discussions and group debates, providing them with the opportunity to consider workstyles that will enable them to handle work, housework and childcare simultaneously.

VOICE

Utilize support systems to advance my career while working and raising children.

Yoko Shiroyama

Planning and Design Section,
South Fukuoka branch



I gave birth to my son in August 2013 and returned to work in the spring of the following year. My husband works at the Kita-Kyushu branch and since we both work on Sundays my child goes to two different nursery schools. The financial burden was large but through proper use of the Smart Development Aid system, our subsidiary aid increased, which was very helpful.

Since we both work in design positions, we need to obtain first-class architect credentials. When one of us took the examination, the other concentrated on child-raising and housework. Through cooperation like this, we were both able to obtain the credentials we needed.

Promote Diverse Workstyles and Work-Life Balance

In 2017, we made the work from home system that we had been testing since 2013 official. In addition, we established the Family Friendly Day at business offices closed on Tuesdays and Wednesdays. This provides alternate holidays on Sundays so that employees can spend time with their families. By increasing the number of workstyle options, we are responding

to issues that uniquely affect housing manufacturers that work on Saturdays and Sundays.

Additionally, we participated as a special cooperating group in the government-initiated Telework Day movement held on July 24, 2017. About 150 employees mainly in the Tokyo area utilized IT in order to telework.

Creating Opportunities for a Diverse Array of Human Resources by Promoting the Employment of Those with Disabilities, etc.

With the goal of employing one or more disabled people at each worksite, Sekisui House is engaged in the employment of disabled people through the acceptance of internships and participation in joint recruitment events. We are also taking various measures to support the active participation of employees with disabilities, such as the introduction of the Career Challenge system, which enables employees in region-specific positions to transition into career track positions, and the holding of diversity meetings which have the aim of creating relationships enabling mutual consultations among disabled employees from different worksites. We have participated in the Accessibility Consortium of Enterprises (ACE) since its founding in 2013 and we are expanding and developing career development seminars that we hold for disabled students and school officials.

We will move forward with initiatives aimed at improving and stimulating work environments through sharing strategies and extracting issues associated with work and communication, and continue promoting the employment, retention and active participation of disabled people.

VOICE

I want to do what I can do to contribute to both the Company and society.

Toshiaki Shimizu

Administrative Department,
North Yokohama Sha Maison branch



I have participated in the construction of about 700 buildings since entering the Company about 20 years ago. In 2012, I was diagnosed with tongue cancer and received surgery. As after effects, my language faculties and shoulder joint functions were left disabled, but with the support of those around me, starting with my supervisor, I was able to return to work.

I started studying sign language three years ago and am now attending the sign language volunteer training course. Outside of work, I am also the chairman of both a regional sign language club and a cancer patient association. In 2017, I became certified as a career consultant to improve my interpersonal support skills. Moving forward, I would like to do whatever I can to contribute to the career support mainly of those who are trying to receive medical treatment while working and those who have disabilities.

Evaluation

Sekisui House Group promotes initiatives encouraging female employees to pursue career development as a basic personnel policy. In December 2017, we became the first company in the construction industry to receive the Minister of State for Special Missions Award in the Awards for Advanced Enterprises in which Women Shine, organized by the Gender Equality Bureau of the Cabinet Office. We also received the Minister of Health, Labor and Welfare's Eruboshi certification in January 2018

and, in March, became the only company in the housing and construction industry to be selected a fifth time for Nadeshiko brand designation by the Tokyo Stock Exchange and the Ministry of Economy, Trade and Industry (METI). Additionally, METI selected us for inclusion in the New Diversity Management Selection 100, praising our initiatives promoting operational efficiency using IT and workstyle innovation.

Key Performance Indicators (KPIs)

Indicator	Unit	FY2014	FY2015	FY2016	FY2017	Evaluation	Target
Number of female personnel in managerial positions (Group-wide)	People	101 (2.26%)	114 (2.43%)	141 (2.79%)	158 (2.94%)	○	FY2020 200 (5%; 10% in the future)
Number of female office managers*1 (includes office sub-managers from FY2015)	People	12 (8/16 Sales Division)	18 (13/16 Sales Division)	22 (12/15 Sales Division)	33 (14/15 Sales Division)	○	Minimum 1 female office manager (or at least office sub-manager) at each of our 15 sales administration Headquarters
Employment rate of people with disabilities*1	%	2.08	2.21	2.20	2.38	○	Minimum 1 person at every business office (Achieved legally mandated employment rate)
Proportion of male employees who took parental leave	%	19 (119 People)	23 (162 People)	70*2 (436 People)	95 (597 People)	○	FY2020 80%

*1 Sekisui House, Ltd. only

*2 From FY2016, the count was changed from number of people to number of times used.

Future Initiatives

The housing business is closely related to individual life circumstances, and the diverse perspectives of each person that are based on experiences with housework, childcare and caregiving, take on a life of their own in a variety of spheres. Sekisui House aims to be a corporate Group in which individual employees can work effectively while maintaining an energetic

social life, and utilizing IT and applying various systems, will continue to proceed with adjustments to work environments and workstyle innovations. As an organization in which diverse human resources can exercise their creativity and innovation, we will work together to achieve common goals and innovate across all business fields.

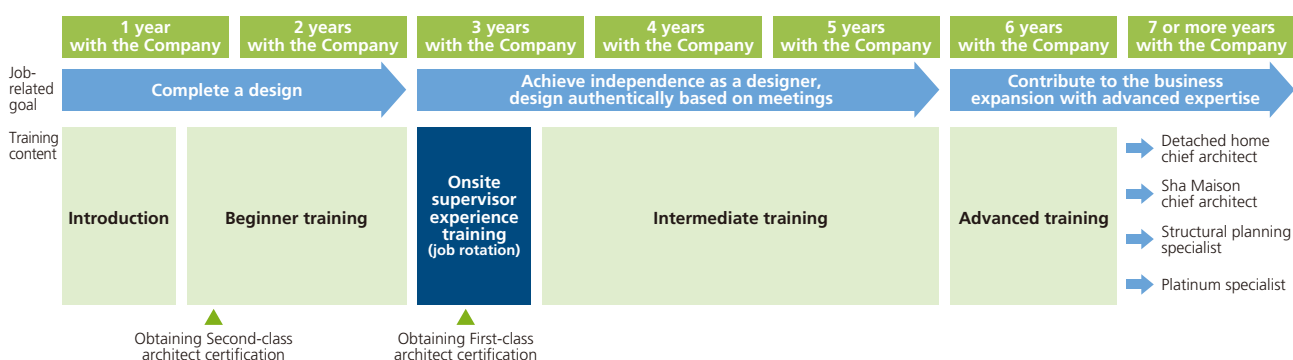
2 Develop Professionals with a Deep Sense of Humanity

Sekisui House Group systematically conducts a variety of training uniquely tailored to employee positions and levels. We offer position-based training targeting personnel in sales, technology and administration, and level-based training

adjusted for an employee's seniority based on years with the Company or age, etc.

In FY2017, we intensified initiatives to provide training for technical positions such as design and onsite supervision.

System for Cultivation of Human Resources for Design



Activities Report

Increase Visibility of Design and Onsite Supervision Operations in Terms of both Quantity and Quality and Clarify Evaluation Standards

As housing quality improves, and markets and customer needs diversify and become more complicated, home designers and construction site supervisors need high levels of expertise and the flexibility to respond to various situations. However, previously, we did not have an objective and unified measure for determining the abilities of designers and onsite supervisors. As a result, it was difficult for employees to envision their futures, establish goals and feel their own growth. It was also difficult for the Company to post personnel appropriately, in terms of training courses and area-specific strategies.

In order to address these issues, we created a nationally

unified evaluation standard for design work and onsite supervision in 2017. This standard has improved the visibility of designers and onsite supervisors' work and has made possible objective evaluations of factors involving quantity, such as shipment values, house numbers and standard hours spent working, and quality, such as compliance, current qualifications and customer satisfaction. While ensuring employee growth through innovation, we will effectively cultivate human resources in each organization, carefully place personnel in appropriate posts and strengthen inter-group collaboration.

Platinum Specialists that Contribute to Business Expansion for a Super-Aged Society

The “platinum specialist” system is an internal certification system that we established in 2015 to improve quality and the training of human resources in highly specialized design fields. The demand for medical care and caregiving facilities in Japan’s super-aged society increases each year, and accordingly, Sekisui House Group’s platinum business also posts increasingly favorable results.

Using the platinum specialist system, we will cultivate designers that possess high-level knowledge regarding the medical care and caregiving fields and are well versed in laws and regulations regarding special buildings and their facilities, and respond appropriately to market needs. At the end of January 2018, 33 platinum specialists were actively engaged in these efforts. They play central roles in the promotion of our platinum business in each target area.

VOICE

I want to expand the socially significant platinum business.

Shinichiro Tanaka

Medical Care and Caregiving
Design Planning Department,
North Kanto Sha Maison branch



It has been six years since I began supervising the platinum business. There were some difficulties along the way, but I was able to overcome them while receiving support from both within and outside the Company. It is necessary to develop the next generation of employees to respond to the approaching increase in demand. I want to contribute to society by increasing employee understanding of the platinum business’s social significance and through its further expansion.

Logical and highly Safe Structural Planning Specialists

The “structural planning specialist” system is one more internal certification system that we established in 2015 for positions in design. As housing needs diversify, expected performance levels for housing in terms of the environment and safety also increase year by year. We established the structural planning specialist system as a special certification system because high-level knowledge and skills regarding design standards, structural planning and foundation judgment have become

necessary, even in the field of industrialized housing, where it is relatively easy to secure stable performance levels.

Those certified conduct highly safe and economically efficient structural planning while playing a leading role in improving customer satisfaction rates for entire business offices. At the end of January 2018, 53 structural planning specialists were actively engaged in these efforts.

Establishment of the Customer Support Meister (CS Meister) System

At customer centers nationwide, dedicated after-sales service staff supports the lives of our customers by responding to their requests after they move in, conducting regular inspections and repairs and by providing helpful information related to their livelihoods.

We established the “customer support meister (CS meister)” system in 2017 to raise customer satisfaction and to increase the number of customers that support us. The positive example of our after-sales service employees will ensure the development of superior employees and overall rises in customer center satisfaction rates. In FY2017, we certified 29 employees who excel at customer support and lead operations with high-level skills and accurate knowledge, as CS meisters.

VOICE

I want to build favorable and long-lasting relationships with our customers.

Hiroshi Ishikawa

Customer Service Department
Shikoku Customer Service Center



As a CS meister, I am in charge of regular inspections for customer homes. I visit customer homes, and after carefully listening to their concerns, I conduct repairs. It is also important to proactively propose ideas to customers during these visits. As inspections are conducted one, two, five and 10 years after move-in, I endeavor to build good and long-lasting relationships with our customers.

Key Performance Indicators (KPIs)

Indicator	Unit	FY2013	FY2014	FY2015	FY2016	FY2017	Definition and remarks
Average hours of annual training per person*1	hours	18.9	22.9	21.0	19.7	18.1	Training held at head office only (In FY2017, men attended an average of 16.7 hours, and women an average of 23.5 hours of training)
Training investment amount	Tens of thousands of yen	64,917	69,202	73,425	70,368	87,312	Total amount of expenses attributed to education and training costs
Total number of people obtaining qualifications*2	People	4,596	4,544	6,427	4,332	3,064	Includes internal qualifications

*1-2 Sekisui House, Ltd. only

*2 Total number of certifications acquired within each fiscal year (when one employee acquires three certifications in a single fiscal year it is counted as “3”).
The number of people in FY2015 is prominent because we promoted the acquisition of some qualifications through limited time financial support and other systems.



Australia / Royal Shores

Developing overseas business

We are promoting housing and urban development based on diverse climates, cultures and lifestyles all over the world that will assist in solving social issues

Main stakeholders:

Local developers,
overseas customers

Backdrop

Creating Business by Adapting Advanced Environmental Technologies and Ecological Urban Development to Local Needs

As the progression of global warming leads to frequent extreme weather, reducing greenhouse gas emissions while securing economic growth is becoming a common goal throughout the world. Construction plays an extremely significant role in global warming countermeasures. Advanced energy-saving and other environmental technologies developed by the Sekisui House Group are driving advances in the industrialized housing industry and are now in demand all over the world.

Additionally, while raising basic performance in consistent

with our concept of lifelong housing by improving earthquake resistance, insulation and other functions, we have promoted housing and urban development that contributes to solving social issues such as balancing housing with the surrounding natural environment and community revitalization. By applying knowledge and expertise accumulated in Japan, we are able to customize projects in line with local climates, cultures and lifestyles to ensure both national and regional development as well as global environmental protection.

Approach

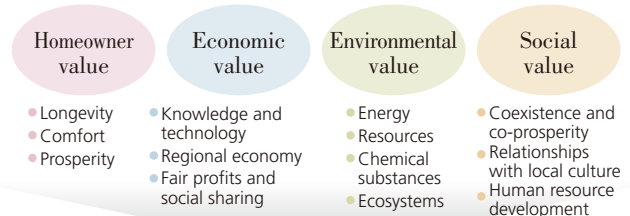
Our Goal

Contributing to Sustainable Development in Every Nation from the Perspective of Four Values

To realize sustainable societies, we view housing value from a variety of perspectives, known as the four values: environmental, economic, social and homeowner, and make an effort to increase the value of each. By always considering customer lifestyles, we adopt a "customer first" corporate stance as we proceed with sustainable development that becomes an asset for the people living in each country and region.

When developing business overseas, we thoroughly research climate, natural features, culture, and lifestyles in each country. With an understanding of demands pertaining to sustainable housing and the creation of ideal communities, we respect the unchanging universal value of housing while responding to the needs of changing times with advanced technologies. Going forward, we will propose high-quality, safe, secure and comfortable lifestyles throughout the world, and while remaining mindful of the Sustainable Development Goals (SDGs) contribute to sustainable development in all nations through the creation of our four values.

What Home Can Bring to the World



Changing the World Through Living



Action Policies

Provide Sekisui House Quality Globally as the Fourth Pillar of our Growth Strategy

Sekisui House's overseas business has been growing each year, and in our fourth medium-term management plan, we placed it beside our built-to-order, supplied housing and development businesses as the fourth pillar of our growth strategy. Moving forward in our overseas business, we will make full use of the high-quality housing construction and cutting-edge environmental technologies we have developed as a leading Japanese industrialized housing company. We will also offer highly satisfying housing suitable for each country's culture, lifestyle habits, and natural environment. We will develop our business by focusing 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.

United States

We link with excellent local partners to build up our master-planned community business and multifamily business. Sekisui House is contributing to environmentally conscious development by promoting energy-saving housing, and is also pursuing initiatives that contribute to raising housing value. In 2017, we entered the homebuilding business with the acquisition of Woodside Homes. Moving forward, we will aim for continued business expansion by taking advantage of our strengths and working to spread net-zero energy



Bellevue Station (Property sold in 2017)

housing (ZEH) and implement prefabricated housing (offsite construction) in United States.

Australia

Since Opening in 2009, we have built up our detached housing construction business, providing over 9,500 homes, condominiums, and urban developments, as well as our SHAWOOD wooden-frame houses. Our brand's market recognition continues to increase through our housing's high level of basic and environmental performance and service quality. Based on these results, we aim to improve our customer service. Beginning with environmental considerations, we are improving our housing performance to ensure the



Ecco Ripley

sustained growth of the local business.

China

We are developing low-rise housing and the condominium business under the "Yuqin" brand, which includes properties utilizing the B system construction method, in the cities of Taicang, Suzhou and Wuxi on the outskirts of Shanghai and in the northeastern city of Shenyang. We aim to further increase brand penetration by enhancing differentiation factors including



Yuqin Garden in Suzhou

high-quality construction, environmental technologies and after-sales service systems developed in Japan.

Singapore

In addition to promoting projects centered on condominium developments and mixed use development, including retail mall in collaboration with leading local developers, we are also currently engaged in commercial office development projects. We will create new value by sharing Sekisui House concepts, which are based on customer points of view, with local partners.



Seaside Residences

Impact of These Activities on the Company

Leveraging strengths cultivated in Japan, we are able to contribute to local housing environment improvements and environmental conservation. We not only provide homeowners with high added value housing environments, our Group business

activities also create value for society and communities, which is regarded highly in each region leading to the enhancement of our Group brand value in Japan.

Risk Management

Risk 1 **Diverse local needs**

Our response 1 We collaborate with local blue-chip partners and strive to ascertain needs in all regions. We share Sekisui House concepts and values with local partners and promote each development project based on shared principles and problem awareness.

Risk 2 **Compliance with diverse laws**

Our response 2 We are focusing efforts on local, environmentally-friendly procurement, production and construction in accordance with the statutes, while also strengthening our compliance structure to ensure laws and regulations are adhered to in countries and regions where we operate. Furthermore, in addition to risk management manuals for employees on international business trips or on assignment overseas, we created and applied the Sekisui House Group Overseas Risk Management Guidelines.

Risk 3 **Management of overseas subsidiaries**

Our response 3 Leveraging the autonomy of overseas subsidiaries, to enhance control and collaborations with specialists in each country and the International Business Department, we established the International Internal Control Promotion Office as a head office organization to conduct localized training overseas and enhance the level of various initiatives.

State of Progress

Activities Report

United States: Entry into the Home Sales Business with the Acquisition of Large Homebuilder Woodside Homes

Sekisui House entered the American home sales business with its February 2017 acquisition of Woodside Homes, which had been expanding its business in the western part of the United States. Since its founding, Woodside Homes has produced a total of 40,000 homes mainly in its western American business area, which includes the state of California. We determined this large homebuilder to be a highly suitable partner due to their extensive product lineup and their high levels of customer satisfaction and environmental consideration compared to their American counterparts.

In order to pursue synergy with Woodside Homes, we have established a synergy team that includes staff from both companies. California has passed new legislation that aims to convert all new housing to net-zero energy housing (ZEH)* by 2020 and,

as in Japan, interest in sustainable living environments is swiftly increasing. In response to these changes, we are actively utilizing our eco-friendly housing technology, one of our company's strengths, while collaborating with Woodside Homes to develop and spread American ZEH. Additionally, to respond to local business risks such as labor shortages, sharp wage increases and decreasing quality, we promote the introduction of prefab housing suitable for each location. As interest in smart homes that feature IoT and AI technology increases, we will collaborate with partners to contribute to business expansion in the American market by proposing these products to the market before our competitors and aiming to maximize synergy with these partners.

* In Japan, ZEH is known as "Net Zero Energy House" and in the United States as "Zero Net Energy House." This definition differs slightly in each country. Sekisui House follows the definitions in each country.

VOICE

Shared philosophies form the basis for a successful integration



Joel Shine
CEO of Woodside Homes

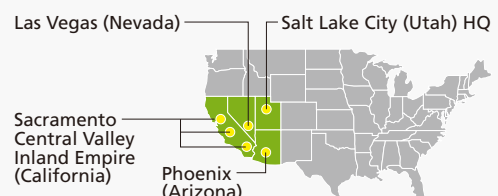


Woodside Homes is honored to have become a part of Sekisui House. Our new relationship was formed from shared philosophies — a love of humanity, a passion for our customers, creating an environment of truth and trust, the pursuit of excellence, and community stewardship parallel the fundamental principles of Sekisui House. For us, these shared values open up a world of possibilities for successful collaboration. We have created a Synergy Team comprised of members from both organizations to assure a comprehensive integration with respect to Research and Development, Building Systems and Purchasing. In the coming years, we will look for achievements in the development of Net Zero Energy homes, Smart Home technology, efficient construction planning, improved purchasing relationships and cost management. We are confident that our collaboration in these areas will add value to the Woodside Homes brand by delivering a superior purchase, building and living experience to our customers.



Hampton Estate, a model building inside of a development in the suburbs of Salt Lake City, Utah

Woodside Homes' business expansion region



Australia: Large-Scale Residential Land Sales Project, The Hermitage, Praised for High Quality and Natural Living Environment

The Hermitage is a large-scale land-for-sale in lots that we began marketing in 2014. We preserved existing trees to the maximum extent possible and utilized the natural terrain, scenery and regional history when creating this development, and it is earning high praise not only for its environmental considerations but also as a mature townscape.

Now, we are focusing on our ready-built SHAWOOD wooden-frame houses and producing high-level homes and living environments that are typical of Sekisui House in their wide-reaching high quality, and differ from those of our competitors by offering sophisticated, environmentally conscious technology. Meanwhile, our SHAWOOD homes' unique performance, comfort, effective space utilization, and considered Japanese designs are also

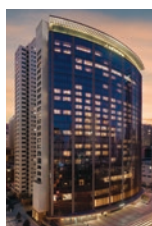
receiving high praise from local customers. Moving forward, our Company and its research labs will collaborate with local suppliers and proceed with research and development to create the standard for Australia's next generation of homes.



The Hermitage

China: Large Luxury Condominiums Taicang Yuqin Garden Sold Out and Urban Luxury Hotel Le Meridien Shenyang Heping Opens

Although selling homes in skeleton form is the general standard in the Chinese housing market, Sekisui House believes that taking responsibility for everything, including interior decoration, is an indispensable business practice, so we propose homes with high-quality interior decoration and storage installations. We have sold large luxury condominiums through the Taicang Yuqin Project



Le Meridien, Shenyang Heping

in the Shanghai suburbs. Upon completion of construction and the subsequent move-in, we locally offer the same meticulous service that we provide in Japan and are in the process of building an after-sales service system as well. Additionally, we have opened Le Meridien Shenyang Heping, an urban luxury hotel with revolutionary sensibilities incorporating nature and traditions from the northeastern region of China.

Singapore: Joint Development Project Hillsta Receives Three Awards for its Design and Concept

Sekisui House is receiving high praise for its joint development project, Hillsta, which it carried out in concert with local developers in Singapore. The project, whose construction was completed in 2016, received three local awards for its architectural design and development concepts. Our Company's design department created this project's landscape while closely working out

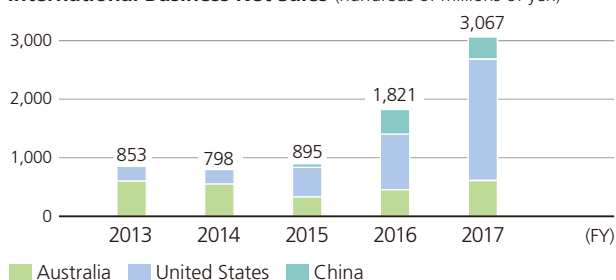


Hillsta

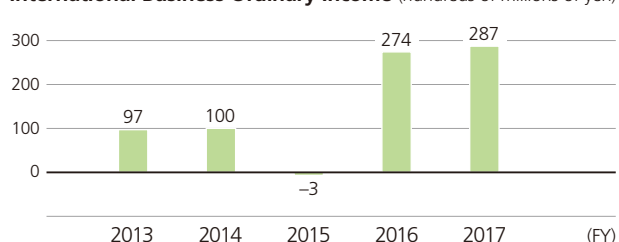
concepts with local joint venture partners. Once again, we were able to demonstrate that productive collaborations create new value.

Key Performance Indicators (KPIs)

International Business Net Sales (hundreds of millions of yen)



International Business Ordinary Income (hundreds of millions of yen)



Evaluation

As a result of promoting the sustainable development of community assets in various countries and regions in line with local needs, U.S. residential land sales and Australia and China condominium sales are strong. In Singapore, contract rates are high across all properties. In FY2017, net sales for the business grew to over ¥300 billion.

Future Initiatives

Sekisui House will collaborate with local developers and other partners while assessing business compatibility and housing market conditions in each area to ensure business profitability. We will promote urban development and housing construction and sales while aiming to expand the supplied housing business in the same way it expanded domestically. We will make efforts to provide local residents with safe, secure and comfortable lifestyles, and protect the environment as a company that creates living environments.