

## CSR Management Promotion

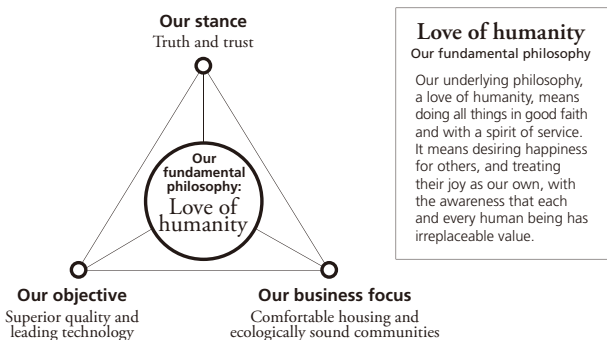
The Sekisui House Group considers CSR to be an essential principle of management. Guided by the four values and 13 guidelines for achieving our Sustainability Vision, we actively engage in CSR activities throughout our daily business operations—all to create shared value. We have also appointed external members to our CSR Committee, which formulates CSR policies, as a way of incorporating outside perspectives.

### Corporate Philosophy and CSR Policies

The corporate philosophy of the Sekisui House Group has a love of humanity at its core. By “love of humanity,” we simply mean that we wish for the wellbeing of others and rejoice in their happiness. This philosophy was established in 1989 with the unanimous approval of every one of our employees.

We wish for the wellbeing of all of our stakeholders—namely, our customers, employees, and shareholders—and, under our corporate philosophy, we pursue a CSR policy that focuses on maximizing customer satisfaction (CS), employee satisfaction (ES), and shareholder satisfaction (SS).

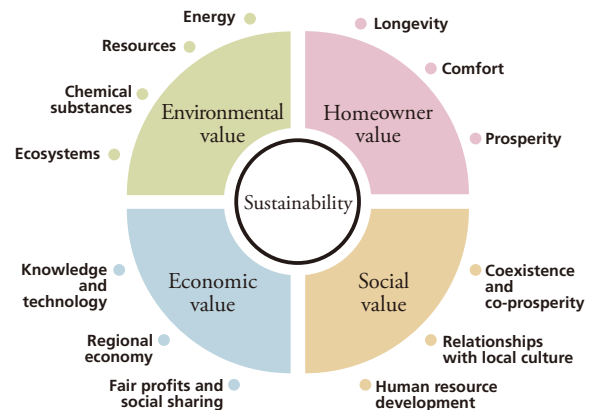
#### ■ Corporate philosophy (established in January 1989)



### CSR Management Based on 4 Values and 13 Guidelines

At the Sekisui House Group, we determine the direction of our CSR activities based on four values and 13 guidelines—the principles of action we introduced to achieve our Sustainability Vision. In order to implement the PDCA cycle without fail, we review our corporate activities each year by assessing the extent to which we have achieved our social and environmental targets.

#### ■ Four values and 13 guidelines

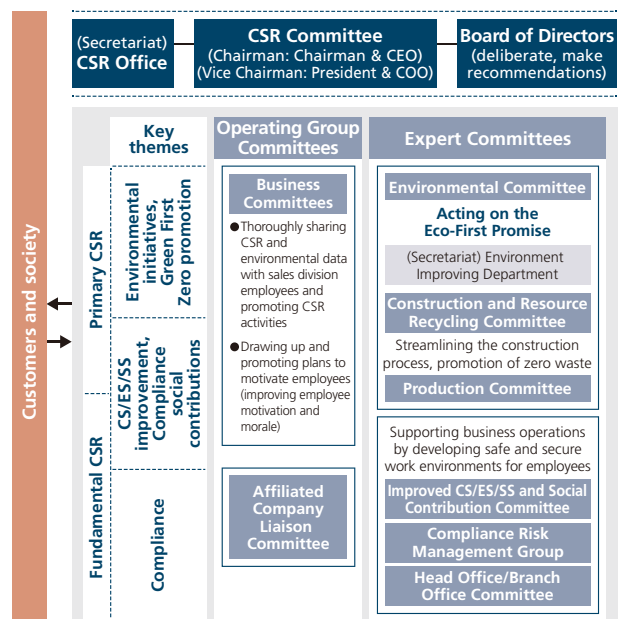


### CSR Committee and Organizational Management

Incorporating the viewpoints of external stakeholders, the Sekisui House CSR Committee develops CSR policies and verifies whether current CSR activities are consistent with social norms and expectations, so that group-wide CSR initiatives are relevant and effective. Led by our chairman and CEO, the CSR Committee—which includes three external stakeholders—meets once every three months. CSR Committee members are appointed by the board of directors.

Under the supervision of the CSR Committee, two Operating Group Committees and six Expert Committees are working to promote and further strengthen our CSR efforts. Specifically, the Business Committees, under the Operating Group Committees, are positioned as the focal point of the CSR activities that we undertake as part of our core business. These committees are responsible for overseeing our CSR process, from formulating specific CSR plans to reviewing the outcomes of our activities. They are supported by the Expert Committees that are tasked with separate responsibilities based on their respective CSR themes. In addition, CSR promotion representatives are assigned to each of our business departments.

#### ■ CSR promotion structure



# Specifying Material Aspects

The Sekisui House Group is committed to pursuing CSR activities through its core business while meeting the expectations of stakeholders and society to create value and achieve sustainable development.

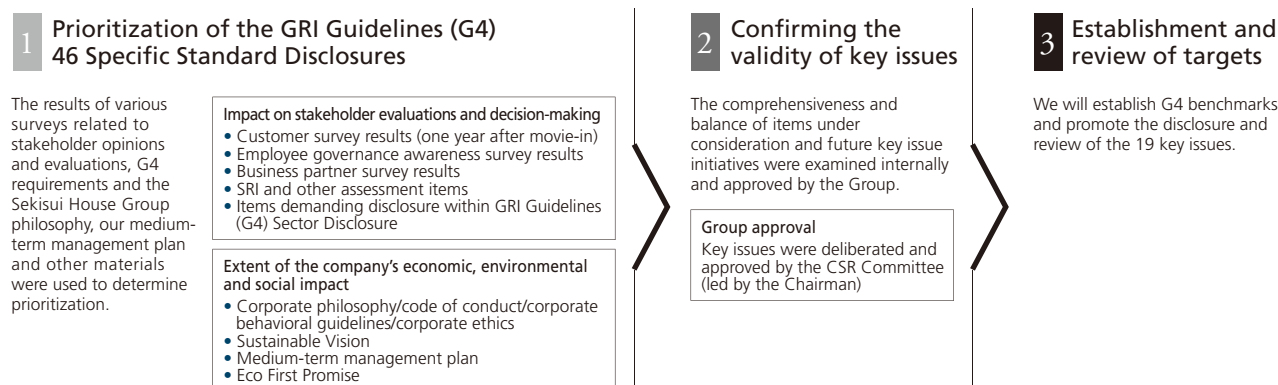
We believe actions based on a perpetual awareness of what is important to stakeholders and society will lead to value creation.

## Incorporating Stakeholder Voices and Societal Influences into Material Aspect Specifications

In 2015, we narrowed down the 46 Specific Standard Disclosures of the GRI Guidelines (G4) to 30 material aspects. In 2016, to reflect societal changes and needs, we prioritized these aspects based on a reanalysis of their “impacts on stakeholder evaluations and decision-making” and “the extent of the company’s economic, environmental and social impact.”

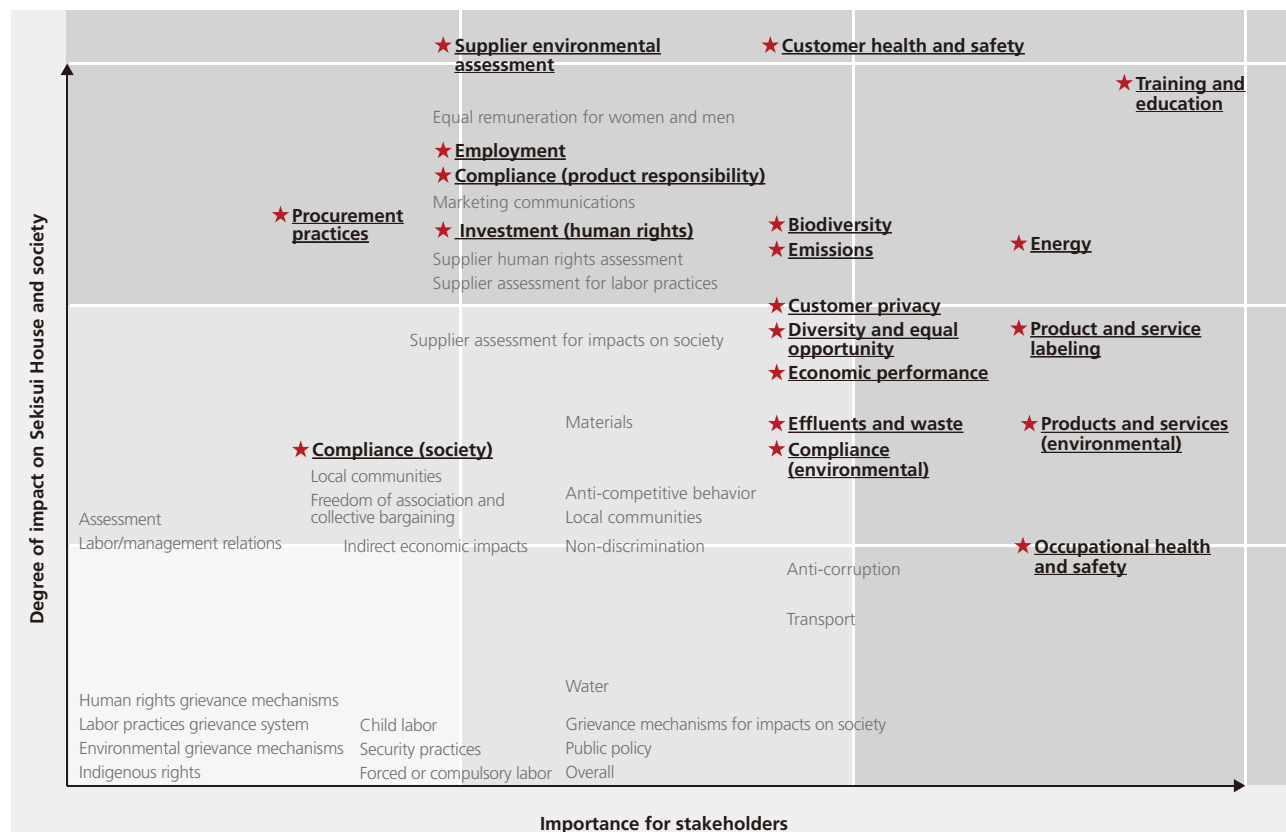
Consequently, we specified 19 material aspects (see below). We will engage in these activities, which are also an important in terms of executing our CSV strategy. Please see page 20 for information on the relationship between the CSV strategy and material aspects.

### Material Aspect (Important Issue) Specification Process



### Material Aspects (Key Issues) from the Perspective of Stakeholders and Societal Impacts

★ Indicates one of the specified 19 aspects



# Stakeholder Engagement

Sekisui House Group main stakeholders include customers, consumers, business partners, employees, shareholders, investors and communities. We address issues and expectations through dialogues with all these stakeholders. To this end, we actively engage in daily communications using a variety of methods.

## ■ Main Stakeholders and Overview of Actions

Main stakeholders and responsibilities	Actions	Examples of proposed themes	Response for such themes	Refer to
<b>Customers</b> We promote communications with customers under our “customer first” policy, in order to ensure that their valuable assets (i.e., their homes) have prolonged lifespans and are long-cherished. We also seek to serve customers with sincerity and integrity, so that we may enhance customer satisfaction.	<ul style="list-style-type: none"> <li>Customer surveys</li> <li>Regular information magazines: Kizuna (semiannual), Maisowner (semiannual), and gm (three issues per year)</li> <li>Net Owners Club Kizuna website</li> </ul>	<ul style="list-style-type: none"> <li>Proposing and constructing exteriors that are easy to maintain and use</li> <li>Enhance after-sales support</li> <li>Lengthen lifespan of houses and increase homeowner value</li> </ul>	<ul style="list-style-type: none"> <li>Creating and operating a townscape assessment system</li> <li>Strengthening group-wide collaborations to help the exterior business grow</li> <li>CSV strategy (4) Lengthen lifespan of houses with enhanced after-sales support</li> </ul>	Pages 37–42
<b>Consumers</b> We facilitate the disclosure of information, while remaining sensitive to the needs of society. We also foster relationships of trust as part of our efforts to create a pleasant society and comfortable lifestyles.	We offer venues for dialogue with consumers through the following: <ul style="list-style-type: none"> <li>Comprehensive Housing R&amp;D Institute</li> <li>Sumufumulab</li> <li>Sumai no yume koje</li> <li>Sekisui House Eco First Park</li> <li>Housing seminars</li> <li>Life Literacy Book</li> </ul>	<ul style="list-style-type: none"> <li>Disclosing housing manufacturing processes and sites</li> </ul>	<ul style="list-style-type: none"> <li>Recruiting Sumufumulab research members and holding workshops</li> <li>Opening research facilities to the public</li> <li>Conduct workshops and events for parents and children at the Sekisui House Eco First Park</li> </ul>	Page 64
<b>Business partners</b> We strive to conduct transactions on a fair and equal basis, and we foster amicable partnerships that promote mutual growth and deliver customer satisfaction.	<ul style="list-style-type: none"> <li>Organizing network of Sekisui House Association and Sekisui House Partners’ Association</li> <li>Annual policy briefings</li> <li>Supplier evaluations</li> </ul>	<ul style="list-style-type: none"> <li>Improving construction site environments (e.g., labor-saving measures and measures to deal with an aging workforce)</li> <li>Improving delivery date accuracy (materials and parts delivery)</li> </ul>	<ul style="list-style-type: none"> <li>Working with production divisions to improve indications of parts and to promote combined, pre-cut, and pre-set parts</li> <li>Sharing process charts online with manufacturers and carrying out thorough information entry</li> <li>CSV strategy (3) Maintain and improve technological development, production and construction quality</li> </ul>	Pages 33–36 Pages 56–57
<b>Employees</b> We respect the diverse individuality of employees to ensure that they can fully demonstrate their competence and achieve creative growth through meaningful work. To this end, we develop workplace environments and programs that motivate employees at work and ensure fair treatment, thereby enhancing employee satisfaction.	<ul style="list-style-type: none"> <li>Employee management in line with the Declaration for Human Resource Sustainability</li> <li>Internal open recruitment</li> <li>Internal qualifications</li> <li>Human relations training (annual)</li> <li>Governance awareness survey (annual)</li> <li>Occupational health and safety management system</li> <li>Mental health management</li> <li>Sekisui House Group internal magazine: Sekisui House (bimonthly)</li> </ul>	<ul style="list-style-type: none"> <li>Contributing to women’s career development</li> <li>Supporting a work-life balance</li> <li>Promoting employment of the disabled</li> </ul>	<ul style="list-style-type: none"> <li>CSV strategy (5) Promote diversity and human resource development</li> </ul>	Pages 43–48 Page 57
<b>Shareholders and investors</b> We ensure fair and transparent corporate management to maintain our value in society, with a view to further enhancing our corporate value by achieving healthy growth and returning fair profits to our shareholders.	<ul style="list-style-type: none"> <li>General shareholders’ meeting</li> <li>Business Report (semiannual) and Annual Report (annual)</li> <li>Online IR newsletter</li> <li>Shareholder preferential gift programs</li> <li>Visitor days and briefings</li> </ul>	<ul style="list-style-type: none"> <li>Disclosing management strategies and plans in an easy-to-understand manner</li> </ul>	<ul style="list-style-type: none"> <li>Refer to “Shareholder and Investor Communications” page</li> </ul>	Page 21
<b>Communities</b> We endeavor to foster local cultures and enhance living standards to ensure all people enjoy happy, satisfying lives, while contributing to the preservation of the global environment. We strive to share fair profits with society and cooperate with and participate in social action programs by leveraging our strengths as a homebuilder.	<ul style="list-style-type: none"> <li>Cooperating with Kids Design Association NPO</li> <li>Cooperating with Uzo Nishiyama Memorial Library NPO</li> <li>Supporting independence of people with disabilities</li> <li>Sekisui House Matching Program</li> <li>Kobe Machizukuri Rokko Island Fund charitable trust</li> </ul>	<ul style="list-style-type: none"> <li>Safe lifestyles that provide peace of mind</li> <li>Community development that prevents crime and damage from disasters</li> </ul>	<ul style="list-style-type: none"> <li>Helping build communities through neighborhood bonds</li> <li>Disaster Risk Reduction Factory of the Future plan</li> <li>Newly hired employee participation in activities supporting reconstruction in areas affected by earthquakes</li> </ul>	Pages 65–68
<b>All stakeholders</b>	Ensure full compliance, eco-friendly practices and accountability			Pages 59–62

# Supply Chain Management

The Sekisui House Group promotes supply chain management aimed at minimizing the environmental and societal impact of products and services it purchases. We strive to realize desirable benefits for society and the economy overall through procurement as we grow alongside our business partners.

## Two aspects of supply chain management

### Materials procurement

Tens of thousands of components and products from numerous manufacturers are used to build each house. In principle, the Sekisui House Group head office engages in bulk purchasing and management to ensure management consistency and economies of scale.

Note: This page focuses on explaining this aspect.

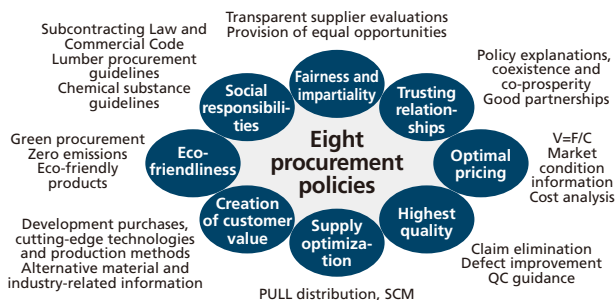
### Construction

Rather than adopting an agency system, Sekisui House creates Direct sales and project accountability systems. As multiple professionals are involved in each of the construction processes, we collaborate in each region to improve construction quality through integrated management.

Note: For details, see CSV strategy (3).

## Procurement Policies

To pursue procurement activities based on the Sekisui House corporate philosophy and corporate behavioral guidelines, since 2007 we have observed and promoted eight procurement policies focused on the highest quality, optimal pricing and supply optimization.



Also, in terms of details pertaining to determining the sustainability of lumber procurement and chemical substance management, we have established independent guidelines for suppliers whose progress we manage.

## Sharing and Penetration of Procurement Policies

Every year, we hold policy briefings attended by approximately 150 business partner companies to ensure consistency between suppliers' company policies and Sekisui House procurement policies to deepen mutual understanding. At these meetings, we explain management conditions, the latest management plans, procurement policies and product strategies. We share information that provides guidance for supplier activities and honor companies for their excellence.

At the same time, participants present examples of corporate structural improvements and other best practices to utilize this meeting as an opportunity for business partners to inspire one another.



Policy briefing

## Supplier Evaluation Implementation and Improvement

Sekisui House has been implementing supplier evaluations since 1998 to maintain fair and impartial business practices. Since 2009, we have disclosed the results of these evaluations so suppliers can incorporate them into their structural improvement efforts. The evaluations are implemented by the Supplies Division and other departments including development and construction, who regularly revise evaluation items and standards.

Evaluations are conducted taking into consideration environmental criteria in all cases, going beyond simple evaluation with the primary goal of ensuring the practical use of PDCA by suppliers linked to concrete improvement activities.

Without a stable management structure, companies cannot be counted on to provide a stable supply of high-quality products. Thus, we continuously implement factory visits and QC diagnostics at major suppliers to assist with enhancing product quality, eliminating claims and improving corporate structures.

## Promoting Activities to Enhance Policy Coordination

Sekisui House promotes activities to enhance policy coordination with particularly important suppliers from a comprehensive perspective that considers factors including transaction volume, product attributes and supplier evaluations.

Based on the TQM policy management approach, we go beyond quality, cost and delivery improvements to share key issues related to management in response to healthcare, nursing care, renovation developments and other social conditions. These activities aim to establish product development, sales strategy, business continuity management and other targets from a strategic perspective when necessary to achieve mutual benefits and growth.

# Occupational Health and Safety Management

Sekisui House places the utmost priority on employee and subcontractor health and safety in everyday business activities. In the event a worker-related accident occurs in the administrative, production or construction departments, details are provided to the Health and Safety Committee and incorporated into the PDCA cycle related to workplace health and safety.

## Occupational accident and disease frequency rates

In FY2015, occupational accidents decreased compared to the previous fiscal year. We will continue to heighten health and safety awareness and increase countermeasures aimed at reducing oversight leading to overtime work.

### ■ FY2015 occupational accident and disease frequency rates

(Total of one or more days off)

Department		Occupational accident frequency rate	Occupational disease frequency rate
Administrative department (employees*)		0.3	0.0
Production department	Employees*	0.0	0.0
	Subcontractor	0.3	0.0
Construction department (subcontractors only)		3.0	0.2

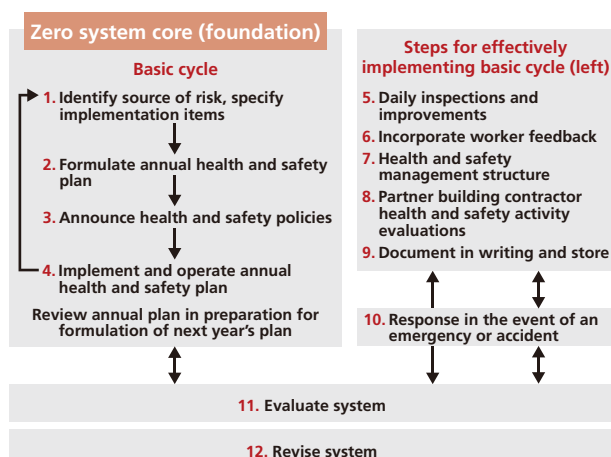
Note: Sekisui House (non-consolidated)

## Proprietary Sekisui House Risk Zero System Operation

We established a specialized unit, the Safety Guidance Office, in an effort to prevent the occurrence of occupational accidents, particularly with respect to risky work at construction sites.

The proprietary Sekisui House risk zero system was created with consideration for the special characteristics of construction sites outlined in the "Occupational Health and Safety Management System" promoted by the Ministry of Health, Labour and Welfare. Health and safety management activities are developed based on the annual construction health and safety plans created annually for the entire Company and at each office to enable Sekisui House and partner company employees to work in health and safety.

### ■ Sekisui House Risk Zero System Overview



## Occupational Health and Safety Activities at Construction Sites

Ensuring the occupational health and safety of everyone engaged in construction work is the social responsibility of housing manufacturer Sekisui House and one of the items toward which we must make a concerted effort. To enable construction personnel to work with safety and peace of mind, in FY2015 we announced the Annual Companywide Construction Health and Safety Plan calling for the eradication of falling-related and electric tool accidents, and the fostering of awareness among all participants attending accident prevention measures and business-owner training.

With the FY2015 slogan "Take a moment before work to involve everyone in earnest risk prediction," partner company business leaders announced safety declarations based on Sekisui House's annual plan. These companies committed to voluntary risk prediction activities and execution by learning proper actions through enhanced daily management, in conjunction with construction managers linked to job instructions to foremen and workers, and daily safety inspections and work process documentation. To support and follow-up, Sekisui House conducted business-owner training, provided necessary equipment including stepladders, external scaffolding and power tools, and distributed safety inspection forms in an attempt to improve safety levels while implementing the PDCA cycle and ascertaining annual plan schedule progress on a monthly/periodic basis.

In addition, accident prevention measures and health and safety education training was conducted for everyone involved in construction. In FY2015, we also held business-owner training and a safety promotion convention for a total of 50,736 people. Furthermore, since 2012 we have held awareness months (July is safety month, December is special awareness month) aimed at preventing heat stroke in summer and accidents at the end and beginning of the year and implementing falling-related accident reduction measures.

Going forward, the Sekisui House Group will work together with partner companies to systematically and creatively improve working environments and prevent work-related accidents.



"Safety Week" awareness poster "Emphasis Period" awareness poster

# Corporate Governance

In accordance with our corporate philosophy espousing a “love of humanity” our stance on “truth and trust,” our objective of “superior quality and leading technology” and our business focus on “comfortable housing and ecologically sound communities,” the Sekisui House Group focuses on the key issues of corporate governance and management to heighten stakeholder trust.

## Management structure

To ensure solid stakeholder support, Sekisui House has increased management transparency, provided for timely and appropriate checks on management decisions, and enabled thorough monitoring. Two external board members and three external corporate auditors are in place, and our executive officer system ensures that management responsibilities are well defined and executed accordingly.

## Board of directors

The board of directors holds a meeting once every month to make decisions on important items pertaining to business management and items mandated by law. The board also confirms business results and supervises the business-execution functions of executive officers.

There were a total of 11 such meetings in FY2015 (through January 31, 2016). The average attendance was 98.3% (95.5% for external directors and 100.0% for external corporate auditors).

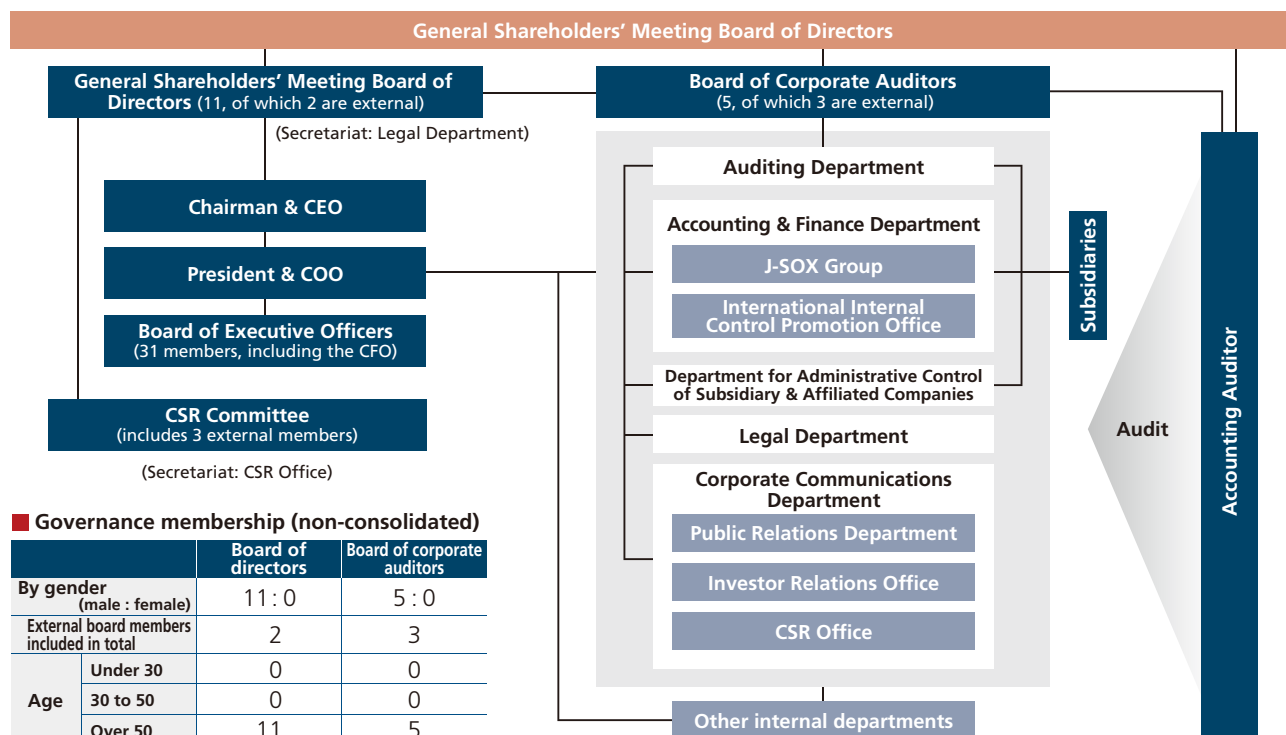
## Board of corporate auditors

The board of corporate auditors comprises three external members and two standing members. To implement and strengthen audit and supervisory functions, members of this board attend important meetings, such as board of directors meetings. They also exchange information with the Auditing Department and accounting auditor as well as gather information from other company departments and subsidiaries on a regular basis and as needed.

## Internal control systems

The Basic Policy Concerning the Development of an Internal Control System serves as a platform for our efforts to implement and ensure our internal control system operates properly. To ensure full compliance with the Japanese Financial Instruments and Exchange Law, strict internal controls (J-SOX) have been implemented on a group-wide basis, led by the J-SOX Group established within the Accounting & Finance Department. The International Internal Control Promotion Office, established in February 2015 within the Accounting & Finance Department, is in charge of building internal control systems at overseas subsidiaries.

### ■ Corporate governance structure (As of April 1, 2016)



### ■ Governance membership (non-consolidated)

	Board of directors	Board of corporate auditors
<b>By gender</b> (male : female)	11 : 0	5 : 0
<b>External board members included in total</b>	2	3
<b>Age</b>		
Under 30	0	0
30 to 50	0	0
Over 50	11	5

Note: There are no members belonging to minority groups that require special mention.

Note: Compatibility with the Corporate Governance Code is under consideration at present. Once confirmed, an announcement will be made.

# Compliance and Risk Management

The Sekisui House Group positions compliance and risk management as important issues to be addressed at all times. We have established various systems and structures and conduct ongoing initiatives in an attempt to maintain and improve these activities. Furthermore, we have been engaged in the protection of human rights for over 30 years, establishing a foundation that makes us a company trusted by society.

## Promoting compliance

Sekisui House attempts to promote thorough compliance, which it positions as an ongoing management concern that includes not only an adherence to laws and regulations, but also the promotion of CSR initiatives as important issues to be addressed at all times. Specifically, the Compliance Risk Management Group, established under the CSR Committee and headed by the vice president, comprises approximately 20 managers from relevant divisions, such as the Personnel Department and Legal Department, and meets to engage in discussions once every three months.

In FY2015, these discussions focused on (1) business continuity planning (BCP) revisions and overseas risk management measures, (2) business optimization initiatives and (3) risk management training for Group companies.

In addition, improvement initiatives for compliance promotion issues and PDCA cycle mechanisms were created led by managers at business sites throughout Japan. Going forward, we will continue to promote compliance.

## Promoting the Protection of Human Rights

Since 1980, Sekisui House has addressed a variety of human rights issues, including those pertaining to the workplace assimilation of women, foreigners and the disabled, to create a corporate culture of zero tolerance for infringement of human rights.

In 2006, we transferred the Human Rights Promotion Office, established in 2003 and responsible for handling human rights issues, to the Legal Affairs Department and renamed it the Human Relations Office. This office, which trains employees to develop an awareness of human rights and handles harassment issues in the workplace, was reorganized with the goal of cultivating a workplace environment in which all employees can work comfortably. The words “human relations” indicate our recognition that poor interpersonal relationships and communication in the workplace cause a variety of problems that impact everyone.

In FY2015, we continued our annual implementation of human relations training for all Group employees. Three hours of training are required per year (six hours are required for management and the male and female employees who handle sexual and power harassment complaints at each worksite).

## Internal reporting system and whistleblower protection

The Sekisui House Group has an internal reporting system, known as the SCS (Sekisui House Group Compliance Support) System, which is designed to ensure that an employee who has witnessed an unlawful act or any conduct that violates our corporate ethics policy can report it in confidence to the Compliance Office by phone, e-mail, or another channel. Our guidelines on internal reporting explicitly stipulate that the identity of whistleblowers and the content of their reports shall be treated as classified information and that such information shall not be used against their interests. In addition, we also offer help lines that provide counseling on personnel-related issues and hotlines dedicated to consultation regarding sexual and power harassment.

Though it is best to solve problems through talks within the workplace, we believe it is important to have an internal reporting system in place, which employees can freely turn to for help. Efforts are made to familiarize employees with the system through leaflets, intranet sites, and human relations training.

We also check our employees' compliance awareness by conducting surveys once a year. Through these surveys on corporate ethics and workplace environments, we grasp the actual situation and set up opportunities for exchanging views among various company divisions to create an open corporate culture. Our ultimate goal is to improve our workplace environments to a point where the internal reporting system becomes redundant.

### ■ Sekisui House Group internal reporting system

	Contactee	Method	Content of report
<b>SCS</b> (Sekisui House Group Compliance Support) System	Compliance Office, Legal Department	<ul style="list-style-type: none"> <li>● Phone</li> <li>● E-mail</li> <li>● Postal mail (registered mail receivable only by the addressee)</li> </ul>	Witness account of an unlawful act or any conduct that violates our corporate ethics policy
<b>Sexual and power harassment hotline</b>	Human Relations Office, Legal Department	<ul style="list-style-type: none"> <li>● Phone</li> <li>● E-mail</li> </ul>	<ul style="list-style-type: none"> <li>● Sexual and power harassment, human rights issues, difficulties in human relationships</li> <li>● Consultations aimed at creating a comfortable workplace environment for disabled employees</li> </ul>
<b>Personnel-related hotline</b>	Personnel Department	<ul style="list-style-type: none"> <li>● Intranet</li> </ul>	Labor management issues in general, such as work hours and working on scheduled days off

Note: In addition, an external hotline is also provided to offer professional counseling to Group employees and their families.

## Personal Information Protection Initiatives

From housing exhibitions to building lot sales offices, most Sekisui House worksites handle customers' personal information. We created a system corresponding to the Personal Information Protection Law, regularly implement e-learning and repeatedly conduct educational training for employees to ensure the careful handling of customer information. The e-learning activities include tests to confirm how well employees understand the proper protection of personal information. We also established the Customer Information Service Office, a dedicated department unifying responsibility for the protection of personal information led by the CS promotion manager department manager who is also an executive officer. This structure enables the entire Group, including Sekiwa Real Estate Group and Sekisui House Remodeling, to comply with the Personal Information Protection Law. On the other hand, in the event of the loss or theft of customers' personal information, customers are immediately informed of the situation to ensure understanding. At the same time, we make every attempt to recover this information.

Going forward, we will continue the implementation of personal information protection-related e-learning and repeated guidance and education on the handling of personal information, while making efforts to heighten knowledge and awareness regarding personal information protection.

We will also strengthen personal information protection initiatives corresponding to each region overseas in line with the expansion of international business.

Moreover, in the event of an incident involving customer information, we will announce details about the incident and future prevention measures on our corporate website.

## Legal Compliance Status

### Infractions and penalties related to the environment

In the fiscal year under review, there were no major infractions of environmental laws or regulations. There were no accidental spills or other incidents impacting the environment surrounding our factories.

### Infractions and penalties related to products and services

In the fiscal year under review, there were no legal or regulatory infractions or penalties paid related to the provision and use of our products and services. There were also no infractions of health and safety-related regulations or voluntary standards.

### Infractions and penalties related to customer privacy

In the fiscal year under review, there were no substantiated petitions for redress related to customer privacy infringements or customer data loss.

## Business Continuity Planning (BCP) Maintenance

Sekisui House maintains business continuity planning (BCP) preparedness in the event of a major natural disaster or other catastrophe. We revised traditional guidelines emphasizing recovery and released and implemented a disaster manual in February 2013 for the sales division and head office stipulating a focus on the continuation of business activities. In the increasingly likely event of a Nankai Trough Megathrust Earthquake in the near future, enormous damage is expected in Osaka, where our head office (Umeda Sky Building) is located. In preparation for the likelihood of business continuity challenges at our head office, we formulated BCP, including the establishment of a disaster countermeasures office at our head office and a BCP operation manual. Going forward, we will continue to regularly conduct training and drills in an attempt to verify and revise manuals.

We are also focusing efforts on business continuity management (BCM) at supplier companies that provide numerous components and parts necessary for the manufacturing of houses. In FY2015, we continued implementation of disaster response system drills. Through these drills, we are able to confirm the BCM status of supplier companies while attempting to enhance systems able to quickly gather information and formulate countermeasures.

## Fair Business Practices

The Sekisui House Group formulated and enacted the Sekisui House Corporate Ethics Guidelines in October 2003 as common items related to corporate ethics that must be observed by the Company, its directors and employees to the promote corporate activities of each Group company.

The section on "Relationships with customers, suppliers and competitors" in the third item specifies appropriate business practices, adherence to the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors and prohibition of entertaining and gifts to ensure business practices are thoroughly fair.

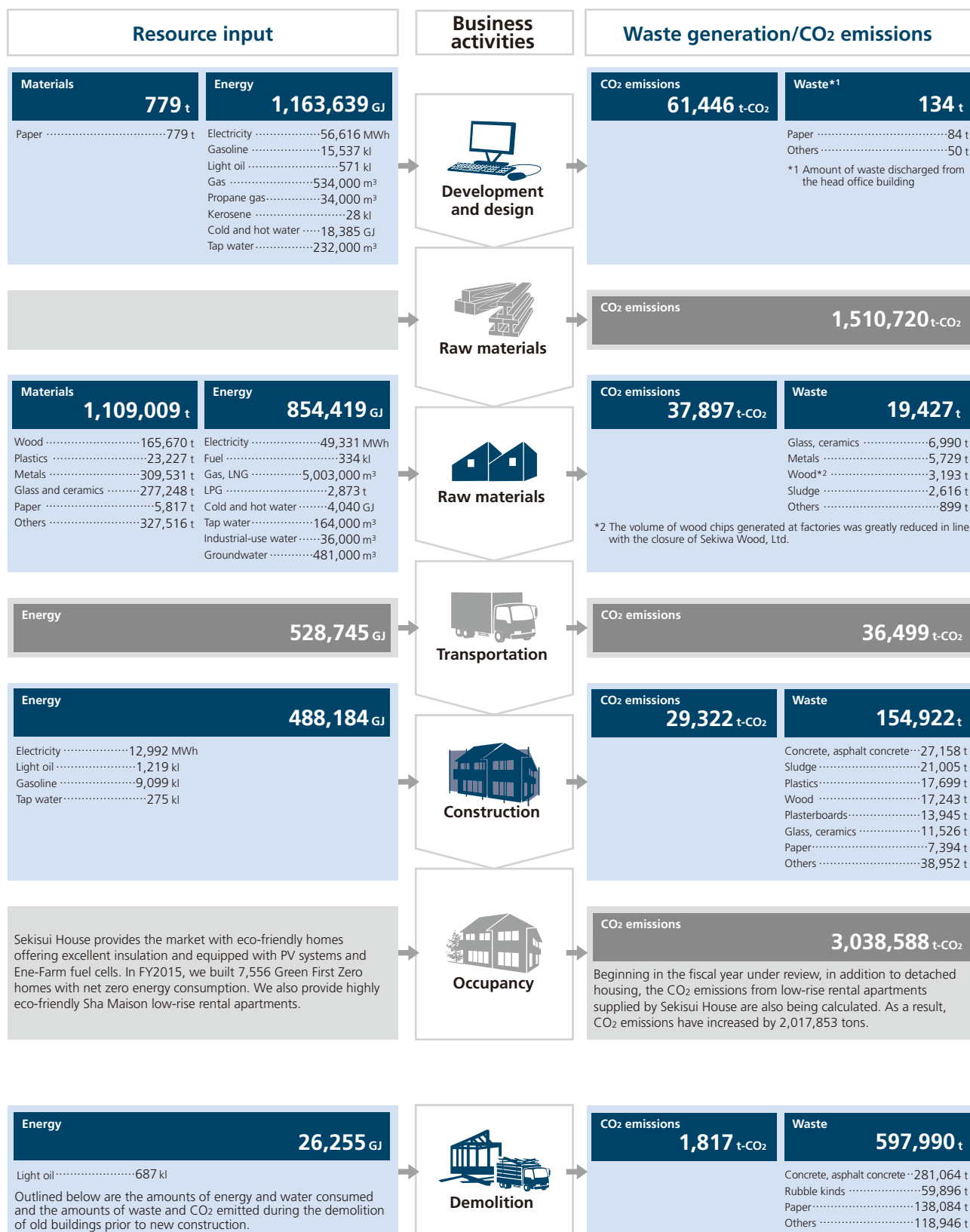
Also, we established a checklist item related to the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors as of one of the internal control checklist items to confirm business practices are conducted fairly, while training on relevant laws and regulations is provided to all employees to deepen their understanding of subcontractor transactions and laws and regulations.

In the fiscal year under review, there were no infractions pertaining to anti-monopoly laws.

# Material Balance

Collecting Accurate Data on the Environmental Impact Caused by Corporate Activities The Sekisui House Group monitors environmental impacts at each stage of the lifecycle of our housing products—including development and design, raw material procurement, factory production, transportation, construction, and occupancy—and discloses this information. Since FY2012, we have also reported Scope 3 greenhouse gas (GHG) emissions from the Sekisui House Group value chain.

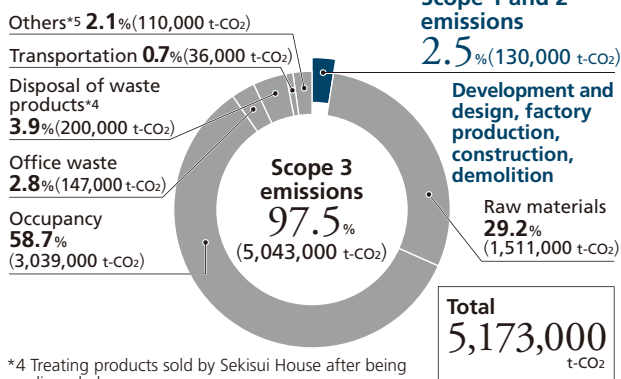
## FY2015 Environmental Impact Caused by Corporate Activities in



## FY2015 Amount of CO<sub>2</sub> Emissions by Scopes 1–3

Since FY2012, we have calculated and disclosed Scopes 1–3 emissions based on the Greenhouse Gas Protocol. Within Scope 3 emissions, Sekisui House promotes the sale of Green First eco-friendly housing that contributes to the reduction of CO<sub>2</sub> during occupancy. In addition to conventional detached housing, in FY2015 we expanded the scope of our calculations to include CO<sub>2</sub> emissions from the use of low-rise apartment products supplied as well as product disposal (see “Data Calculation Assumptions”). We also began Scope 1 and 2 calculations for energy used at overseas business offices. As a result, FY2015 Scopes 1–3 CO<sub>2</sub> emissions totaled 5.173 million t-CO<sub>2</sub>.

### CO<sub>2</sub> Emissions by Scope 1–3



\*4 Treating products sold by Sekisui House after being discarded

\*5 Capital goods, activities related to fuel and energy consumption not included in Scopes 1 and 2, business trips and commuting of employees, leased assets at downstream, etc.

Expanding the calculation scope for greenhouse gas (GHG) emissions resulted in an increase in emissions of 1.856 million t-CO<sub>2</sub> in FY2014. Excluding the main reason for the increase, CO<sub>2</sub> emitted from the use of low-rise apartments, emissions decreased 162,000 t-CO<sub>2</sub>.

Also, note that Scope 1 and 2 CO<sub>2</sub> emissions from construction and demolition include emissions from construction and demolition undertaken by building contractor partners that are not members of the Sekisui House Group. These emissions should have been counted as Scope 3 emissions, but owing to the difficulty of distinguishing between the work undertaken by our group companies and that undertaken by non-group companies, we include them in Scope 1 and 2 emissions for the sake of simplicity.

- Scope 1** : CO<sub>2</sub> emissions resulting from the use of fuels by the Sekisui House Group (86,000 t-CO<sub>2</sub>)
- Scope 2** : CO<sub>2</sub> emissions resulting from the use of electricity and heat purchased by the Sekisui House Group (45,000 t-CO<sub>2</sub>)
- Scope 3** : CO<sub>2</sub> emissions resulting from the use of energy for mining and producing raw materials, transporting building components, disposal of waste by non-Sekisui House Group companies or customers, and from the use of energy during occupancy (5.043 million t-CO<sub>2</sub>)

\*3 GREENHOUSE GAS PROTOCOL “Corporate Value Chain (Scope 3) Accounting and Reporting Standard”  
<http://www.ghgprotocol.org/standards/scope-3-standard>

- We have a structure in place that informs the head office in the event environmental laws or regulations are violated at a factory. In FY2015, there were no major violations of greenhouse gas-related laws and regulations (no single case for which criminal punishment, administrative penalty, or administrative guidance was imposed) nor serious leaks of chlorofluorocarbons (CFCs).
- All waste resulting from the production of materials purchased by factories is recycled. The material recycling rate was 94%.
- The water discharged from our factories into rivers meets the water-quality standards specified in Japan’s Water Pollution Control Law as well as those specified in other regulations and agreements. The water from our Tohoku, Kanto, Shizuoka, Yamaguchi, and Hyogo factories meets Sekisui House’s in-house standards, which are stricter than those stipulated by law.

## Notes on the data

**Scope of coverage:** The subjects of this survey are Sekisui House, Ltd., its major consolidated subsidiaries in Japan (48 companies), and major consolidated subsidiaries overseas (11 companies). Scope 3 CO<sub>2</sub> emissions include those attributable to parties other than the Sekisui House Group companies.

**Period covered:** The applicable period is FY2015 (from February 2015 to January 2016). Estimated figures were used where final data was not available at the time of calculation.

For estimates of domestic electricity usage, we used a CO<sub>2</sub> emissions intensity (0.357 kg-CO<sub>2</sub>) published in the objectives management survey of the Eco Action 21 voluntary action plan produced by the Japan Prefabricated Construction Suppliers and Manufacturers Association.



**Development and design** (including the data of sales and administration divisions and model homes)

- **Materials:** Paper purchased for use with OA equipment
- **Energy and CO<sub>2</sub>:** the amount of energy consumption and CO<sub>2</sub> emissions by offices and model homes
- **Waste:** the volume of waste generated by the Sekisui House, Ltd. head office (including offices of consolidated subsidiaries in the same building)



**Raw materials**

- **CO<sub>2</sub>:** the estimated amount of CO<sub>2</sub> emissions resulting from production of raw materials purchased by Sekisui House, Ltd. factories



**Factory production**

- **Materials:** the estimated amount of raw materials used for manufacturing detached houses and low-rise rental apartments
- **Energy and CO<sub>2</sub>:** the amount of energy consumption and CO<sub>2</sub> emissions by the five Sekisui House factories, two Sekiwa Wood, Ltd. factories, and Sekisui House Advanced Manufacturing (Shenyang)
- **Waste:** the volume of waste generated by the five Sekisui House factories and two Sekiwa Wood factories



**Transportation**

- **Energy and CO<sub>2</sub>:** the amount of energy consumption and CO<sub>2</sub> emissions by specified consigners and Sekisui House Advanced Manufacturing (Shenyang). (The calculation was made according to the guidelines provided in the Act on the Rational Use of Energy and according to the manual issued by the Ministry of the Environment and the Ministry of Economy, Trade, and Industry.)



**Construction**

- **Energy and CO<sub>2</sub>:** the estimated amount of energy consumption and CO<sub>2</sub> emissions resulting from new construction by all 19 Sekiwa Construction companies and building contractor partners
- **Waste:** the volume of waste generated from new construction, after-sales maintenance, and remodeling sites of Sekisui House, Ltd., Sekiwa Construction companies (17 of the 19 companies), and Sekisui House Remodeling.



**Occupancy**

- **CO<sub>2</sub>:** The estimated amount of CO<sub>2</sub> emissions during occupancy at detached houses built in FY2015 from building components shipped from factories (The estimate is calculated assuming an occupancy period of 60 years for detached housing and 45 years for low-rise rental apartments.)



**Demolition**

- **Energy and CO<sub>2</sub>:** the estimated amount of energy consumption and CO<sub>2</sub> emissions resulting from the use of heavy machinery for demolition, by all 19 Sekiwa Construction companies and building contractor partners
- **Waste:** the volume of waste generated from demolition of housing and commercial buildings by Sekisui House, Ltd., Sekiwa Construction companies (17 of the 19 companies), and Sekisui House Remodeling

## Eco-First Initiatives



The Eco-First system for companies was devised by the Japanese Ministry of the Environment requiring a commitment to initiatives related to global warming countermeasures, waste, recycling and other voluntary environmental protections. In 2008, Sekisui House announced the Eco-First Promise and was certified by the Ministry of the Environment as an industry-leading environmental company.

### Updating the Eco-First Promise in Response to Changing Times

Sekisui House was certified as an Eco-First Company by the Japanese Ministry of the Environment (MOE) in June 2008, and we have since been steadily promoting our environmental initiatives. We remain committed to achieving our ultimate goals of global warming prevention, ecosystem preservation,

and resource recycling. In 2012, we partially revised our Eco-First Promise to reflect changes in the social environment and the progress of our ongoing efforts. During FY2015, we made the following progress in our Eco-First activities.

#### FY2015 Progress in Major Activities Achieved in

##### ① We are taking positive measures to reduce CO<sub>2</sub> emissions from residential and industrial sources.



Expanding sales of Green First net-zero energy housing



Installed PV systems on Sha Maison apartments



Remodeling an existing house to improve energy efficiency

##### ② We are continuing to make concerted efforts toward restoration of ecosystem networks.



Gohon no ki landscaping project



Implemented the Wood Procurement Guidelines



Promoting Sekisui House Forest and other forest conservation activities

##### ③ We are promoting resource recycling to the fullest extent.



Utilized next-generation zero-waste systems



Encouraged the acquisition of Long-Term Quality Housing Certification



Promoted high-quality housing stock (SumStock)

## TOPICS

### Early Adoption of the "Cool Choice" National Movement

At the Paris COP21 in December 2015, Japan committed to reducing greenhouse gas emissions 26% compared to FY2013 by the year 2030. To this end, the government decided to launch a national movement to advance global warming prevention called "Cool Choice." This national movement aims to promote "smart choices" linked to global warming countermeasures involving energy-saving and low-carbon products, services and behaviors.

As an Eco-First company, Sekisui House was one of the first to endorse Cool Choice. In response to the significant demand for nearly 40% reductions in the housing sector, we have declared actions for taking the initiative to achieve this goal. We will propose comfortable eco-housing enabling residents to make smart choices through expanded construction of new net-zero energy housing and the energy-saving remodeling of existing houses.



## Eco-First Promotion Council Initiatives

Established in December 2009, the Eco-First Promotion Council is a voluntary group of companies that have all been certified as Eco-First Companies by the MOE. Comprising 37 companies as of February 1, 2016, the council works to ensure that member companies meet their commitments as an Eco-First Company and to promote joint efforts for further environmental protection activities.

In April 2014, our company was designated as the chair of the Eco-First Promotion Council (with Sekisui House Chairman Isami Wada acting as chairperson), taking the lead as an environmental advanced company. Council activities are connected to Eco-First Company and other Ministry of the Environment initiatives aimed at contributing to increased environmental awareness among Japanese citizens.



Minister of the Environment Tamayo Marukawa (right) and Sekisui House Chairman Isami Wada

## Main Activities in FY2015

### 6th Eco Slogan Contest

With the support of the Ministry of the Environment, Sekisui House collaborated with the Japan Elementary and Junior High School Environmental Education Research Society to invite elementary and junior high school students from all over Japan to submit eco-friendly slogans between June and September.

This year's theme was "What should we do to prevent climate change and global warming?"

A record-high total of 1,529 works were submitted. After a review by an impartial panel of judges, awards were given to outstanding works, including a Minister of the Environment Prize for the best one and a Sekisui House Prize.



**"You're cool when you say 'don't waste'"**

Winner of the Sekisui House Prize in the Eco Slogan Contest  
Rika Wakai, Sixth Grade  
Niigata City Kamiyama Elementary School

### Sustainable Café: A Place for Students to Interact

In November 2015, the Sustainable Café was set up in a meeting room at the Kirin headquarters so that university and graduate students could brainstorm about how to create a sustainable society.

Students and representatives from Sekisui House, one of the council member companies, conducted a roundtable workshop on the topic "What we can do to realize a sustainable society." This exchange aimed to deepen mutual understanding and foster close friendships.



Small group discussions

## TOPICS

### Sekisui House Eco-First Park

The "Sekisui House Eco-First Park" opened at the Kanto Factory in May 2015.

The Sekisui House Eco-First Park contains the three most symbolic proving test houses from the Company's environmental activity history: "the wind house," "the house of tomorrow" and "the wood house." The name was chosen because this facility allows visitors to experience three initiative themes: "creatures' garden," "resource spring" and "Eco-First Promise."

This facility enables visitors to experience all the ways housing can play a role in protecting the environment while providing a fun learning experience. It can be used to conduct environmental education programs for elementary school students and their parents, and as an educational tool for college students to understand the relationship between housing and the environment. Going forward, we will proactively utilize and promote this facility with the aim of providing ongoing exhibits.

SEKISUI HOUSE  
**ECO FIRST PARK**

エコファーストパーク

**Sekisui House Eco-First Park website**  
<http://www.sekisuihouse.co.jp/efp/>



"Wind house" exterior



"House of tomorrow" exterior



Birdhouse making event for elementary school students and their parents

# Post-Disaster Restoration and Reconstruction

**Restoration and reconstruction after natural disasters is the social responsibility of the Sekisui House Group, which develops businesses related to homes that protect the lives, property and lifestyles of the people who live in them. We are engaged in ongoing activities aimed at both quick restoration when a disaster occurs as well as post-disaster reconstruction.**

## Post-Earthquake Reconstruction

Immediately after the Great East Japan Earthquake, the Sekisui House Group embarked on customer support activities in stricken areas while also assisting in restoration and reconstruction work and the construction of temporary houses and public housing for those displaced by the disaster. While relocation to higher ground and the construction of public housing for those displaced by the disaster are proceeding at a brisk pace, of the nearly 30,000 public housing units planned across three prefectures, only 47% had been completed as of January 1, 2016. Furthermore, although the number of evacuees in Fukushima, Miyagi and Iwate prefectures has declined from 470,000 after the earthquake, there are still nearly 170,000 people living as refugees.

We will continue Group-wide reconstruction efforts in stricken areas by building and getting residents back into their homes—the foundation of their lives.

## New career-track employees take part in restoration-assistance activities

Starting in 2012, all new career-track employees at Sekisui House took turns going to the disaster-stricken areas to assist in reconstruction work (1,763 people in four years). Besides giving the stricken areas the assistance needed, the goal of this reconstruction effort is to deepen employees' understanding of the significance of the housing business and have them think and act from other people's perspectives.

In the stricken areas, employees worked with NPOs to hear what assistance locals needed, and then got to work in groups after deciding just how they could help. In 2015, we focused on cleanup efforts at temporary housing and meeting halls in an attempt to communicate with residents.

We plan to have new employees joining Sekisui House in FY2016 participate as part of our continuing assistance in reconstruction efforts in Tohoku.



Having tea with residents in temporary housing

## Promoting Public Housing Projects through the Tohoku Reconstruction Department

We must move forward quickly with the construction of public rental housing for those having difficulty finding a place to live after leaving temporary housing. The entire Sekisui House Group is united in the effort to provide quick and reliable support.

Despite skyrocketing material and labor costs, labor shortages and a variety of other challenges, over 48,000 construction and support staff from nationwide offices, the Sekiwa Construction Group and partner building contractors have been able to deliver all housing units within the contracted construction period, earning the deep appreciation of local governments.

There were also other problems, including a diminishing awareness of the Great East Japan Earthquake and discrepancies among administrative organs. To realistically proceed with reconstruction plans requires reconstruction models tailored to conditions in each region rather than one plan for all areas. Going forward, in addition to focusing on stable supplies, rapid construction and high quality, we will also keep a watchful eye on communities and incorporate their concerns into the construction of communities to provide public housing for those displaced by the disaster that will make residents happy.

### ■ Provision Status of Public Housing for Those Displaced by the Disaster

	Projects bid on	Projects completed
<b>FY2012</b>	4 Buildings 26 Units	—
<b>FY2013</b>	84 Buildings 285 Units	4 Buildings 26 Units
<b>FY2014</b>	127 Buildings 214 Units	16 Buildings 53 Units
<b>FY2015</b>	126 Buildings 184 Units	116 Buildings 382 Units
<b>Total</b>	341 Buildings 709 Units	136 Buildings 461 Units

### ■ Public Housing Examples



Kojirahama, Kamaishi, Iwate Prefecture  
Public housing for those displaced by the disaster



Aoba-ku, Sendai, Miyagi Prefecture  
Public housing for those displaced by the disaster



Miyanoshita, Kawauchi-mura, Fukushima Prefecture  
Public housing for those displaced by the disaster



Fukushima Prefectural Futaba Revitalization Clinic  
Futaba Re-Care

## Restoration and Reconstruction after Heavy Rains and Flooding in the Kanto and Tohoku Regions

From September 9–11, 2015, record-breaking heavy rains fell in the Kanto and Tohoku regions, causing the Kinugawa River to overflow, resulting in several deaths, the partial or total destruction of homes and buildings, numerous incidents of above and below floor flooding and widespread damage throughout these areas.

Although no Sekisui House homeowners were injured nor were their homes totally destroyed, some did experience flooding above or below floors. Sekisui House sales offices are interspersed throughout this area, which was extensively damaged. Intent on quickly providing the same level of support to all owners, sales office personnel worked together to provide initial responses regardless of location or area of responsibility.

On the 10th, a construction department experienced with initial response activities quickly leapt into action, setting up the Kinugawa Flood Response Headquarters at the Tsukuba Branch at 6 p.m. that very same day. They began calling homeowners to check on their safety, and on the 11th and 12th, 50 employees from the customer service center were sent out to check on homeowners and assess damage. On the 13th, full-blown cleanup activities began. The Tsukuba branch, customer service center, Kanto Factory, construction department, Sekiwa Construction and the Sekisui House Association worked together to remove scattered furniture, clean up inside houses, clean floors and remove mud and debris from under floors. As a result, we were able to complete emergency cleanup and inspection activities at all damaged homes in the Kinugawa River basin by the 20th.

### ■ Rain Damage Affecting Sekisui Homeowners in the Kanto and Tohoku Regions

Sales offices	Below floor flooding	Above floor flooding	Total
Tohoku	3 Buildings	4 Buildings	7 Buildings
East Kanto	70 Buildings	36 Buildings	106 Buildings
North Kanto	41 Buildings	69 Buildings	110 Buildings
<b>Total</b>	<b>114 Buildings</b>	<b>109 Buildings</b>	<b>223 Buildings</b>

Not one home was totally destroyed.



Carefully wiping away mud and repositioning furniture



Covered in mud after cleaning up underneath the floor

## TOPICS

### “Disaster Risk Reduction Factory of the Future” Contributing to Disaster Prevention in Regions throughout Japan

Sekisui House announced the Disaster-Ready Factory Project in May 2014, and in October that same year, hosted disaster drills at the Tohoku Factory. At the 3rd United Nations World Conference on Disaster Risk Reduction, held March 14–18, 2015, the Sekisui House Tohoku Factory was selected as one of the stops on the study tour attended by the largest number of participants.

As the only company in the housing industry to be selected as a stop on the study tours related to the UN World Conference on Disaster Risk Reduction, Sekisui House welcomed 201 people from 29 countries to the Tohoku Factory. The visits have provided a chance to show the world the high level of disaster preparedness we have achieved in cooperation with Shikama Town. Making a particularly strong impression on visitors was our ability to construct houses and develop communities that are highly resilient in the face of natural disasters. This point was demonstrated in numerous ways; for example, by how important Sekisui House's homes are in protecting people's lives, largely thanks to technologies we developed following the 1995 Great Hanshin-Awaji Earthquake; and

by initiatives begun following the 2011 Great East Japan Earthquake, such as our Green First strategy and Smart Common Cities.

It is extremely important to involve citizens, governments, and private companies in disaster preparedness. Embarking on the disaster preparedness agreement, we started operation of a line to produce Bellburn ceramic exterior wall tiles, creating 100 new jobs locally. We also held a kid's disaster prevention leader education project in May at the Tohoku Factory in which ten local elementary school students participated. We also conducted school visits to local combined elementary and junior high schools in November. Besides continuing to step up public-private cooperation, we will strive to be a company that dedicates its expertise in housing construction to contribute to people in disaster-stricken areas.



3rd United Nations World Conference on Disaster Risk Reduction study tour

Note: On April 14, 2016, a strong earthquake struck Kumamoto City in Kumamoto Prefecture. The initial earthquake has been followed by numerous aftershocks. The Sekisui House Group quickly set up a local response headquarters and established a Group support system that is making every effort to confirm the status of Sekisui homeowners in the area. The first flight delivering stockpiled emergency relief supplies arrived onsite April 15th. Since the 15th, Group employees have collected donations for disaster relief (as of April 18). For information on recent activities, please visit the Sekisui House corporate website.

# Social Action Programs

With a “love of humanity” at the core of our corporate philosophy—alongside our emphasis on housing culture, the sound growth of the next generation, and environmental preservation—we have developed programs enabling employees to voluntarily take socially meaningful action, while working for the wellbeing of communities as part of our core corporate activities. As well as encouraging our employees to take part in volunteer and charitable pursuits, we partner with NPOs and NGOs in support of their activities, and we assist educational institutions on selected educational initiatives.

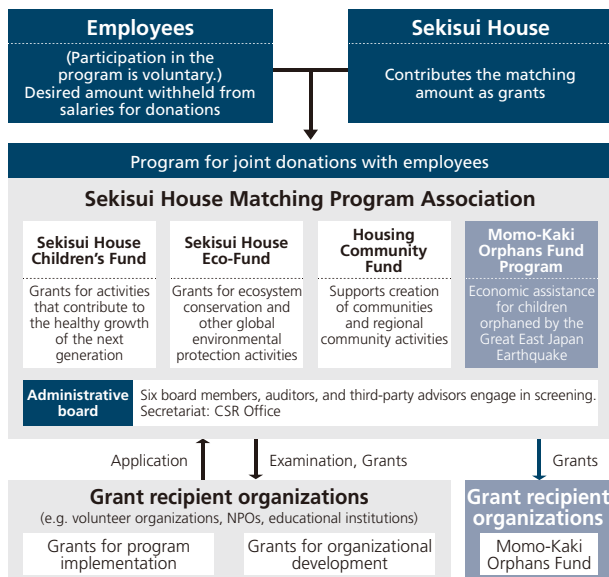
## Employee and Company Joint Donation System “Sekisui House Matching Program”

Since FY2006, we have been implementing the Sekisui House Matching Program, under which we match employee donations (approximately 3,500 participants) to NPOs and other organizations engaged in activities that contribute to the creation of a sustainable society. This system enables employees to have an amount of their choice (1 unit = 100 yen) withheld from their salaries for donations, and Sekisui House matches the donations and contributes an equal amount in the form of grants. Grant money is disbursed from two funds: the Sekisui House Children's Fund and the Sekisui House Eco-Fund. We also established the Momo-Kaki Orphans Fund Program to support the Momo-Kaki Orphans Fund, which is chaired by architect Tadao Ando. This fund provides financial assistance to children orphaned by the 2011 Great East Japan Earthquake. In 2015, to commemorate the tenth year of this system, we established the Housing Community Fund.

In FY2015, 12.18 million yen from our Children's Fund was donated to 12 organizations (project grants to 11 organizations and infrastructure grants to one organization) and 10.6 million yen from our Eco-Fund was donated to 13 organizations (project grants to eight organizations and infrastructure grants to five organizations), bringing the cumulative total of our donations to 22.78 million yen provided to 25 organizations. In FY2015, the Momo-Kaki Orphans Fund Program donated 13.4 million yen (a cumulative total of 55.4 million yen). Up to now, we have donated a total of over 200 million yen to 200 organizations.



### ■ Sekisui House Matching Program



## Children's Fund Aid Organization Comment

### Protecting Children's Lives and Supporting Their Future with Water and Electricity

**Tetsuro Ikema, Representative Director**  
NPO Asia Child Support

We are constructing a large deep well connected to a power generator and toilet facilities in the Ayeyarwady region of southwest Myanmar. In rural Myanmar, there is no water or electricity infrastructure, a major factor that prevents the healthy growth of children. This initiative is critical for supporting children's growth, as infectious diseases transmitted through water and the need to travel far distances to a fresh water source cause children to miss school, while electricity protects children from incidents and accidents at night.

The children of Myanmar first came to appreciate the provision of safe water and to know the happiness of going to school through the support of the Sekisui House Matching Program. On behalf of the children of Myanmar, I offer a heartfelt thank you.



Myanmar children celebrate the construction of a large deep well

## Eco-Fund Aid Organization Comment

### Restoration of the Hasanuma Imperial Coastal Forest in Sanmu, Chiba Prefecture

**Hiddenobu Takegaki, Representative Director**  
NPO The Lifestyle Research Institute of Forests

With funding provided by the Sekisui House Matching Program, we are proceeding with the restoration of the Hasanuma Imperial Coastal Forest in Sanmu, Chiba Prefecture, which was destroyed by a tsunami. Specifically, we are felling dead trees, turning them into woodchips and spreading the chips around as we plant Japanese black pine, which is suitable for sustaining a coastal forest. After planting, we will clear the undergrowth about every five years to promote the growth of saplings we have planted. With the funding we received, we are able to expand the coastal forest band and heighten the function of the coastal forest. Since 2013, volunteers from Sekiwa Construction Higashi-Kanto have participated in coastal forest restoration activities by helping us clear undergrowth during the intense heat of summer, which has been a tremendous help. I am happy to have their help in restoring the Hasanuma coastal forest, which was the most severely damaged along Chiba Prefecture's Kujukuri coastline.



Volunteers engage in undergrowth clearing activities

## Supporting the “Bento Day” Project

By having children make their own bento (box lunch), the Bento Day project teaches children the importance of proper eating and the fun of cooking. It also helps them develop an attitude of appreciation. Children are encouraged to do everything involved in bento preparation—from planning the menu and shopping for ingredients, to cooking and cleaning up the kitchen—without any parental involvement. Advocated by former school principal Kazuo Takeshita, the Bento Day project currently welcomes the participation of more than 1,700 elementary and junior high schools across Japan. Sekisui House participates as a supporting company to help spread awareness about this project.

In September 2015, we organized the 11th bento-cooking event at the Sumufumulab in Grand Front Osaka. We also hosted a seminar by Mr. Takeshita on the same day at a different venue, where elementary school students made bentos.



Children making bentos and seminar by Mr. Takeshita

## Holding an Industry-Academia Collaborative Design Competition

Since FY2005, Sekisui House has been participating in the Real Size Thinking Competition for Ecological Living Design for students of architecture and design. The main objectives of the competition are to raise environmental awareness in designing living spaces, explore futuristic living spaces, strengthen industry-academia collaboration, promote exchanges among students, and foster young designers. It is held in two venues: one each in the Kansai and Kanto regions. In FY2015 we received 154 submissions from 37 universities across Japan.



The Best Award for Kansai went to “Waving Border”  
Tomoya Sugimoto  
Kyoto Institute of Technology Graduate School



The Best Award for Kanto went to “Pop-up Shelter”  
Taichi Kuma, Takanori Ishii, Tatsunori Shibuya, Jun Shimada, Masayuki Takiguchi, Masatoshi Nishizato, Kantaro Makanae and Rika Li of Tokyo University Graduate School  
Aisa Arikawa of Waseda University Graduate School

## Environmental Education Programs

Awareness activities aimed at children who will lead the next generation are important for the promotion of global warming prevention and environmental conservation. To this end, Sekisui House conducts hands-on educational programs based on the three themes we are committed to as an Eco-First Company: reducing CO<sub>2</sub> emissions, restoring biodiversity networks and resource recycling.

Our “Houseecology” educational program, which teaches the connection between global warming and human lifestyles (conducted 23 times for 615 people in FY2015), won the Ninth Kids Design Award in the children’s future design learn and comprehension category (sponsored by NPO Kids Design Association).



“Houseecology” seminar

## Kids’ Education at Shin-Satoyama and the Wall of Hope

Shin-satoyama is an 8,000 m<sup>2</sup> area of open space in Shin-Umeda City, where our head office is located. It was created based on the *Gohon no ki* concept. Every year since 2007, we have been holding hands-on educational programs for local kindergartens and elementary schools. In FY2015, 61 local elementary school students planted rice and 64 kindergarteners planted satsuma sweet potatoes.

Throughout the year, various events are held at the world’s largest tree planting monument, the “Wall of Hope,” built onsite. We intend to make the Wall of Hope into a relaxing green space as a “wall of butterflies.” We are letting children plant citrus plants and cabbages—food for caterpillars—on the Shin-Satoyama grounds and flowers—to provide nectar for butterflies—on the Wall of Hope.



Kids planting rice plantlets

# Comments from External Members of the CSR Committee

At Sekisui House, a CSR Committee meeting is convened every three months (four times a year) to develop and promote important CSR policies and verify the relevancy and effectiveness of current CSR activities. During the meeting, three external members are asked to present their opinions, which provide the basis for discussion among Committee members (a group that includes board members). The following are comments given by the external members in light of discussions held during FY2015.

## Changing Society through Housing

At COP21 (the Framework Convention on Climate Change, 21st Session of the Conference of the Parties to the United Nations) the "Paris Agreement," a new framework related to global warming countermeasures from 2020 onward, was adopted. This historic agreement will launch climate change (global warming) countermeasures throughout the world.

Japan has committed to reducing greenhouse gas emissions 26% by 2030 (compared to 2013). Housing plays a major role in the realization of this goal. Sekisui House, which leads the industry in environmental initiatives, agreed to and signed the Joint Declaration in the Building and Construction Sector formulated at COP21, and is strengthening initiatives aimed at the adoption of net-zero energy housing and the energy-saving remodeling of existing housing.

Going forward, energy-saving housing will continue to spread throughout the world. In addition to realizing Japan's commitment, we anticipate our specialty in energy-saving technologies will also benefit the rest of the world. Sekisui House will aggressively develop business overseas based on our cumulative strengths in environmental technologies with the aim of becoming an international environmentally advanced company able to innovatively meet community needs and realize a low-carbon society.



**Haruo Tsuji**  
Former President,  
Sharp Corporation

### CSR Committee Recommendations

I was very interested in the discussion regarding Higashi Matsushima Disaster-Ready Smart Eco-Town. I think this is suitable material even for dissemination as a pillar of environmental strategy management. Once costs and other issues are resolved, I look forward to the development of a concrete business plan.

## Creating a Network to Adjust Energy Supply and Demand

The ratio of homes equipped with solar panels is on the rise. The more expensive the home, the higher the ratio. The challenge of solar is that it cannot generate electricity at night. Storage batteries are one way to overcome this challenge. A big change recently has been the development and mass production of miniature wind turbine generators. Rather than horizontal rotating propellers, these use vertical blades rotated perpendicularly. This makes them quieter than the horizontal type, and enables power generation even when winds are light. These can be installed on homes, and may be able to supplement solar power generators. Even so, another challenge involved with renewable energy is power generation fluctuations, causing a mismatch in power supply and demand.

However, if the latest internet technologies are used to tackle these challenges, they can be overcome to a considerable extent. Sharing supply and demand information on a network enables the implementation of a system in which idle vehicles and printing equipment can be used by those who need them. In terms of power generation capabilities, the same kind of system can be developed. I expect housing companies to play a bigger role in developing these kinds of systems.



**Dr. Tadao Kagono**  
Special Visiting Professor,  
Konan University

### CSR Committee Recommendations

Japan has become useful for short-term investors, but there is an increasing concern with respect to corporate governance and capital policies in response to the application of the corporate governance code. In response, it would be beneficial to read the Kay Review report from England, which leads in corporate governance.

## Human Resource Development is the Key to Corporate Expansion

Sekisui House hires new employees with a tremendous amount of potential. A newspaper asked young adults beginning their careers in 2016 to name their "ideal boss." For the seventh year in a row, the number one choice among men was sports commentator Shuzo Matsuoka, while for women it was actress Yuki Amami. Among the reasons cited for their selections, the most common was that these people seemed "dependable." In recent years, there are appears to be a trend towards hiring someone who is ready to hit the ground running, but new hires often have little experience in the working world and have not yet accumulated sufficient knowledge. However, if quality education, OJT and other drills are implemented, there is a strong possibility that employees will grow into excellent human resources who lead future social and corporate developments.

It is said that the four management resources needed for corporate activities are people, things, money and information. Among these, how people are used and the way human resources are developed are the keys to the rise or fall of a company. No matter how perfectly an organization is created, nor what kinds of new methods are introduced, if there are no people to drive these elements, the company will never achieve its mission. The development of human resources is a necessary aspect of a company's social responsibility. Sekisui House performance is solid and every year the company's CSR activities are received favorably. It is in times like these that we must look further ahead and establish a strategic perspective. I look forward to increased efforts toward the cultivation of socially significant human resources.



**Shunsuke Kano**  
Lawyer

### CSR Committee Recommendations

With the arrival of the super aged society, we need to work with production sites, design, construction, sales and related companies to consider how best to utilize people aged 60 or older. While maintaining a focus on the importance of robots and other rational labor-saving efforts, I want the company to build a comprehensive and new business model.

# Independent Third-Party Assurance Report

KPMG AZSA Sustainability Co., Ltd. was engaged to provide assurance on Sekisui House, Ltd.'s Sustainability Report 2015 and verify that the report provides reliable information on the company's energy consumption, waste and greenhouse gas emissions volumes, water used in factor production and social reporting (frequency of occupational accidents and illnesses).

This is an English translation of the "Independent Assurance Report" dated April 19, 2016 originally issued in Japanese by KPMG AZSA Sustainability Co., Ltd. for the "Sustainability Report 2016" published in Japanese by Sekisui House, Ltd.

## Independent Assurance Report

Sekisui House, Ltd.

Mr. Isami Wada, the Chairman, Representative Director & CEO,

Mr. Toshinori Abe, the President, Representative Director & COO

We were engaged by Sekisui House, Ltd. (the "Company") to undertake a limited assurance engagement of the environmental and social performance indicators and green house gas indicators listed below for the period from February 1, 2015 to January 31, 2016 (the "Indicators") included in its Sustainability Report 2016 (the "Report") for the fiscal year ended January 31, 2016, and the completeness of material greenhouse gas information in the Report.

### Indicators and pages in the Report

Indicators	pages
FY2015 occupational accident and disease frequency rates	57
Energy (total amount and itemized details by energy source) and Tap water, Industrial-use water and Groundwater of "Factory production" in "Resource input"	61, 62
Amount of CO <sub>2</sub> emissions and Waste (total amount and itemized details by waste category) in "Waste generation/CO <sub>2</sub> emissions"	61, 62
CO <sub>2</sub> emissions of 'Scope 1 and 2 emissions', 'Raw materials', 'Occupancy', 'Office waste', 'Disposal of waste products' and 'Transportation' in 'CO <sub>2</sub> Emissions by Scope (1-3)' and Scope 1, and Scope 2	62

### The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the Report, which are derived, among others, from the G4 Sustainability Reporting Guidelines of the Global Reporting Initiative and Environmental Reporting Guidelines of Japan's Ministry of the Environment, and for including the material greenhouse gas information defined in the 'Greenhouse gas Report Assurance and Registration Criteria' of the Japanese Association of Assurance Organizations for Sustainability Information ("J-SUS") in the Report.

### Our Responsibility

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

- Interviewing with the Company's responsible personnel to obtain an understanding of its policy for the preparation of the Report and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical reviews of the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and also recalculating the Indicators.
- Visiting to the Company's factory selected on the basis of a risk analysis.
- Assessing whether or not all the material greenhouse gas information defined by J-SUS is included in the Report.
- Evaluating the overall statement in which the Indicators are expressed.

### Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report, and all the material greenhouse gas information defined by J-SUS is not included in the Report. .

### Our Independence and Quality Control

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

KPMG AZSA Sustainability Co., Ltd.

Osaka, Japan

April 19, 2016

# Third-Party Review

Sekisui House, Ltd.

April 6, 2016

## Third-Party Review

I wrote the following comments based on information contained in this report and in interviews I had with all Sekisui House personnel in charge of environmental, human resource, procurement, and CSR affairs. I believe that Sekisui House has remained steadfast in its commitment to CSR efforts. The company has been strengthening its efforts to promote sustainability by carrying out its business in an integrated manner and with a view to reducing its impact on the environment. For example, it has developed and is selling Green First Zero net-zero-energy houses; it is implementing the innovative *Gohon no ki* landscaping concept, one of the first projects of its kind in the world that engages customers in biodiversity protection efforts; and it is convening quarterly meetings of its CSR Committee, which includes external members.

### Achievements deserving special mention

- Sekisui House's executives have shown leadership in recognizing and taking action on housing industry issues that are of the highest concern to customers and society in general. The company's efforts have included reducing its environmental impact by boosting energy efficiency and maintaining the long-term value of housing capital (p. 9–14). This is disclosed in a format enabling comparisons over time of the main output indices comprising the four aspects of economy, environment, housing and society (p. 15–16). Going forward, in terms of the value these accumulated initiatives have for customers and society, I strongly urge the company to disclose progress as an index as well as positioned as management objectives.
- The company strives to reduce its environmental impact throughout the entire product life cycle. One example is Green First Zero net-zero-energy houses, which have accounted for almost 70% of Sekisui House sales in the three years since they were introduced (p. 26). As well as being highly insulated and airtight, these houses incorporate solar cells and fuel cells. Another example is using IC tags to help measure and manage waste from manufacturing and construction. Furthermore, the creation of Japan's first Disaster-Ready Smart Eco-Town in Higashi Matsushima combining disaster-ready public housing, a hospital and other facilities (p. 25) is also highly commendable as an effective solution for enhancing social sustainability. Going forward, I expect the expansion of the remodeling and renovation businesses (p. 27–28) will increase the comfort of not only Sekisui House homes, but also homes throughout Japan, through improved insulation and other efforts, which will maintain and enhance home asset values.
- In terms of improving social responsibility initiatives related to suppliers (p. 56), environmental considerations and social responsibilities were clarified in the Eight Procurement Policies and CSR Procurement Standards were formulated in October 2015. The status of supplier initiatives were evaluated based on a portion of items from the self-check sheet and individual discussions were conducted aimed at implementing improvements. Going forward, to promote ongoing improvements with respect to social items including labor, health and safety and human rights, I suggest the Company improves the accuracy of item ascertainment and segmentation targeted by the evaluation system and more aggressively discloses information.
- In the area of ecosystems and biodiversity, Sekisui House is carrying out some of the world's most groundbreaking initiatives. Together with customers, it has planted more than 11.99 million trees in the *Gohon no ki* project (p. 29–31). In close partnership with NPOs and NGOs, the company has created wood procurement guidelines that specify quantitative measurements intended to prevent illegal logging and ensure an environmentally friendly wood-growing industry (p. 32). I suggest that the company conduct research on wildlife in areas involved in the *Gohon no ki* project, ascertain the project's efficacy, and share the results in a report.

### Areas where some notable achievements have been made but further efforts are required

- In the area of CSR in corporate governance and management (P. 53–62), Sekisui House is to be lauded for formulating its four values and 13 guidelines for the realization of a sustainable society. I propose that the company use measurable criteria to clarify the significance of adhering to its values and guidelines, while explaining in simpler terms how these notions are incorporated into its medium-term management plan. The company would also do well to provide more opportunity for group company employees in Japan and overseas to appreciate the significance of implementing these values and guidelines. As I stated in last year's report, I urge the company to establish human rights and other items as key performance indicators (KPIs).
- As for creating better working conditions and expanding the diversity of the workforce (pp. 43–46), I admire Sekisui House for its steady efforts—which have resulted in 5.55% of its employees taking advantage of the special leave and reduced-work-hour program for child care, nursing care, and elderly care—as well as for raising the percentage of disabled employees to 2.21%. Of particular note is an increase in the number of male employees taking parental leave and female employees utilizing reduced working hours to care for children, the provision of diversity meetings for disabled employees and training related to a reduced working hour system for nursing care that family members can also attend. Going forward, Sekisui House should promote the use of paid leave through the introduction of a smart holiday system. The Company should also enhance consultation services for employees to address a wider range of concerns that go beyond work-related issues to help meet the needs of a society where the population is aging and birth rates are falling. As the retirement age in Japan is gradually being raised to 65, I believe the company should encourage its employees to be more involved in community activities.
- Three aspects of the Sekisui House training program (p. 36) impress me: (1) the number of trainees who study construction work in the company's training facilities has been rising steadily since 2013; (2) five years after finishing the course, around 90% of trainees are still with the company; and (3) the number of trainees from Vietnam, China, and Thailand has reached 93 in the three years since 2013. I hope the company will continue to enhance its support system to ensure ongoing skills development for foreign trainees.
- In terms of social contribution activities, including support for recovery after natural disasters (P. 65–68), since 2012, newly hired employees have participated in training for the provision of support in areas affected by the Great East Japan Earthquake. Group companies worked together to support customers and recovery efforts after heavy rain in the Kanto and Tohoku regions. I highly commend Sekisui House for solidly promoting social contribution activities intimately connected to its main business. I hope the company will continue to provide more opportunities and inspiration for its employees to get involved in community service activities such as the Matching Program. It could do this, for example, by having management personnel follow—or even volunteer to participate in—the activities of organizations that Sekisui House supports.



**Hideto Kawakita**

CEO, IIHOE (International Institute for Human, Organisation, and the Earth) [sic]

川北 孝人

IIHOE is an NPO established in 1994 under the principle of "democratic and balanced development for all life on earth."  
IIHOE mainly engages in offering management support to civil groups and philanthropists, while working with many large companies to support their CSR efforts.  
<http://blog.canpan.info/iihoe/> (Japanese only)

# Remarks by Sekisui House Executives in View of Third-Party Comments

## Environmental Activities

October 2015, the *Gohon no ki* project received the Platinum Award Grand Prize from the Ministry of Economy, Trade and Industry. This award was presented in recognition of environmental contribution activities incorporated into Sekisui House's business and the promotion of business that expands activities aimed at the preservation of biodiversity. Long ago, some said there was no way to profit off the environment, that it only offered societal benefits. This is an unsustainable viewpoint. When the economy soured, at first there was a tendency to want to stop these activities altogether. But it is because these activities are incorporated into our business that we are able to sustain them. In fact, our landscaping business posted net sales of over 60 billion yen, making us Japan's largest landscaping company. Of course, we must not forget this is the result of providing innumerable customers with a pleasant lifestyle through garden enjoyment. This is the Sekisui House concept of CSV.

Sekisui House was the only private company in Japan that agreed to and signed the Global Alliance for Buildings and Construction\* at COP21, and as an Eco-First company, we are committed to the Japanese government's goal of reducing CO<sub>2</sub> emissions from existing houses 39.3% (compared to FY2013) by 2030. We are on track with respect to the construction of net-zero energy Green First Zero homes, which account for more than 70% of all our newly constructed homes. As already

indicated, the challenge is how to make existing homes more energy efficient. On a personal note, when my father was young, he was afflicted by tuberculosis, which caused his lungs to deteriorate leading to colds and pneumonia for which he was hospitalized every year. However, after his home was rebuilt to be more energy efficient 17 years ago, he never once caught a cold and lived a healthy life until he passed away for other reasons. Energy-saving homes extend the amount of time neither heat nor air conditioning is required, such as during the spring and autumn months. I feel that people living in these kinds of homes are able to live a more healthy life. Promoting the spread of these houses is our CSV as well as a significant change to contribute to society. For these reasons, Sekisui House aims to expand its remodeling business.

\*Participated in by 70 institutions (including 20 countries)



**Kenichi Ishida**

Managing Executive Officer  
Chief Manager of Environment  
Improving Department,  
Chief Manager of Global Warming  
Prevention R&D Institute

## Social Activities

Environmental, social and governance (ESG) investment is growing rapidly worldwide. Between 2012 and 2014, ESG investment increased 61%. Massive typhoons, unexpectedly heavy rains and other extreme weather events have increased the visibility of climate change-related risks. This has resulted in an increased emphasis on the corporate stance toward the environment, which in turn, has led to the revelation of fraud and misconduct resulting in the immediate loss of trustworthiness that had taken many years to establish in the market. Day by day, there is an increasing emphasis on social and governance issues from the perspective of avoiding medium- to long-term investment risks.

This publication is an "integrated report" providing an overview of financial and non-financial information, as well as disclosure of Sekisui House Group CSV strategies, which aim to resolve social issues while developing housing-specific growth strategies in recognition of the central role housing plays in social issues. Thus, this publication also provides reporting on social and governance issues.

In addition to communicating our Group vision and current stance with respect to society, as indicated in the third-party review, we are committed to sharing the significance of our business with employees in Japan and overseas. Specifically, we use this report internally as educational material when exchanging ideas and to strengthen the function of

consultation services for employees. We hope it inspires a sense of pride in employees and encourages them to pool their efforts to create a company where everyone wants to continue working. To further enhance our human portfolio, we are engaged in the promotion of a work-life balance and the active participation of women as a company selected three times for inclusion on the Nadeshiko list. As a result, I am confident we will be able to further rally and unite critical employee strengths to develop solid growth strategies.

As indicated on page 64, the Sekisui House Eco-First Park in Koga, Ibaraki Prefecture, was opened in May 2015. I encourage everyone to visit this facility, which is open to the general public and enables visitors to experience the impact housing has on global social issues including global warming, ecosystem network risks, the depletion of finite resources and increasing refuse.



**Hitoshi Kuroyanagi**

Executive Officer  
Chief Manager of Corporate  
Communications Department,  
Chief Manager of Investor Relations Office

# GRI Content Index for “In Accordance” Items

The Sekisui House Sustainability Report 2016 has been prepared in accordance with the Core options of the Global Reporting Initiative's (GRI) G4 Sustainability Reporting Guidelines (G4).

## General Standard Disclosures

Indicator		Refer to	External assurance
<b>Strategy and Analysis</b>			
G4-1	Statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability	P.9-14	
<b>Organizational Profile</b>			
G4-3	Name of the organization	P.76	
G4-4	Primary brands, products, and services	P.5-6	
G4-5	Location of the organization's headquarters	P.76	
G4-6	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	P.49-52	
G4-7	Nature of ownership and legal form	P.76	
G4-8	Markets served	P.5-6, 49-52	
G4-9	Scale of the organization	P.5-6, 76	
G4-10	Total number of employees by employment contract and gender	[WEB] Corporate Profile	
G4-11	Percentage of total employees covered by collective bargaining agreements	N/A	
G4-12	Organization's supply chain	P.56	
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	N/A	
G4-14	Whether and how the precautionary approach or principle is addressed by the organization	[WEB] Chemicals Management	
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	P.11, 63-64	
G4-16	Memberships of associations and national or international advocacy organizations	[WEB] Industry Proposals	
<b>Identified Material Aspects and Boundaries</b>			
G4-17	All entities included in the organization's consolidated financial statements or equivalent documents; whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report	P.4, 76	
G4-18	Process for defining the report content and the Aspect Boundaries; how the organization has implemented the Reporting Principles for Defining Report Content	P.3-4	
G4-19	All the material Aspects identified in the process for defining report content	P.54	
G4-20	For each material Aspect, report the Aspect Boundary within the organization	P.73-74	
G4-21	For each material Aspect, report the Aspect Boundary outside the organization	P.73-74	
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements	N/A	
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	P.61-62	
<b>Stakeholder Engagement</b>			
G4-24	List of stakeholder groups engaged by the organization	P.55	
G4-25	Basis for identification and selection of stakeholders with whom to engage	[WEB] Stakeholder Communication Guidelines	
G4-26	Organization's approach to stakeholder engagement	P.21, 55	
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns; the stakeholder groups that raised each of the key topics and concerns	P.54-55, 69, 71-72	
<b>Report Profile</b>			
G4-28	Reporting period (such as fiscal or calendar year) for information provided	P.3-4	
G4-29	Date of most recent previous report (if any)	P.4	
G4-30	Reporting cycle (such as annual, biennial)	P.4	
G4-31	Contact point for questions regarding the report or its contents	P.4	
G4-32	The “in accordance” option the organization has chosen; GRI Content Index for the chosen option; reference to the External Assurance Report, if the report has been externally assured	P.3, 70, 73-74	
G4-33	Policy and current practice with regard to seeking external assurance for the report	P.70	
<b>Governance</b>			
G4-34	Governance structure of the organization, including committees of the highest governance body; any committees responsible for decision-making on economic, environmental, and social impacts	P.53, 58	
<b>Ethics and Integrity</b>			
G4-56	Values, principles, standards, and norms of behavior such as codes of conduct and codes of ethics	P.53, 56	

## Specific Standard Disclosures (Specified Material Aspects Only)

Indicator		Refer to	External assurance
<b>Economic</b>			
DMA	Why the Aspect is material; how the organization manages the material Aspect or its impacts; evaluation of the management approach	P.5-8, 19	
<b>Economic Performance</b>			
[Affected Stakeholders Inside and Outside the Organization] Sekisui House Group, customers, employees, shareholders and investors, business partners			
G4-EC1	Direct economic value generated and distributed	P.21/Securities Report /Financial Results Summary	
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	P.23-28	
Aspect-specific DMA: Procurement Practices—Actions taken to identify and adjust the organization's procurement practices that cause or contribute to negative impacts in the supply chain			
[Affected Stakeholders Inside and Outside the Organization] Sekisui House Group, employees, shareholders and investors, business partners, local communities			
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	P.76 / [WEB] Communicating with Business Partners	
<b>Environmental</b>			
DMA	Why the Aspect is material; how the organization manages the material Aspect or its impacts; evaluation of the management approach	P.9-14 / [WEB] Environmental Management	
Aspect-specific DMA: Energy—Whether the organization is subject to any country, regional, or industry regulations and policies for energy; examples of such regulations and policies			
[Affected Stakeholders Inside and Outside the Organization] Sekisui House Group, employees, shareholders and investors, business partners			
G4-EN3	Energy consumption within the organization	P.61	● (P.70)
G4-EN5	Energy intensity ratio	P.62	
Aspect-specific DMA: Biodiversity—Strategy for achieving the organization's policy on biodiversity management			
[Affected Stakeholders Inside and Outside the Organization] Sekisui House Group, customers, employees, business partners, local communities			
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas of high biodiversity value outside protected areas	N/A	

Indicator		Refer to	External assurance
Aspect-specific DMA: Emissions—Whether the organization is subject to any country, regional, or industry regulations and policies for emissions; examples of such regulations and policies		P.23-24	
[Affected Stakeholders Inside and Outside the Organization] Sekisui House Group, customers, employees, shareholders and investors, business partners, local communities			
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	P.62	● (P.70)
G4-EN16	Indirect greenhouse gas (GHG) emissions (Scope 2)	P.62	● (P.70)
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	P.62	● (P.70)
G4-EN18	GHG emissions intensity ratio	P.62	
G4-EN19	Reduction of greenhouse gas (GHG) emissions	P.26,62	
Effluents and Waste			
[Affected Stakeholders Inside and Outside the Organization] Sekisui House Group, employees, business partners, local communities			
G4-EN22	Total water discharge by quality and destination	[WEB] Material Balance	
G4-EN23	Total weight of waste by type and disposal method	P.61 / [WEB] Material Balance	● (P.70)
Products and Services			
[Affected Stakeholders Inside and Outside the Organization] Sekisui House Group, customers, employees, shareholders and investors, consumers, business partners, local communities			
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	P.26,28,62	
Compliance			
[Affected Stakeholders Inside and Outside the Organization] Sekisui House Group, customers, employees, shareholders and investors, consumers, business partners, local communities			
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	P.60	
Aspect-specific DMA: Supplier Environmental Assessment—Systems used to screen new suppliers using environmental criteria; actions taken to address the significant actual and potential negative environmental impacts identified in the supply chain		P.32,56	
[Affected Stakeholders Inside and Outside the Organization] Sekisui House Group, shareholders and investors, business partners			
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	[WEB] Communicating with Business Partners	
<b>Social</b>			
<b>Labor Practices and Decent Work</b>			
DMA	Why the Aspect is material; how the organization manages the material Aspect or its impacts; evaluation of the management approach	P.12-14,44,47-48	
Aspect-specific DMA: Employment—Actions taken to determine and address situations where work undertaken within the organization's supply chain does not take place within appropriate institutional and legal frameworks		N/A	
[Affected Stakeholders Inside and Outside the Organization] Sekisui House Group, employees, local communities			
G4-LA3	Return-to-work and retention rates after parental leave, by gender	[WEB] Support for Work and Childrearing	
Aspect-specific DMA: Occupational Health and Safety—Programs related to assisting workforce members, their families, or community members regarding serious diseases		P.45 / [WEB] Support Programs for Nursing Care and Sick Leave	
[Affected Stakeholders Inside and Outside the Organization] Sekisui House Group, employees, business partners			
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, absenteeism, and total number of work-related fatalities, by region and by gender	P.57	● (P.70)
Training and Education			
[Affected Stakeholders Inside and Outside the Organization] Sekisui House Group, employees, business partners			
G4-LA9	Average hours of training per year per employee, by gender, and by employee category	P.48	
Diversity and Equal Opportunity			
[Affected Stakeholders Inside and Outside the Organization] Sekisui House Group, employees, local communities			
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	P.58	
<b>Human Rights</b>			
DMA	Why the Aspect is material; how the organization manages the material Aspect or its impacts; evaluation of the management approach	P.59	
Aspect-specific DMA: Investment—Strategies for extending applicable policies and procedures to external parties; use of human rights criteria or clauses in contracts		P.59	
[Affected Stakeholders Inside and Outside the Organization] Sekisui House Group, employees, shareholders and investors, business partners, local communities			
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	P.59/[WEB] Human Relations Training	
<b>Society</b>			
DMA	Why the Aspect is material; how the organization manages the material Aspect or its impacts; evaluation of the management approach	P.53,55-56	
Compliance			
[Affected Stakeholders Inside and Outside the Organization] Sekisui House Group, customers, employees, shareholders and investors, consumers, business partners, local communities			
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	P.60	
<b>Product Responsibility</b>			
DMA	Why the Aspect is material; how the organization manages the material Aspect or its impacts; evaluation of the management approach	P.33-36,56	
Aspect-specific DMA: Customer Health and Safety—Whether the health and safety impacts of products and services are assessed for improvement (by life cycle)		[WEB] Customer Surveys	
[Affected Stakeholders Inside and Outside the Organization] Sekisui House Group, customers, consumers, local communities			
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	P.60	
Aspect-specific DMA: Product and Service Labeling—Organization-wide practices in place to assess and maintain customer satisfaction		[WEB] Customer Surveys	
[Affected Stakeholders Inside and Outside the Organization] Sekisui House Group, customers, consumers, business partners			
G4-PR5	Results of surveys measuring customer satisfaction	P.16,18,26,40	
Customer Privacy			
[Affected Stakeholders Inside and Outside the Organization] Sekisui House Group, customers, employees, consumers, business partners			
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	P.60	
Compliance			
[Affected Stakeholders Inside and Outside the Organization] Sekisui House Group, customers, employees, shareholders and investors, consumers, business partners, local communities			
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	P.60	

## Honors from Third Parties During FY2015

### Environment

- **Shin-Satoyama and Wall of Hope, Shin-Umeda City**  
April 2015  
Social and Environmental Green Evaluation System (SEGES):  
Urban Oasis certification  
Organizer: Organization for Landscape and Urban Green Infrastructure

- **Gohon no ki Project**

October 2015

Platinum Award  
Grand Prize, Minister of Economy, Trade,  
and Industry Prize  
Organizer: Platinum Koso Network  
Platinum Award steering committee



- **Harmony, Skills and Peace: Community Building Gardening "Kizashi"**

October 2015

Hibiya Park Gardening Show 2015 Garden Contest  
Tokyo Metropolitan Governor's Prize, Gardening category  
Organizer: Hibiya Park Gardening Show executive committee

### Community Building, Landscape

- **The Ritz-Carlton, Kyoto**

February 2015

Prize for Excellence, Architecture category, Kyoto Scenery Awards  
Organizer: City of Kyoto

- **One Central Park, Central Park redevelopment project in Sydney, Australia**

March 2015

Best Innovative Green Building, MIPIM Awards 2015  
Organizer: MIPIM (le marché international des professionnels de l'immobilier)  
Note: Joint development project with Frasers Centrepoint Ltd.

- **Child Chemo House**

December 2015

Human-Size Community Building Award, Governor's Prize  
(Townscape Architecture category)  
Organizer: Hyogo Prefecture  
Note: Joint entry with NPO Child Chemo Support Foundation, and Tezuka Architects

### Kids Design Award

Prize for Excellence, Minister of State for Measures  
for Declining Birthrate Award  
(Design for Raising Children, Local Communities categories)

- **Koto Bay Coast Satellite Smart Nursery School main garden Tennis Forest campus**

Note: Joint entry with Children's Museum of Shino world

(Safety and Peace of Mind from Children's Perspective Design,  
general category)

- **"iFAS" Rapid Detection Home Smoke Alarm**

Note: Joint entry with New Cosmos Electric Co., Ltd.

- **"Disaster-Ready Factory of the Future"  
Kids Disaster Prevention Leader Cultivation Project  
To Protect Oneself, Families and Communities**

(Children's Future/Learning and Understanding categories)

- **Captain Earth's "Houseecology" Seminar**

(Design for Raising Children, Local Communities categories)

- **Creating Communities Incorporating Shared Assistance in Childrearing  
Childrearing Shared Assistance Community Adoption Model Business**

- **Sekisui House Matching Program for Matching Employee Donations**

(Reconstruction Support Design category)

- **Developing Children's Will to Live through Earthquake Reconstruction  
and Environmental Protection  
"Making Birdhouses"**

July 2015

Organizer: NPO Kids Design Association



### Products, Technology, etc.

- **Women and Child-friendly "Orihime" Mobile Toilet**

September 2015

Japan Toilet Award

Minister of Women's Active Participation/Minister of State  
for Special Missions (Gender Equality) Award  
Organizer: Cabinet Secretary for All Women Shine  
Social Promotion Office  
Note: Joint entry with TOTO Ltd.



- **Entranceway Storage Bench**

- **"iFAS" Rapid Detection Home Smoke Alarm**

Note: Joint entry with New Cosmos Electric Co., Ltd.

November 2015 IAUD Award 2015, IAUD Award

Organizer: International Association for Universal Design

- **Shawood "Pure Domestic Timber Premium Model"**

December 2015

Wood Design Award

Prize for Excellence, Forestry Agency Secretary Award  
(Social Design category)

Organizer: Wood Design Award Secretariat (Supported by the Forestry Agency)



- **Yamazaki house and Usui Family Villa  
(Sekisui House Model A) built in 1963**

March 2016

Registered as tangible cultural properties (buildings)  
of Japan (Agency for Cultural Affairs)

Note: Location: Karuzawa, Kitasaku, Nagano Prefecture. Construction:  
Lightweight steel frame single-story structure



- **Corporate serial advertisement: "Sekisui House—Always there for you"**

March 2015

Mainichi Advertising Design Awards,

Advertiser Participation section (Housing and Real Estate)

Organizer: The Mainichi Newspapers

July 2015

Asahi Advertising Awards, Advertiser Participation section,

Associate category prize (Real Estate and Financial category)

Organizer: The Asahi Shinbun

October 2015

Bronze Prize, Serial Advertisement category, Business Advertising Awards  
Organizer: Fuji Sankei Business i.

- **Corporate Advertising "A Boy and His Dog" Series**

April 2015

Fuji Sankei Group Advertising Awards,

Public category, Television Excellence Prize

Organizer: Fuji Sankei Group

### Good Design Award

- **Steel System (Light-Gauge Steel)  
Framing Brace Construction Method  
"Universal Frame System"**

- **Japan's First Cancer Treatment Facility for Children  
"Child Chemo House"**

Note: Joint entry with NPO Child Chemo Support Foundation, and Tezuka Architects

- **AirMe (F-PML40SH and F-PML20SH) Built-In Air Purification Systems**

Note: Joint entry with the Panasonic Corporation.

September 2015

Organizer: Japan Institute of Design Promotion



### CSR and Other Initiatives

- **Sekisui House Limited**

March 2015

Grand Prize, Osaka City Mayor's Commendations for Leading Companies in Female  
Career Development

May 2015

Selected by the Ministry of Economy, Trade, and Industry and the Tokyo Stock  
Exchange for inclusion on the "Offensive IT Productivity" list.

November 2015

Ranked number one in advanced corporate data utilization, Development and  
Production categories

Survey: Nikkei Big Data, Nikkei Research

March 2016

Selected as a Nadeshiko brand 2016 by the Ministry of Economy,  
Trade and Industry and the Tokyo Stock Exchange



- **Sustainability Report 2015**

February 2016

Special Jury Prize (Jury Chairman's Prize), Environmental Report  
category, 18th Environmental Communication Awards  
Organizers: Ministry of the Environment, Global Environmental Forum



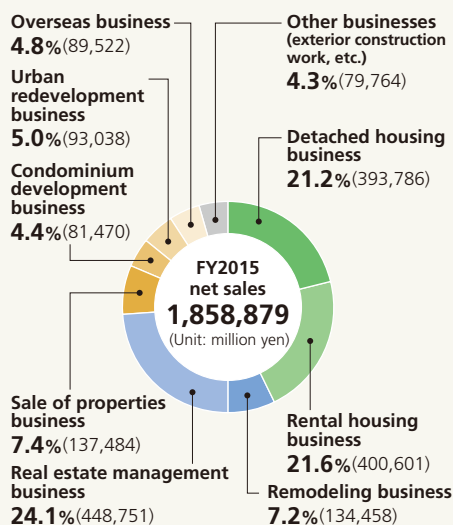
## Corporate Profile (as of January 31, 2016)

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: 23,089 (consolidated);  
 13,855 (non-consolidated)  
 Total number of houses built: 2,284,659

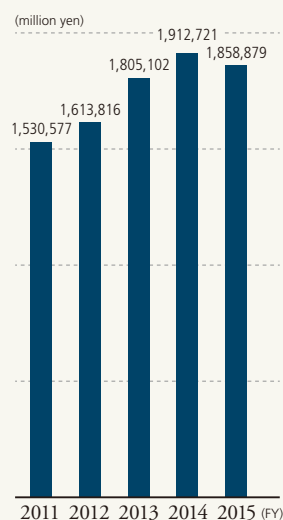
### Sales and Service Offices (as of January 31, 2016)

Branch and sales offices: 123  
 Customer service centers: 29  
 Model homes: 409  
 Factories: 5  
 R&D institute: 1  
 Consolidated subsidiaries: 205  
 Companies accounted for under the equity  
 method: 23

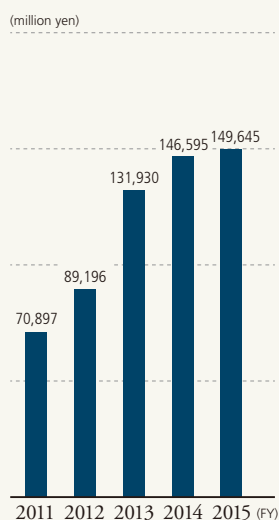
### Consolidated Sales by Segment



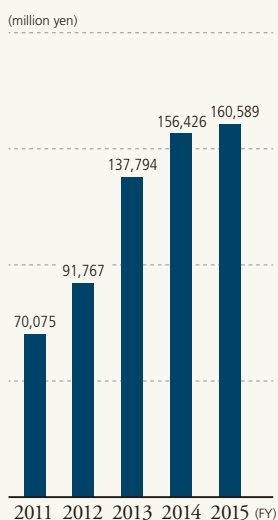
### Consolidated Net Sales



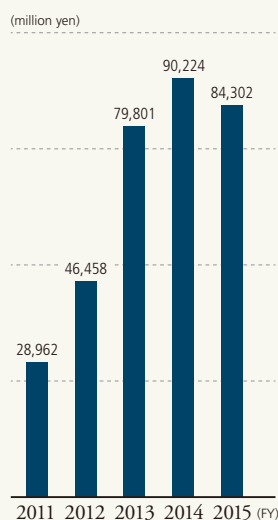
### Consolidated Operating Income



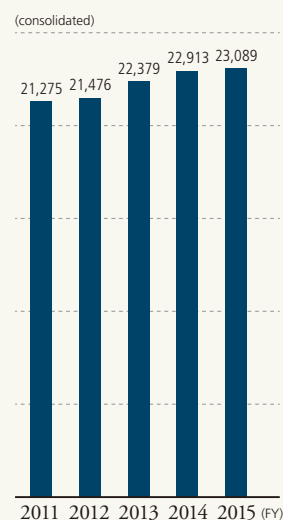
### Consolidated Ordinary Income



### Consolidated Net Income



### Number of Employees



## Share Information (as of January 31, 2016)

Number of shares outstanding: 709,683,466 Number of shares per share unit: 100  
 Number of shareholders: 63,415 Listed stock exchanges: Tokyo and Nagoya

### Share Distribution

	(%)
Financial institutions	37.62
Securities companies	4.45
Foreigners	32.68
Other companies	12.97
Individuals, others	12.28

### Dividends per Share

	Dividends per Share (yen)
FY2015	54
FY2014	50
FY2013	43
FY2012	28
FY2011	20

### Share Price and Trading Volume (Tokyo Stock Exchange, by month)

