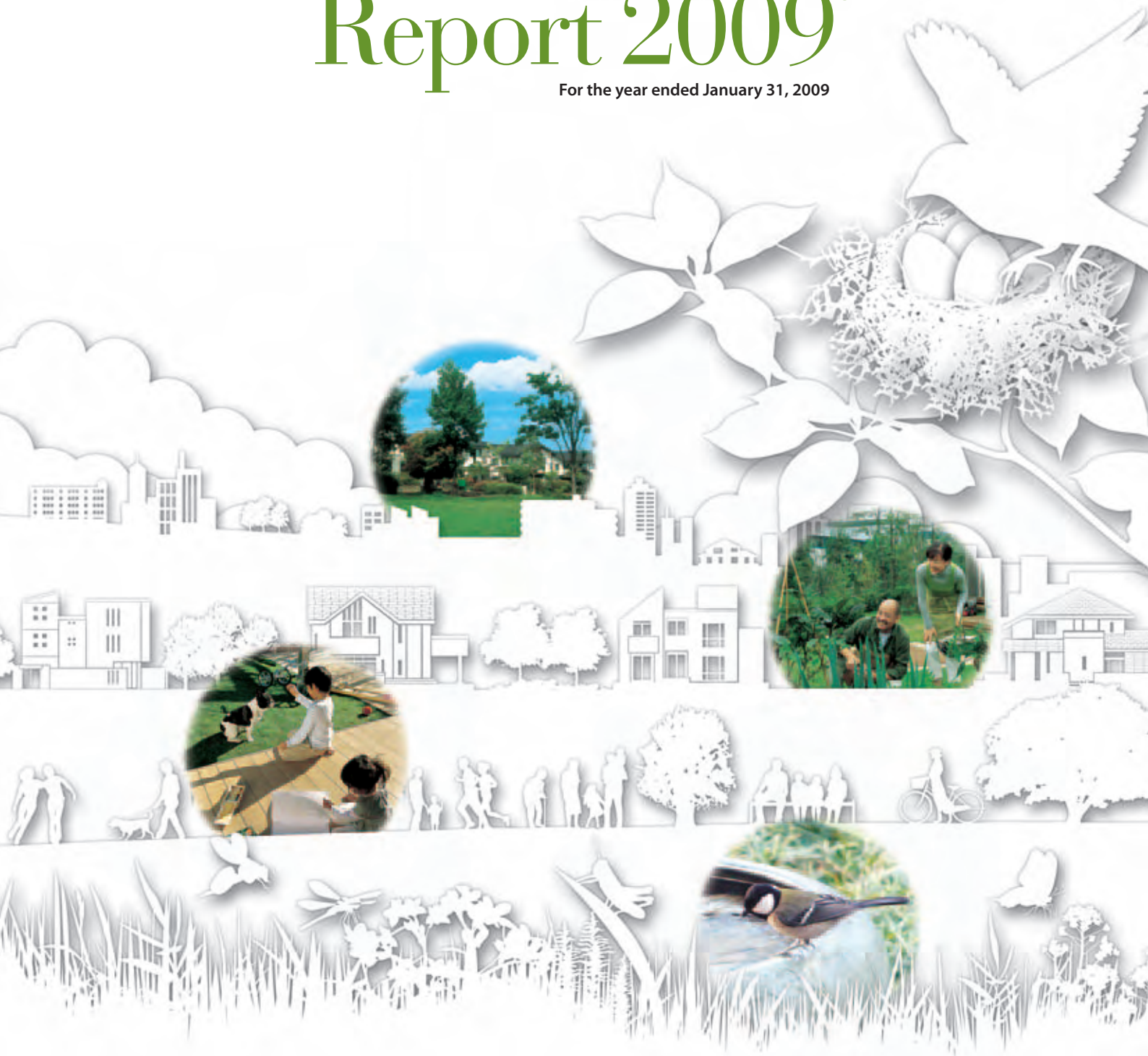




# Sustainability Report 2009

For the year ended January 31, 2009



**SEKISUI HOUSE, LTD.**

# Sustainability Report 2009

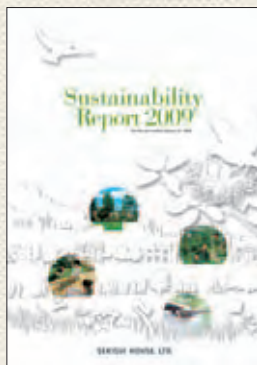
## Editorial Policy

The purpose of this report is to promote understanding of the initiatives the Sekisui House Group is taking to help realize a sustainable society and to improve those initiatives through communication with readers. It is produced with reference to the Environmental Reporting Guidelines 2007 of Japan's Ministry of the Environment, and the Sustainability Reporting Guidelines (Version 3.0) of the Global Reporting Initiative.

## Main points of improvement in the Sustainability Report 2009

- Measures taken and progress in fulfilling the nine promises made in the 2008 report are reported on. These promises relate to matters of particularly significant importance (materiality) to the Group's businesses, as determined by the CSR Committee, which includes three external members.
- The matters discussed in the 2009 report and their relative importance were determined based on survey data from approximately 2,700 internal and external respondents asked about the 2008 report, and on a consideration of societal conditions. In response to complaints that the small font size made for difficult reading, the text has been enlarged and special care has been taken with regard to layout to make reading easier.
- The opinions of outside experts have been included as objective evaluations of Group initiatives. The 2009 report enhances quality of space for these opinions.

### About the Cover



Houses are stages for their residents, who, together with those in their circles, make communities.

At Sekisui House, we not only provide outstanding living space; we do our best to create housing and communities with "time" in mind.

Housing is an important part of the global environment. If housing changes, society will, too. That thought is behind the *Gohon no ki* gardening concept, which aims to create conditions that invite birds to the trees of a garden and take a step toward the restoration of natural environments in the process.

### Businesses covered by this report

The scope of businesses covered by this report includes 63 companies, namely: Sekisui House, Ltd., and the following consolidated subsidiaries that are considered important in regard to CSR and environmental management: Sekiwa Real Estate, Ltd. (8 companies); Sekisui House Remodeling, Ltd.; Sekiwa Construction, Ltd. (44 companies); Landtech Sekiwa, Ltd. (2 companies); Greentechno Sekiwa, Ltd. (3 companies); SGM Operation Co., Ltd.; Sekisui House Umeda Operation Co., Ltd.; Sekiha, Ltd.; and Sekiwa Support System, Ltd. (A profile of the Sekisui House Group is provided on p. 3-4.)

### Business activities covered by this report

This report covers the business operations of the Sekisui House Group, which includes the built to order housing business (houses and low-rise apartments), real estate for sale business (houses, condominiums and land for sale), real estate for leasing business, and other business (exterior, remodeling and RC contracts). There were no material changes in the types of business operations undertaken by the Group during fiscal 2008.

### Period covered

Fiscal 2008 (February 1, 2008 to January 31, 2009)

### Date of publication

This report is published annually in Japanese around April.

### For inquiries about this report

#### Sekisui House, Ltd.

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Corporate Social Responsibility Office  
TEL. +816-6440-3111/FAX. +816-6440-3369

Environment Improving Department  
TEL. +816-6440-3374/FAX. +816-6440-3438

Online inquiries  
<http://www.sekisuihouse.co.jp/english/contact.html>

### Notes

- Please note that this English report is an excerpt. The full Japanese version of the report, as well as further information, is available at our website.
- The Japanese-language report is assured by a third party statement based on The Natural Step Framework AccountAbility, AA1000 Assurance Standard.



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### Sustainability Report 2009

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# Working to Create Shared Wealth for People, Communities, and the World

The Sekisui House Group, as a leader in the housing industry, builds detached housing, condominiums for sale, and leased housing, and engages in such projects as urban development, with the overriding goal of making housing valuable for its ability to allow people to live in comfort. In doing so, we aim at offering daily life with a rich sense of humanity. As Japan's leading home builder, we have a great responsibility to society, the environment, and the future.

## Built to Order Housing Business

We undertake the contracting, design, and construction of steel-frame detached housing and *Sha-Maison*, our low-rise apartments.



Is Stage Steel-frame detached house



M'Gravis Stage Wood-frame detached house



Sha-Maison, Villace Low-rise apartment



Biena Three-story Steel-frame house



Yukari no Ie Wood-frame detached house



Sha-Maison, Bereo Low-rise apartment

### Subsidiaries and Affiliates

Sekiwa Construction Higashi-Tokyo, Ltd. and 43 other companies

...Housing construction, landscaping, and exterior construction works

Sekiha, Ltd.

...Trading of housing-related construction materials.

### Corporate profile (as of January 31, 2009)

Corporation name	Sekisui House, Ltd.
Head office	1-88 Oyodonaka 1-chome, Kita-ku, Osaka 531-0076, Japan
Date of establishment	August 1, 1960
Capital stock issued	¥186,554 million
Total number of shares issued	676,885,078 shares
Employees	22,254 (consolidated); 14,953 (non-consolidated)

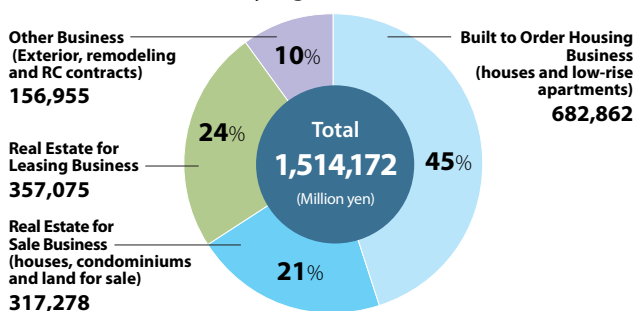
### Sales and Services Offices (as of January 31, 2009)

Sales Administration Headquarters	17
Sales Offices	141 (127 as of February 1)
Factories	5 (as of April 1)
Customer Service Centers	65
Subsidiaries and Affiliates	76

### Financial data

The goal of the Sekisui House Group is to maintain a virtuous economic cycle in which it provides housing, with related support, that customers can comfortably live in over the long term, and returns gains to society. During fiscal 2008, worsening market conditions undercut business performance with regard to detached housing, but results in the *Sha-Maison* building contract business, real estate for leasing, remodeling business, and the Group's other operations performed well, resulting in overall revenue equal to that of the prior fiscal year. The number of housing units sold came to 52,221. (Cumulative sales of houses: 1,959,210 houses)

### Consolidated net sales by segment (Fiscal 2008)





## Real Estate for Sale Business

Sales of detached housing, condominiums, etc., as well as urban redevelopment and sales of commercial buildings, etc.



Example of Town Development, *Common Stage Sakasegawa*



Example of condominiums, *Tokyo Terrace*

Example of urban redevelopment, *Gotenyama Project* (tentative name)

### Subsidiaries and Affiliates

- Sekiwa Real Estate, Ltd. and 7 other companies**
  - ...Real estate brokering and leasing
- SGM Operation Co., Ltd.**
  - ...Master leasing and management of rental housing, etc.
- Sekisui House Umeda Operation Co., Ltd.**
  - ...*Shin Umeda City* outsourced real estate management, tenant support, etc.

## Real Estate for Leasing Business

Block leasing/sub-leasing of *Sha-Maison* residential properties, and apartments and condominiums, leasing and management of other real estate.



*Sha-Maison Curavie U* Low-rise apartment

### Block Leasing Operations

Sekiwa Real Estate, Ltd. companies, part of the Sekisui House Group, lease entire apartment buildings and pays the owners fixed amounts every month regardless of occupancy rates. Sekiwa Real Estate handle all of the work of leasing to individuals as the direct lessor, thereby relieving owners of this burden and providing stable management of their properties. It has a track record of over 30 years in this field and serves approximately 90% of apartment building owners. Sekiwa Real Estate responds to the faith of countless stakeholders by delivering long-term peace of mind.

#### [Sekiwa Real Estate Block Leasing/Sub-Leasing System]

Set lease amounts / Solicit residents / Collect lease payments / Perform move-out settlement / Perform regular cleaning / Claim management, etc.

## Other Business

Contracting, designing, and construction of residential remodeling of houses, landscaping, exterior construction works, condominiums such as the RC framed, etc., and commercial buildings.



Example of residential remodeling

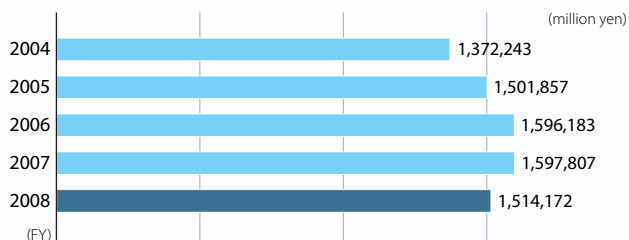


Example of exterior

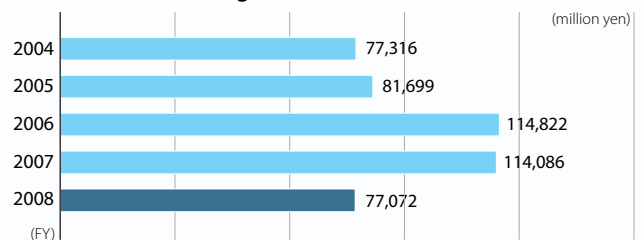
### Subsidiaries and Affiliates

- Sekisui House Remodeling, Ltd.**
    - ...Remodeling contracting
  - Greentechno Sekiwa, Ltd. and 2 other companies**
    - ...Landscaping, exterior construction work
  - Landtech Sekiwa, Ltd. and 1 other company**
    - ...Land surveying, soil studies
  - Sekiwa Support System, Ltd.**
    - ...Operation of fee-based residential elderly care facilities
  - Sumai no Toshokan, Ltd.**
    - ...Publisher of housing-related materials
  - SEA, Ltd.**
    - ...Publisher of housing-related materials, advertising agency
- 12 other companies**

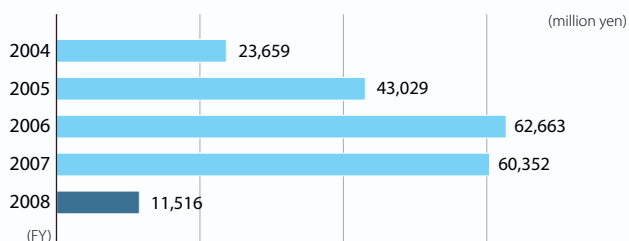
### Consolidated net sales



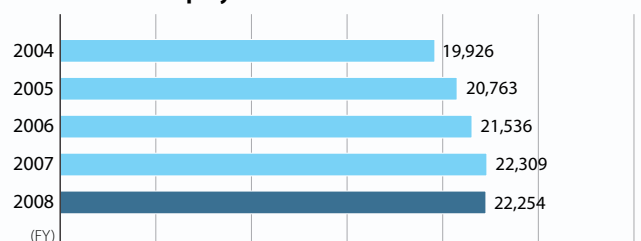
### Consolidated recurring income



### Consolidated net income



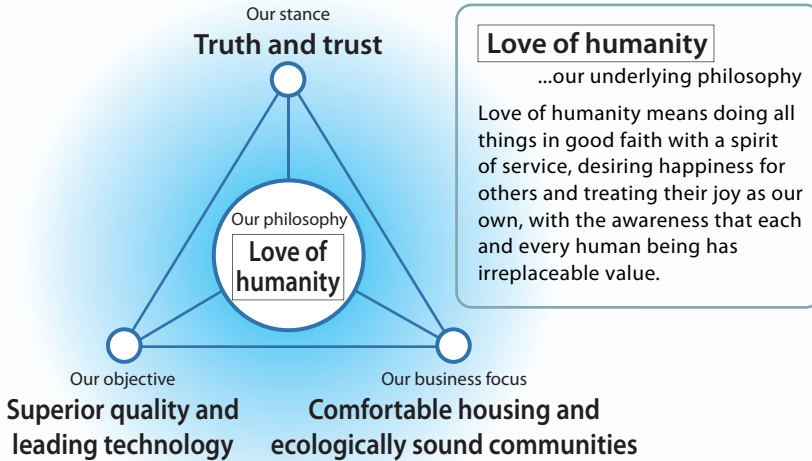
### Consolidated employees



# Toward a Sustainable Society

In an effort to promote a shared awareness among all employees and to move forward in the best direction, Sekisui House advocates the Sustainable Vision as the foundation of its corporate philosophy, the core of which is a love of humanity. To promote concrete action aimed at achieving this vision, we have established 13 guidelines based on our four values.

## Corporate philosophy (Established January 1989)



2005

## Declaration of Sustainability

Aiming for a balanced management based on four values: the environment, the economy, society and residents.



### • Our four values

The Triple Bottom Line concept is beginning to gain wide social acceptance. This concept refers to the need to pursue balanced business management that includes consideration of the environment and society as well as the economy in order to realize a sustainable society. At Sekisui House, we have carefully reviewed the value we can provide to society through our highly socially oriented core business of creating housing environments, and added a unique bottom line element of our own-residential value.

1999

### Environmental Future Plan

## Release of the Medium-Term Management Vision, S-Project

A declaration aimed at achieving Corporate Social Responsibility via improvements in the satisfaction triangle of customer satisfaction, employee satisfaction and shareholder satisfaction.

Long-Life Housing Concept  
—Always comfortable and enjoyable—

The establishment of an environmental charter and a basic environmental guideline aiming to achieve harmony between human beings, towns and the planet.

1996

- Adopted insulating multi-layered glass for use in *CentrageΣ* detached housing products.

1999

- **Announced the Environmental Future Plan**
- Standardized our major detached housing products to meet next generation energy-saving standards
- Established the Environment Promotion Department

2000

- Standardized multi-layered glass with airtight insulation qualities and insulation aluminum sash at all detached houses

2000 • The Housing Quality Assurance Act was enforced

2001

- Launched the *Gohon no ki* gardening concept

2002

- Achieved zero emissions at all Sekisui House factories

2003

- Met next-generation energy-saving standards for all detached houses

2004

- Authorized by the Ministry of the Environment to dispose of construction site waste across administrative boundaries

2001 • Law on Promoting Green Purchasing was enforced

2005

- **Declaration of Sustainability announced**
- **Established the Urban Development Charter**

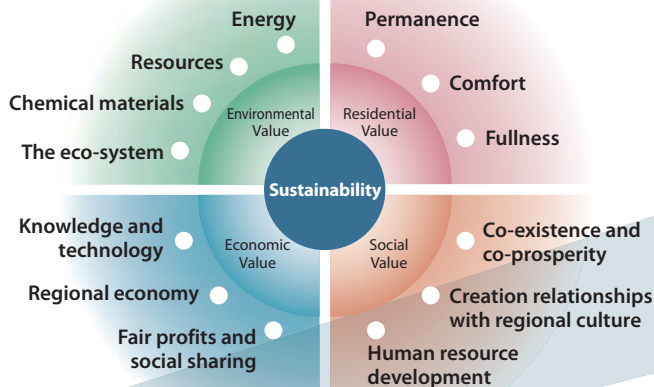
- Launched *Action Plan 20*
- Achieved zero emissions at new house construction sites
- Establish the CSR Office

2005 • Kyoto Protocol came into effect

2006

## Established 13 guidelines based on our four values

Sekisui House has established 13 guidelines for sustainability in order to realize four values. The 13 guidelines, deeply entwined with our four values, will be the signposts that guide our business activities in a sustainable direction.



## Sustainable Vision

A sustainable society refers to a society based on a balanced, global eco-system, in which all people can live in comfort. In addition to contributing to the establishment of a sustainable society through the provision of housing that satisfies all of our customers, Sekisui House aims to become a company that creates housing environments and maintains the lead in providing for the lifestyles in that society.

Realizing a Sustainable Society

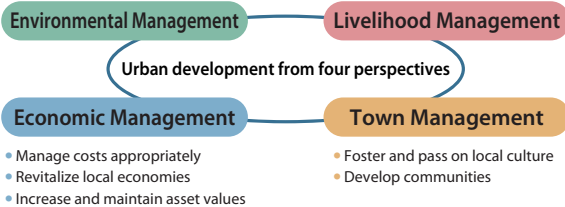
### • The Significance of Establishing the Vision

We have entered a period of tremendous social change, which makes forecasts about the future extremely difficult. We are in now an era that presents companies with tremendous challenges making it necessary to have a vision that clearly outlines the direction the Company should head, without merely being swept along by events. In doing so, we seek to avoid taking haphazard measures and will endeavor to position ourselves toward achieving our goals. Guided by our vision of the ideal Sekisui House, we can validate the suitability and adequacy of our activities and more quickly achieve our aims.

At Sekisui House, all of our businesses are conducted based on our four values and 13 guidelines. Examples include our uniquely established Urban Development Charter, along with our Urban Development Basic Principles and 24 Guidelines for Urban Development. (Refer to page 19.)

### Urban Development Basic Principles based on the Four Values

- Reduce environmental burden
- Conserve and grow nature
- Ensure secure and peaceful living
- Achieve prosperous lives for people



## 24 Guidelines for Urban Development

We have established 24 guidelines to support the application of our basic policy in urban development. These guidelines also serve as our evaluation standards for sustainable urban development, and urban development is conducted according to internal corporate standards.

2006

- Completed the *Sustainable Design Laboratory*, a next-generation housing research facility
- Achieved zero emissions in the after-sales service division
- Established the Global Warming Prevention R&D Institute
- **Made declaration on Human Resources Sustainability**
- Established the Diversity Development Team

2007

- Established guidelines for wood procurement and chemical substances
- Fully deployed *EVERLOOP*, repurchase of housing sold by the Company for reusing purposes
- Achieved zero emissions at remodeling division

2008

- Launched sales of the *Carbon Neutral House*
- Certified an Eco-First Company by the Ministry of the Environment
- Cooperated in constructing the *Zero Emission House* for the G8 Hokkaido Toyako Summit

2006 • Basic Act for Housing was enforced

2008 • G8 Hokkaido Toyako Summit took place  
• Act on Promotion of Dissemination of Long-term Quality Housing was enacted

# Contributing to realize a sustainable future through the formation of high-quality housing stock capable of serving the needs of multiple generations

## Housing is at the heart of society, and that's why our responsibility is great

The global recession that began in the fall of 2008 is encouraging Japan to move away from an export-oriented economy and has again highlighted the importance of expanding internal demand. The Japanese government has instituted an economic package focused on housing construction, which creates a huge ripple effect in the economy. More specifically, 19 trillion yen of housing investment boosts the economy by 36 trillion yen — nearly twice the size of investment. Much is expected from the high economic ramifications of housing.

Housing, in its essence, stands at the heart of society, and is intimately tied not only to the economy, but also to the global environment.

Residential CO<sub>2</sub> emissions are small compared to those of industry, but have increased 41.1% (fiscal 2007 bulletin figure)

since 1990, the base year for the Kyoto Protocol, and a reduction must be undertaken by the country as a whole.

Housing also contributes to the healthy development of children, and to interaction among generations. Furthermore, collections of houses, in the form of communities, are a foundation upon which safety, education, and culture rest.

Housing is, indeed, at the heart of society and it can develop societies in positive ways. Sekisui House has traditionally pursued businesses based on this idea and will seek to further develop them in the years ahead.

## Working to make *Zero Emission House* the norm for detached housing

The new administration in the US has put forth a “Green New Deal” policy as part of its effort to invigorate the US economy through environmental measures. The Japanese government, too, has established a goal of expanding photovoltaic power



**Isami Wada**  
Chairman & CEO



generation forty-fold by 2030 and restarted subsidies for residential photovoltaic power generation systems in 2009 as a step toward achieving that goal.

For its part, Sekisui House established the environment as a key management concern 10 years ago, in 1999, when we announced our *Environmental Future Plan*. Furthermore, in 2005, we announced our Declaration of Sustainability. Since then, we have been working to increase our corporate value in a balanced fashion from four perspectives — the environment, the economy, society and residents. We have also been developing businesses that will contribute to the realization of a sustainable society.

*Action Plan 20* is one example. Under this plan, CO<sub>2</sub> emissions from occupancy of newly constructed detached housing will be 6% lower in 2010 than they were in 1990. *Action Plan 20* meets the next-generation energy-saving standards and standardizes high-efficiency hot-water supply systems. It also promotes the adoption of photovoltaic power generation and other systems in detached houses. We are also working to reduce the environmental burden of production activities, and, in our waste reduction efforts, have achieved zero emissions (generation of no landfill waste and no incineration without heat recovery) at all factories and new construction sites, in our after-sales service division, and, as of 2007, at the remodeling division. In addition, we are advancing initiatives to protect the global environment

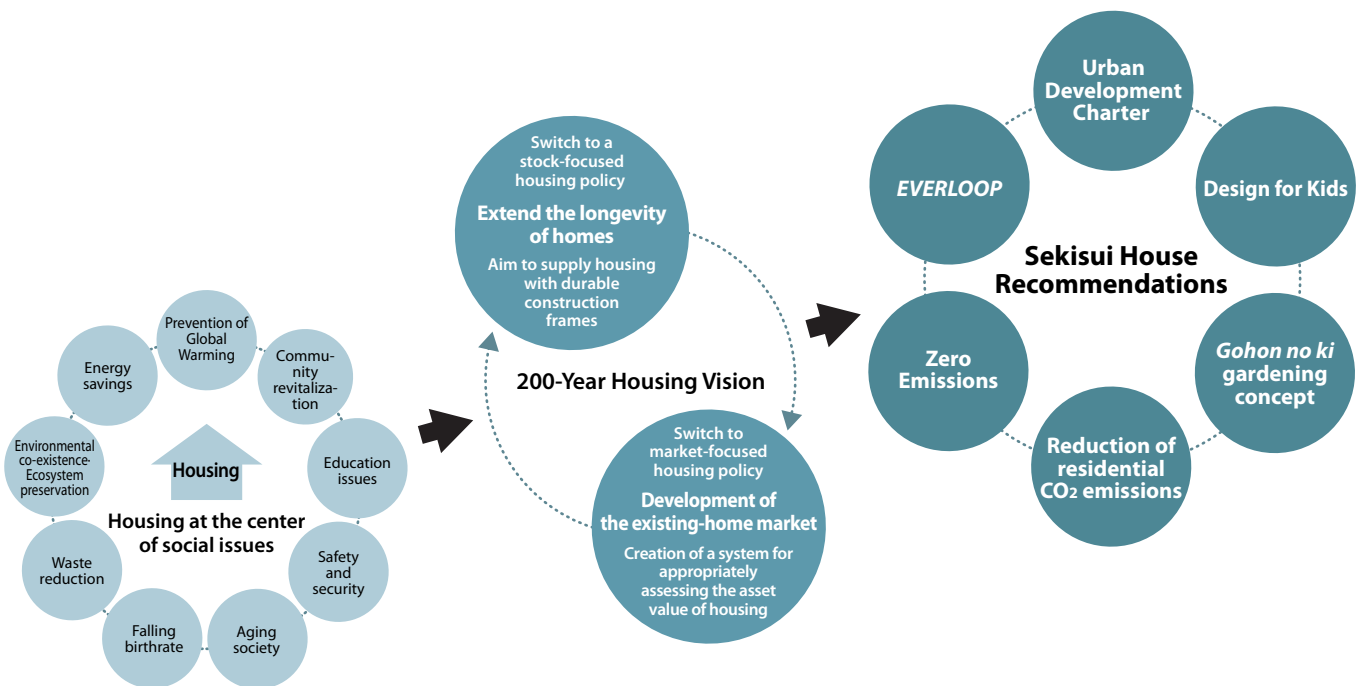
and ecosystems. The *Gohon no ki* gardening concept for creating gardens mainly with indigenous species is one example of our efforts in this regard.

In July 2008, the *Zero Emission House* constructed with the assistance of Sekisui House was displayed at the environment-focused G8 Hokkaido Toyako Summit, and received very positive feedback. The *Zero Emission House* represents a near-future housing concept that uses photovoltaic power generation, fuel cells, and other new technologies to produce zero net CO<sub>2</sub> emissions throughout its entire product lifecycle, from production to demolition. Sekisui House would like to improve environmental performance of all newly constructed detached housing to the level of the *Zero Emission House* by 2050.



## Our mission: Accelerate the formation of housing stock as social capital

The average life expectancy of Japanese housing is approximately 30 years, well below comparable figures for European and US housing. One reason for this is the uniquely Japanese real-estate evaluation rule of thumb that buildings



that have been in the market for 20 years are worthless in the secondary market because they occupy valuable land. As a result, resources and energy are repeatedly wasted in a

cycle of construction and demolition, and the values to be had from continuously living in high-quality housing are sacrificed.

In response, Sekisui House has been working to develop integrated solutions. We have long used high-quality, highly durable construction frames, devised interiors and facilities that can adapt

flexibly to changes in family structure or lifestyles, introduced in 2000 a 20-year construction frame guarantee and the *U-trus* house guarantee system for extending these guarantees in 10-year increments. We have also come up with other innovations in our quest to lead efforts to extend housing life expectancy.

In recent years, the Japanese government, too, has begun to change housing policy. With longer-lasting housing and development of the existing-home market, two concepts included in the Basic Act for Housing enacted in 2006, as basic policy directions, the Long-Term Quality Housing system will be implemented in June 2009. This system is consistent with the 200-Year Housing Vision, which calls for the formation of housing stock with earthquake resistance and durability properties as quality social capital.

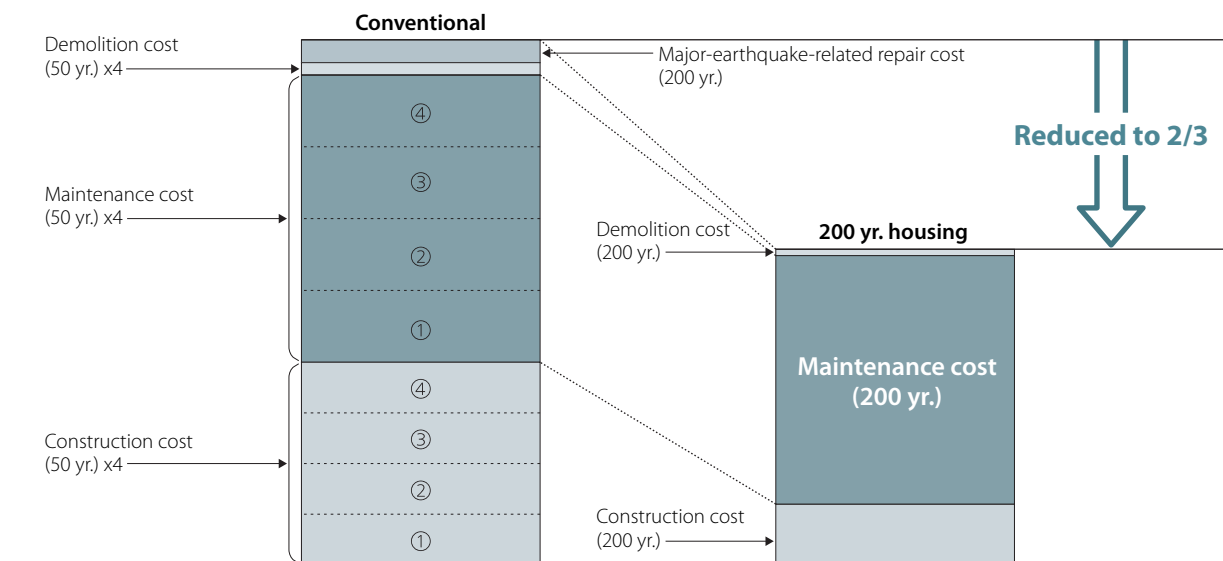
Such long-life housing, as social capital, will not only enhance daily life and culture for ordinary people, but will also reduce the housing expense burden. Measures aimed at producing such results are already being put forth.

Our mission is to accelerate these developments. We have, for instance, developed numerous cutting-edge technologies like the *SHEQAS* seismic damping mechanism that dissipates seismic energy by converting it to heat. And we are advancing through exacting quality management in material manufacturing and construction the building of housing that can be lived in over the long term with safety and peace of mind. Since 2007, we have been promoting *EVERLOOP*, in which we repurchase homes from our customers, add value to them through revitalization, and sell them complete with warranties to new owners. This new business, which, it could be said, is made possible by our high-quality, long-life products, is contributing greatly to the formation of an existing-home market.

In accordance with its Urban Development Charter, we practice urban development by creating communities that become beautiful with time. For example, our new “n times richer” landscape design concept and urban development approach enriches daily life and the neighborhood living environment by connecting individual gardens and views in the local area. Through this and other such approaches, we are working to create value in the form of housing as social capital.



### Lowering Residential Expense Burden\* through 200-Year Housing (Trial calculation)



Note 1) For an 11-story 65-unit (3 bedrooms, living room, dining room, kitchen) residential complex. Cost of land not included.  
 Note 2) The traditional case assumes reconstruction after 50 years (4 reconstructions over 200 years).  
 Note 3) The construction cost for 200-year housing is estimated to be 20% greater than for traditional housing. Maintenance cost is estimated to be 10% lower.

Source: "Future Developments Regarding Long-Term Quality Housing Initiatives and Model Enterprises," published by the Ministry of Land, Infrastructure, Transport and Tourism, Housing Bureau

\* House construction, purchase, and maintenance costs

Within the current economic downturn, we will speak out about tax and other reforms we believe are necessary to prevent national stagnation on the matter of creating a stock of high-quality housing. Paying particular attention to the fact that half of the country's 1,430 trillion yen in personal financial assets are held by seniors, we intend to press the government to relax inheritance and gift taxes, take other steps to promote the intergenerational transfer of assets, and entice investment in high-quality housing construction.

## Moving forward and taking responsibility for the future as an Eco-First Company

The Sekisui House Group, in announcing its Medium-Term Management Vision, clearly stated that the customer-oriented stance it has maintained since its founding is the pursuit of customer satisfaction, and proclaimed that it will meet its corporate social responsibilities (CSR) by increasing customer satisfaction, together with employee satisfaction and shareholder satisfaction, as three equal parts of a whole. Working to make this vision a reality, our CSR Committee, which includes three external members, has been continuously discussing CSR matters since its establishment in 2005.

The external members of the committee sometimes make points that are painful to hear, but our executives and employees have moved forward with CSR and compliance measures, making necessary corrections along the way.

Sekisui House was certified as an Eco-First Company by the Ministry of the Environment in 2008, and we regard this as the result of the persistent, steadfast efforts of our employees and the support we have received from the external members of the CSR Committee and countless others. It is also an indication of society's growing expectations of the business strategies and policies we have advanced to date. Therefore, refusing to be satisfied with our certification as an Eco-First Company, our executives and employees working in unison are determined to bring all of our capabilities to bear in continuing to create rich living and living environments for the nation.

In this Sustainability Report, we provide updates on Sekisui House initiatives like those discussed above. We invite all of our stakeholders to frankly express their opinions on the content of this report and will use them to improve upon our activities.

**Isami Wada**  
Chairman & CEO



Zero Emission House Sekisui House cooperated in constructing at the July 2008 G8 Hokkaido Toyako Summit

## We always want to live up to our corporate philosophy and fulfill our social responsibilities

The sudden economic pullback that began last year has had an enormous impact on Japan's housing and real estate markets, and on our business. It is, however, exactly because of the current conditions that we must focus on meeting the Group's CSR commitments.

My role as regards the Sekisui House Group's CSR initiatives is to exercise leadership and boost employee awareness for CSR promotion within the Sales Division and other divisions, and consistently meet these responsibilities in our daily work. As such, I will provide a recap of fiscal 2008 CSR activities and clearly delineate directions for the future.

### Promoting Ways of Coexisting with the Global Environment as an Eco-First Company

In fiscal 2008, the environment was a key focus of our business activities.

To begin with, we introduced and vigorously promoted the *Carbon Neutral House* in April 2008 to further advance our *Action Plan 20*. *Carbon Neutral Houses* use energy conservation technology and energy produced by fuel cells and photovoltaic power generation to completely offset CO<sub>2</sub> emissions from occupancy.

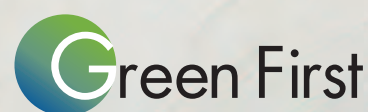
In June 2008, Sekisui House was certified as an Eco-First Company by the Ministry of the Environment. And, as the social responsibility of Japan's greatest supplier of housing, we made three promises: reduction of CO<sub>2</sub> emissions in both

the construction and occupancy of our buildings; promotion of ecological networks and biodiversity revitalization; and implementation of resource recycling. In the spirit of fulfilling those promises, we exhibited a *Zero Emission House*, a near-future housing concept, at the G8 Hokkaido Toyako Summit in July 2008. This exhibit was later moved to the Zero Emissions Center at our Kanto factory and was opened to the general public in November. Through these and other actions, we strengthened our activities aimed at promoting coexistence with the global environment.

Looking ahead, we will advance the use of our *Green First* environmentally conscious housing products equipped with photovoltaic power generation systems and fuel cells in our leading products within detached houses and *Sha-Maison* low-rise apartments. We intend to greatly expand adoption of these products, which are extremely effective contributors to efforts to prevent global warming.

In fiscal 2008, we responded to society's needs for long-life housing by actively promoting awareness of *EVERLOOP*, repurchase of housing sold by the Company for reusing purposes, and sponsored the *EVERLOOP Sankan-bi* event. Moving forward, we will expand the scope of our remodeling business, which has so far covered only buildings we have constructed, to include all wood frame houses, and will expand our staffing in that connection.

Achieving success in these initiatives relies, more than anything else, on having employees realize the weight of their responsibilities as members of an Eco-First Company.



Toshinori Abe  
President & COO

Toward that end, we will redouble our employee education activities to ensure that each individual understands the meaning of “Eco-First” and can communicate it to customers.

## Moving to devote even greater effort to ensuring thorough, far-reaching compliance

Sekisui House has worked hard to ensure thoroughness in compliance, which serves as the foundation for CSR.

One Japanese saying goes, “without morals economics is a crime and that without economics, morals are meaningless.” Similarly, in business, it is important to pursue economic efficiency and benefits to society at the same time. When economic conditions are bad, as they are now, it is all the more important to avoid the reckless pursuit of profits and, instead, to increase customer satisfaction, and ensure social contributions to employees, local communities, and all other stakeholders.

To reinforce that awareness among all Sekisui House Group employees, we will tally results of the Compliance Awareness Survey and provide feedback for each sales office.

## Aiming to become a company where employees increase individual contributions to society

It is necessary to innovate our business and adapt to market needs. Due to stagnation in the new-housing market, production at the Shiga factory was discontinued at the end of March 2009. Meanwhile, we have shifted many employees from there to the remodeling business, an area which is expected to grow.

Moving forward, we will continue to use such measures to create work that allows individuals to contribute to society as we realize work environments that give rise to a sense of pride and accomplishment.

We are aware that our company still has many issues preventing it from fully living up to its social responsibilities. It is particularly important, amid difficult economic conditions, that we do not sacrifice morals in pursuit of business objectives. And it is critical that we constantly pursue sound management by living up to our corporate philosophy. Leading sound management efforts by example, I intend to make our corporate philosophy, which is rooted in “Love of humanity,” and our Code of Conduct, which tells us that “Each and every one of us is Sekisui House” and calls for “Using our originality to challenge the age,” real throughout the Group.

I ask for your ongoing understanding and support in this venture.



**Toshinori Abe**  
President & COO

### Our commitment

- As measures for cutting the global warming impacts of home occupancy, we will work to encourage residential energy conservation and adoption of photovoltaic power generation systems and fuel cells by making overall upgrades in our *Green first* efforts. We also will promote education on ways to save energy in daily life. We will also advance energy-saving measures for business activities.
- By providing safe, secure, and comfortable housing that takes into consideration universal design, health, and the environment; we will create high-quality housing stock.
- To support the continuous use of homes over the long term, we will promote our own unique warranty extension system and *EVERLOOP*, repurchase of housing sold by the Company for reusing purposes, and contribute to the formation of a new existing-home market.
- Working from the *Gohon no ki* gardening concept, we will make significant efforts to protect ecosystems, and continue to plant trees at the rate of one million a year.
- In accordance with our Urban Development Charter, we will nurture the development of rich environments and communities, and promote the development of communities that thrive over the long term.
- We will maintain zero emissions in production, construction, after-sales service, and remodeling. We will also continue efforts to reduce waste volume and to recycle.
- We will share a common aspiration with Group companies and partnering construction companies, collaborating on construction quality management and the development of young workers, and aiming for coexistence and co-prosperity.
- We will promote fair procurement based on our guidelines for the procurement of wood and chemical substances, voluntary standards that exceed the scope of standard laws and regulations, and cooperate with suppliers to expand activities including the fair procurement of wood.
- With support for women's activities, we will actively support the development of diverse human resources and foster the next generation.
- We will thoroughly apply compliance in all operations, and forge ahead with improvements in employee awareness and the development of systems to promote fair business practices.

**Our commitment** Sekisui House will put forth Life style of Low CO<sub>2</sub> Emissions Measures for reducing the global warming impact of home occupancy, work to encourage residential energy savings and adoption of photovoltaic power generation systems and fuel cell system, and promote education on ways to save energy in daily life. We will also advance energy-saving measures for business activities.

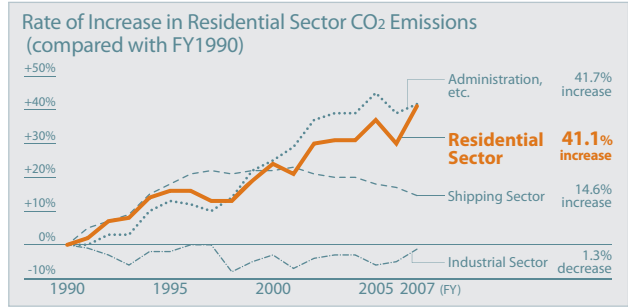
# Working with customers to reduce CO<sub>2</sub> emissions from home occupancy

A house's lifecycle from construction to demolition and disposal is about 30 years, during which occupancy accounts for approximately 70% of the house's CO<sub>2</sub> emissions. As reducing these emissions also reduces global warming, Sekisui House and its customers are working to lower emissions from home occupancy.

## To reduce growing residential sector CO<sub>2</sub> emissions: Action Plan 20 and the environmentally conscious Green First Product Line

Japan is the world's fourth largest emitter of CO<sub>2</sub>, and its residential sector continues to emit increasing amounts of CO<sub>2</sub>, mainly from home occupancy. By source, facilities and lighting account for 40%; hot-water supply, 30%; and heating and cooling, 30%. Therefore, balanced reductions are necessary.

Since 2005, Sekisui House's *Action Plan 20* has aimed at cutting CO<sub>2</sub> emissions by more than 20% annually relative to the 2010



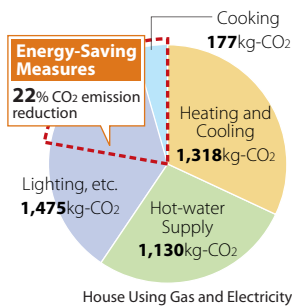
Prepared based on sector emissions data from the Greenhouse Gas Inventory Office of Japan

### Current Principal Model

#### CO<sub>2</sub> emissions under Action Plan 20

Occupancy-related CO<sub>2</sub> emissions: **20% reduction**

Based on its 1990 and 2000 studies, Sekisui House forecasts its CO<sub>2</sub> emissions for 2010 will be 20% lower, which will meet Kyoto Protocol commitments. The Company's standard specifications have already been achieved with CO<sub>2</sub> emissions reduced more than 20%.



#### Annual heating and lighting expense simulation

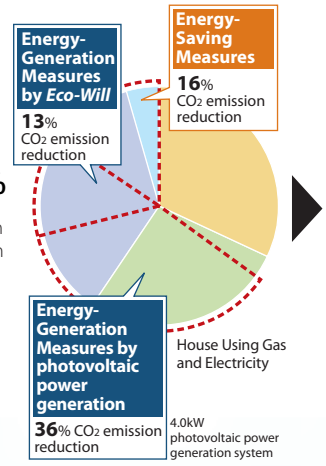
- A 155m<sup>2</sup> detached house in Tokyo occupied by a family of four, with air-conditioning and heating loads calculated using SMASH thermal load software.
- Kerosene heaters and other heating appliances were assumed for an ordinary house.
- Heat-pump air conditioners and warm-water, under-floor heating (50m<sup>2</sup>) were assumed for other houses.
- Utility expenses were calculated using the most economical rates offered by Tokyo Electric Power and Tokyo Gas for October 2008.

## Green First

### Current Recommended Model

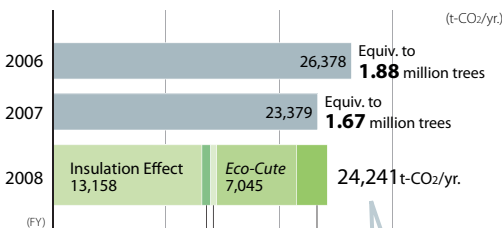
**Green First**  
Occupancy-related CO<sub>2</sub> emissions reduction of **60~80%**

These houses were built to next-generation insulation specifications and equipped with high-efficiency, hot-water supply systems and a photovoltaic power generation system or *ENE FARM* fuel cell system. CO<sub>2</sub> emission reductions vary depending on the performance of installed devices. To illustrate, a house with gas and electricity and equipped with a 4kW photovoltaic power generation system and *Eco-Will* could cut CO<sub>2</sub> emissions by 65%.

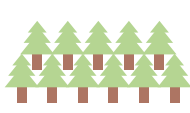


\* A similar All Electricity proposal is possible

### CO<sub>2</sub> emission reductions



CO<sub>2</sub> absorption equivalent to that of **1.73 million trees**



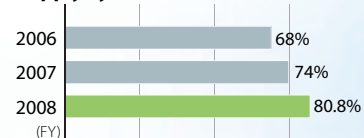
### (1) General application of next-generation energy-saving standards

Multi-layered glass combining crime prevention and airtight insulation qualities, and airtight insulated aluminum sashes are in all detached houses.

### (2) General application of high-efficiency, hot-water supply systems

We recommend *Eco-Jose* systems and *Eco-Will* gas power generation and water heating systems in houses using gas and electricity. For all-electric houses, we recommend *Eco-Cute* systems.

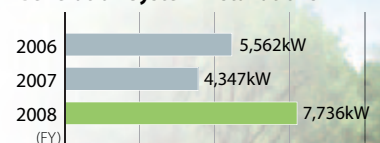
### High-Efficiency, Hot-Water Supply System Installations



### (3) Recommendation of photovoltaic power generation systems

We can reduce fossil-fuel-based energy by using photovoltaic power generation. These systems are also useful as independent power sources during emergencies.

### Annual Photovoltaic Power Generation System Installations



forecast to help meet Japan's Kyoto Protocol commitment of reductions of more than 6% of 1990 levels. Sekisui House is implementing next-generation energy-saving standards (1); promoting high-efficiency, gas hot-water supply systems (2); and advocating photovoltaic power generation systems (3).

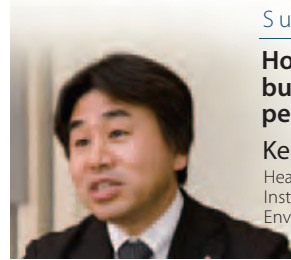
In fiscal 2008, we introduced our *Carbon Neutral House*, which uses energy conservation technology to reduce CO<sub>2</sub> emissions as much as possible and a photovoltaic power generation system and home use fuel cell system to offset the remainder. For the future, we are considering efforts to promote the adoption of *Zero Emission House* specifications for which not only occupancy-related emissions, but all CO<sub>2</sub> emissions from the lifecycle will be completely offset. Following up on our *Carbon Neutral House*, we began developing a line of *Green First* environment-conscious housing in fiscal 2009. The flagship will be *Green First Premium* houses equipped with photovoltaic power generation systems and *ENE FARM* fuel cell system.

### Reducing CO<sub>2</sub> emissions through remodeling: Action Plan R20

For the 800,000 homes built by Sekisui House all over Japan, Sekisui House Remodeling Ltd., is pursuing *Action Plan R20* for

existing houses. This plan focuses on repairing or replacing insulation around openings, which is highly cost-effective, and includes installation of a high-efficiency, hot-water supply and a photovoltaic power generation system.

### Sustainability in Action

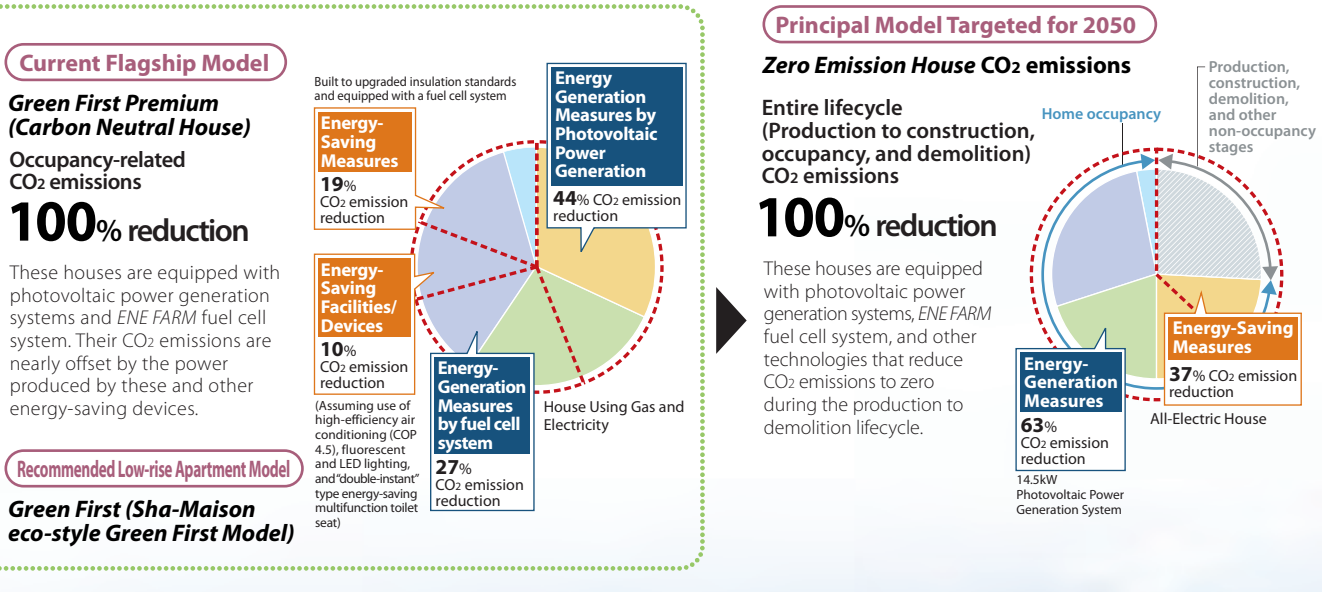


#### Housing construction with built-in environmental performance

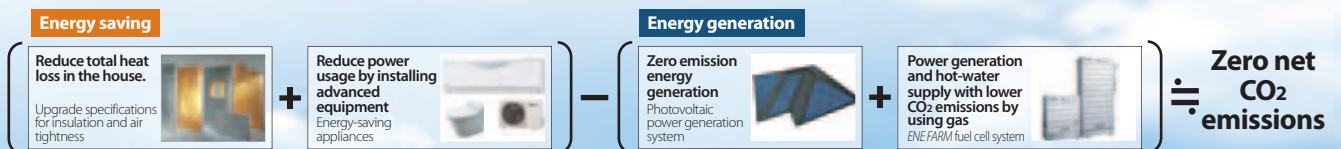
**Kenichi Ishida**  
Head of Global Warming Prevention R&D Institute  
Environment Improving Department

In fiscal 2008, we supplemented *Action Plan 20* with our *Carbon Neutral House* and *Zero Emission House* initiatives to fight global warming by reducing CO<sub>2</sub> emissions from home occupancy. Gaining acceptance of these initiatives depends on our success in providing advantages to customers while lowering the environmental impact and popularizing new technologies.

For fiscal 2009, our *Green First* house objective is to promote greater adoption of our products together with the use of alternative energy.



### CO<sub>2</sub> Reduction Concept in Green First Premium



IS ORDER Green First



**1 To prevent global warming**  
**Working with customers to reduce CO<sub>2</sub> emissions from home occupancy**

**Reducing heating and lighting expenses with the Carbon Neutral House and helping to prevent global warming: The Kunizukas, Kobe, Hyogo Prefecture**

Sekisui House's *Carbon Neutral House* is contributing to the government's efforts to build a low-carbon society and has been chosen among many by the Ministry of Land, Infrastructure, Transport and Tourism under a system that delivers subsidies to houses with excellent CO<sub>2</sub> reductions.


The Kunizukas of Kobe have been living in their *Carbon Neutral House* since December 2008. Until recently, Mr. Kunizuka had worked in an area with significant snowfall and, for many years, he had noticed the declining use of snowplows. Although he was happy with less snow, he became more aware of global warming and that he should do something.

Although *Carbon Neutral Houses* cost more than houses built to standard specifications, the Kunizukas decided to purchase one so they could save on daily heating and lighting expenses. They liked the elaborate designs and the seasonal simulations and other detailed information.

The Kunizukas moved into their new home in the middle of winter and were impressed by its warmth. They give their new home high marks because it allows them to live in comfort, while enjoying reduced heating and lighting expenses. In this way, they are contributing to efforts to prevent global warming.



Checking the power generation monitor

 We love to see how much electricity is generated daily



To help the environment, we recycle plastic bottles and use bathwater for laundry. We regularly check our monitor and see how much electricity our house generates daily. The feeling that we are benefiting as well as doing something for the environment makes me happy. We look forward to receiving advice on the best ways to use energy-saving devices.

**The Kunizukas**  
Owners of a *Carbon Neutral House* in Hyogo Prefecture

**Carbon Neutral House Earns Awards**

In 2008, the *Carbon Neutral House* won the Award for Excellence at "the Green Purchasing Awards," sponsored by the Green Purchasing Network. It also won the Chairman of the New Energy Foundation Prize at the 13th Annual New Energy Awards, sponsored by the New Energy Foundation.



Presentation ceremony at the New Energy Awards



The Energy-Saving Navigator will promote energy conservation awareness by showing residents their electricity consumption



## The Zero Emission House: Greater comfort in daily life and prevention of global warming

At the July 2008 G8 Hokkaido Toyako Summit, the *Zero Emission House* was exhibited by the Ministry of Economy, Trade and Industry to showcase Japan's prefabricated housing and global warming prevention technologies. The house offers comfortable living and uses energy-saving and energy-generating measures to offset CO<sub>2</sub> emissions from occupancy and at every life-cycle stage: production to construction and occupancy to demolition. The house has a photovoltaic power generation system; a fuel cell system; roof vegetation; the *SHEQAS* seismic damping system; high-strength, high-durability *ECORDEC* exterior walls; and *SPACIA* vacuum-insulated glass, among other cutting-edge technologies.

Most of the energy-saving and energy-generating technologies are applied in existing houses.

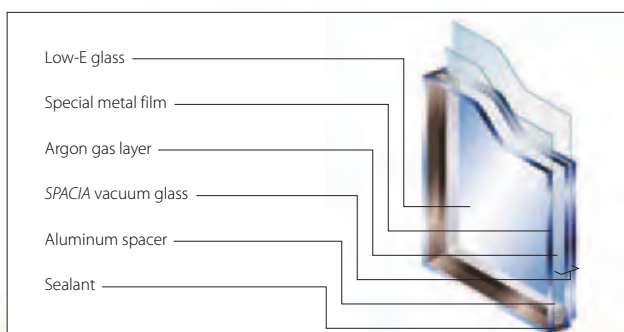
After the G8 Hokkaido Toyako Summit, the house was moved to the grounds of the Resource Management Center at our Kanto Factory, where it was opened to the public as a learning facility in the Ibaraki Next Generation Energy Park.



The introduction of Japanese advanced environmental technologies to interior/exterior parties in front of the International Media Center during the G8 Hokkaido Toyako Summit



Pitched roof vegetation using *Racomitrium Bridel*, which limits increases in indoor temperatures and fixes CO<sub>2</sub>



*SPACIA* vacuum insulated glass offers extremely high insulation efficiency comparable to thermal insulator

## Preventing global warming with profitable, environmentally friendly low-rise apartments

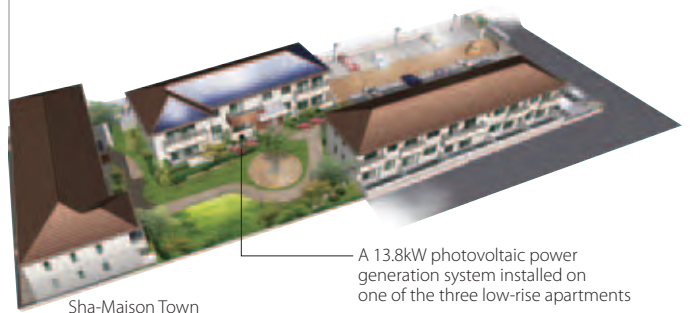
Sekisui House proposed that the property owner build a high-value-added apartment complex equipped with a photovoltaic power generation system. The extra power could be sold to an electric utility on an apartment-by-apartment basis. This complex was completed in 2008 and has a tenant waiting list.



"Avenir" (Osaka Prefecture)



Power generation monitor



Sha-Maison Town

A 13.8kW photovoltaic power generation system installed on one of the three low-rise apartments

In fiscal 2009, Sekisui House introduced the *Sha-Maison Ecostyle Green First Model*, which uses all electric and high-efficiency hot-water supply systems and a photovoltaic power generation system. This model will be promoted throughout Japan.



### Third-party comment

#### Dr. Toshiharu Ikaga

Professor, Department of System Design Engineering  
Keio University Faculty of Science and Technology

Designing and evaluating environmental systems and facilities of buildings and performing research, including work aimed at estimating the 2050 impacts of global warming measures on a prefecture-by-prefecture basis.

## Targeting 2050, high praise for the Zero Emission House

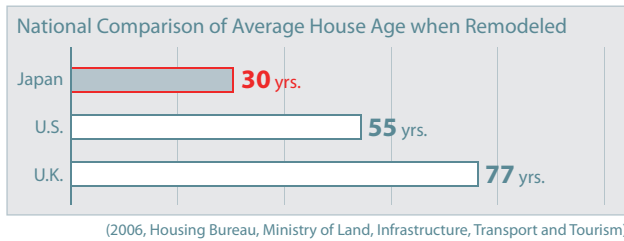
The Japanese government's Action Plan for the Creation of a Low-Carbon Society, developed after the G8 Hokkaido Toyako Summit, includes a call to reduce greenhouse gas emissions to 60%–80% of current levels by 2050. Achieving these goals will require energy-saving and energy-generating measures to extend the useful lives of houses, and efforts by home occupants and the housing industry.

Sekisui House, which has endeavored to implement plans for new construction and remodeling, deserves high praise for having taken another step forward through its efforts in low-rise apartment and laying out a roadmap for making the *Zero Emission House* a construction standard by 2050.

**Our commitment** We will promote our guarantee extension system and *EVERLOOP*, repurchase of housing sold by the Company for reusing purposes, to contribute to a new existing home market so that people can live in their houses for a long time.

# Offering revitalization-oriented, long-term housing

The lifespan of Japanese houses is shorter than those in Europe and the US. In actual transactions, building values are less than 10% of their original levels after 20 years. With Japan transitioning to a society in which high-quality goods are maintained and used long term, in March 2007 Sekisui House initiated a process for home revitalization and distribution business. By doing this, we are adding value to the housing market by making homes available to new owners and extending the lifespan of houses, which is an effective use of resources.



## Invigorating the Market for Existing Homes through *EVERLOOP*

In *EVERLOOP*, repurchase of housing sold by the Company for reusing purposes, we purchase Sekisui House detached housing and *Sha-Maison* low-rise apartments, revitalize them with retrofitting for current earthquake resistance standards, upgrade thermal insulation properties, and install up-to-date products by industry-leading manufacturers, before selling them to new owners. In addition to quality equal to that of new construction, these owners are provided with *U-trus* guarantees (10 years) and after-sales service through our customer centers, all of which add up to long-term peace of mind.

*EVERLOOP* is a proprietary appraisal system that begins with the estimated sale price, which permits homeowners to sell rather than demolish their homes. The system also gives new owners the opportunity to purchase a high-quality home at a price lower than that for new construction. *EVERLOOP* is supporting the existing-home market and helping to change Japan's housing market from consumption to revitalization-oriented.

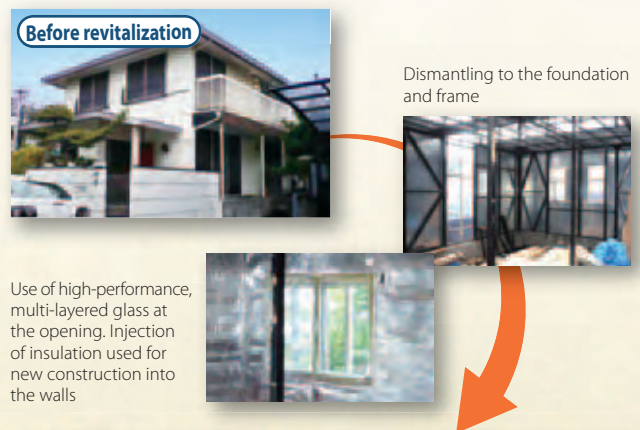
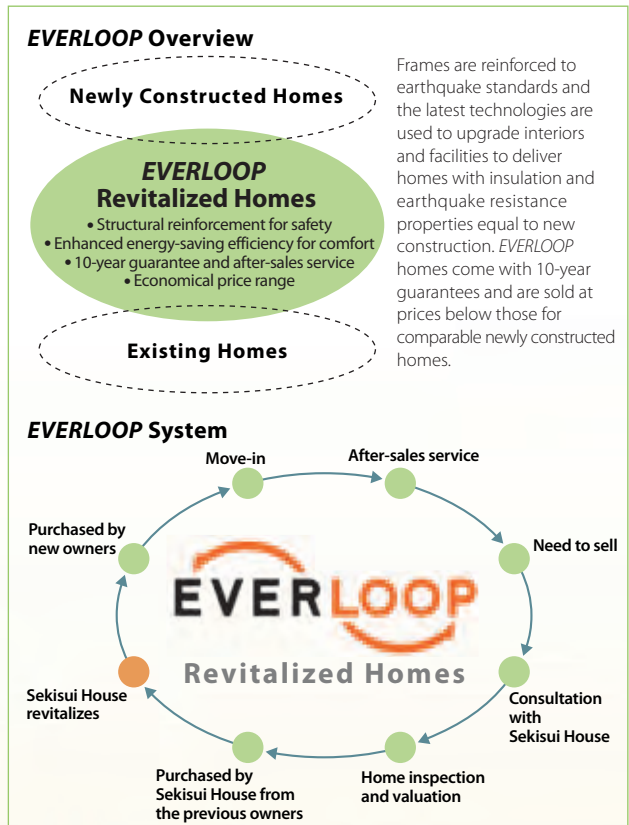


### Sustainability in Action

**Aiming to form a new market as a pioneering model**

**Hironobu Seto**  
Head of House Purchase & Resale Department

Through *EVERLOOP*, Sekisui House is forming a new market separate from markets for new and existing homes. We are also creating environmentally superior housing by upgrading insulation properties and striving for zero emissions. These and other measures will result in a pioneering business model that transforms our consumption-oriented society into one that recycles.



## Completely satisfied with my brand-new looking home—Ms. M.'s experience (Hyogo Prefecture)

In the beginning, Ms. M. compared an *EVERLOOP* home with new wood-frame housing offered by local construction companies. After touring a Sekisui House *EVERLOOP* home for sale, she saw that although the square footage and prices were similar, *EVERLOOP* homes clearly had more in quality and performance to offer.

We explained to Ms. M. that we had carried out a careful ground survey, which confirmed the soundness of the foundation and frame. We also showed her photographs of the extensive remodeling work we did to bring her prospective home up to next-generation energy-saving insulation standards. Eventually, she found the durability and livability of the home she was considering buying agreeable.



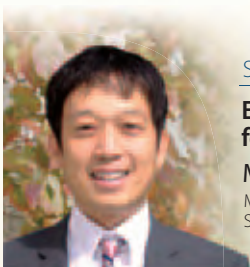
“It’s a new home, isn’t it...?”



*EVERLOOP* home owner,  
Ms. M. (Hyogo Prefecture)

My friends ask me whether my home is new, and one could easily think so. I enjoy my home as if it were new. Excellent insulation makes it very comfortable. In addition, large windows and ingenious design features to create open spaces allow for very relaxed living and make mine a comfortable house.

The other day, I watched a cicada emerge from a pupa on a tree in the garden, which was as left the previous owners, and I thought about them. While watching this cycle of life, I thought about the revitalization of housing and understood the significance of the *EVERLOOP* model.



### Sustainability in Action

#### Encouraged by customers’ positive feedback

##### Manabu Ishimura

Manager, Kobe Nishi Sales Office  
Sekisui Real Estate Kansai, Ltd.

When I showed a Sekisui House *EVERLOOP* home to Ms. M., she said that it was much better than other houses on the market. Here acknowledgment that our homes offer more value than new construction was a strong endorsement of all of us. Looking ahead, we aim to continue focusing on customer satisfaction and promoting revitalized homes.



Guarantee of *U-trus* system:  
Under the *U-trus* system, the original frame and water tightness guarantees are supplemented after expiration with additional 10-year guarantees.

## Selected as “Quality, Long-term Sustainable Housing Leading Model Project” Full Skeleton Revitalization Model Social Asset Low-Rise Apartment Advancement Technology

“The Quality, Long-term Sustainable Housing Leading Model Project” launched by the Ministry of Land, Infrastructure, Transport and Tourism in fiscal 2008 solicits business ideas for construction of long-life houses and offers subsidies for a portion of the operating expenses of enterprises, which is a groundbreaking proposition.

In our first call for ideas, the “full skeleton revitalization model,” the core *EVERLOOP* product, was selected. Full skeleton revitalized homes have been remodeled by being dismantled to the frame and retrofitted to provide earthquake resistance and durability properties on a par with new construction. This system, in which existing homes are purchased, revitalized and sold with guarantees, was praised as contributing to the development of a market for existing homes.

In our second call for ideas, our “Social Asset Low-rise Apartment Advancement Technology” to promote the development of long-life, low-rise communal housing was selected based on the need to inspect the condition of facilities, exterior walls, etc.



### Third-party comment

#### Dr. Shuichi Matsumura

Professor, Department of Architecture  
University of Tokyo Graduate School of Engineering

Expert in construction methods and building production.  
Received the 2005 Architectural Institute of Japan Prize for his research on industrialization of housing production.

## Expecting *EVERLOOP* to lead a new trend in Japanese housing

When Sekisui House was established in 1960, Japan had a severe housing shortage, with the number of houses far below the number of households. Now, the number of houses is about 20% greater than the number of households, and excess houses total several million. These figures are a reflection of the tremendous efforts made by the housing industry and a clear indication of a change in the housing environment.

There will be great demand in the housing industry to take care of existing housing stock and effectively use these houses as updated, enriched places to live. I give high marks to the industry leader, Sekisui House, for deciding to launch its innovative, timely *EVERLOOP* operation in which it repurchases homes that it has built, remodels them to meet present-day needs and transfers them to new owners. I have great expectations that this will start a new trend in Japanese housing.

**Our commitment** We will focus on protecting ecosystems based on the *Gohon no ki* gardening concept and continue planting trees at the rate of one million per year.

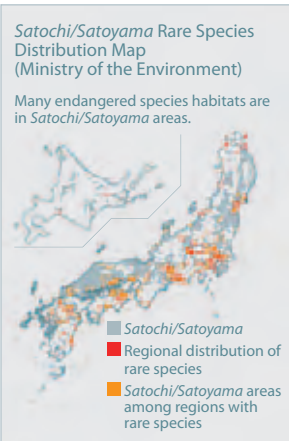
# Satoyama as a model for revitalizing the relationship between people and nature

The term *Satoyama* refers to the natural environments traditionally preserved among tracts of land turned to human purposes. These environments are wooded areas used for resources like firewood and materials for fertilizer and are adjacent to rice paddies, fields for other crops, ponds, and streams. They also serve as complex ecosystems with various habitats. Taking cues from the *Satoyama* concept, Sekisui House is offering gardens suited to local climates and striving to revitalize natural ecosystems.

## Gohon no ki gardening concept for creating gardens that emphasize both comfort and ecosystem protection

The *Satoyama* regions make up approximately 40% of Japan land area. These regions are home to a wide variety of plant and animal species, including endangered ones, and form ecosystem networks where wild animals live..

In recent years, declining *Satoyama* maintenance has resulted



in the proliferation of bamboo grass and groves and the degradation of the quantity and quality of biodiversity.

Consequently, the protection of *Satoyama* has become urgent.

Since 2001, Sekisui House, Japan's leading homebuilder, has been advancing the *Gohon no ki* gardening concept for gardening and greenery activities that support biodiversity. This concept is based on the *Satoyama* example and involves housing-

related activities in protecting the natural environment.

If gardens are created by relying not on non-native species chosen simply for their appearance, but mainly with indigenous species, mixing evergreen and deciduous varieties with ponds or other water resources in configurations like those in natural woodlands will attract birds, butterflies, and other insects. These, in turn, create a peaceful, relaxing atmosphere for homeowners, who come to appreciate, and communicate, the joy of living amid such a living environment. Gardens with a natural balance also require relatively little work by the homeowners.

In fiscal 2008, Sekisui House planted 850,000 trees. We will continue advancing the *Gohon no ki* gardening concept.



**Mr. Y, (Hachioji City, Tokyo)**  
who has built a garden based on the *Gohon no ki* gardening concept

Sharing the desire to restore natural conditions

Having a better-than-expected garden, I feel like I'm in a second house deep in the forest. I understand Sekisui House's efforts to restore a balance with nature. In the future, I want to continue tending a garden that attracts birds and butterflies.

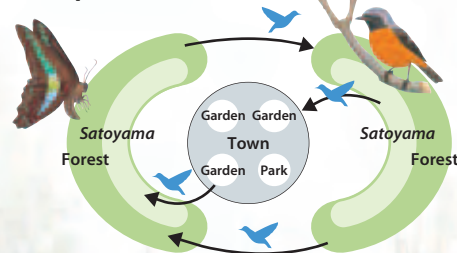


Garden with an arrangement of *sanbaseki* (stones) and an artificial mound covered by undergrowth



A great tufted titmouse visiting the garden

## The *Gohon no ki* gardening concept



We aim to create ecosystem networks that link residential gardens and *Satoyama* areas, allowing animals and insects to go back and forth and restoring natural conditions

The country will be categorized using five climate zones with representative indigenous trees selected for each zone. A single indigenous tree can support several hundred birds and other species.



### Sustainability in Action

#### Building a nature-friendly garden based on the *Gohon no ki* gardening concept

Keiichi Enomoto  
Tokyo Center  
Greentechno Sekiwa, Ltd.

Gardens, which look like bright thickets, are based on the *Gohon no ki* gardening concept. In the garden, the trees' shapes and heights have been adjusted, the ground has been contoured, and other steps have been taken to make the garden appear deeper and more luxurious.

*Gohon no ki* trees from natural forests make a robust, insect- and disease-resistant garden with natural forms that support birds, which feed on destructive insects. These beautiful gardens require relatively little care.

Garden designs based on planning that benefits people's lives are true sustainability.

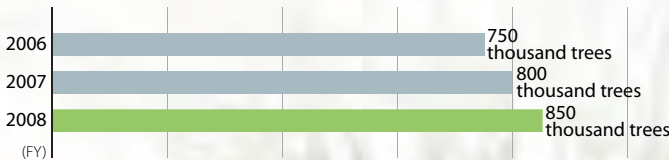
### Actively participating in international biodiversity protection initiatives

In April 2008, the Japan Business Initiative for Conservation and Sustainable Use of Biodiversity (JBIB) was established with 17 members (21 as of January 2009), including Sekisui House.

In May 2008, at the UN's 9th Conference of the Parties to the Convention on Biological Diversity (COP9), held in Germany, 34 companies from six countries signed the Business and Biodiversity Initiative. Nine Japanese companies, including Sekisui House, backed the Leadership Declaration.

COP10 will be held in Nagoya in 2010, and international attention is now turning to the activities of Japanese companies.

#### Annual Tree-Planting Results



#### Biodiversity project, *Shin-Satoyama*, at the *Umeda Sky Building* in Osaka

With wooded areas, bamboo groves, and terraced paddies, *Shin-Satoyama* attracts wild birds and insects and is loved as a relaxing place in the surrounding urban environment



A semi-endangered sparrow hawk visits *Shin-Satoyama*



Experiential nature study

### *Gohon no ki* gardening concept receives Partnership Prize

In November 2008, Sekisui House and the Sharing Earth Association were awarded the Partnership Prize in "the 6th Partnership Grand Prix." This prize is sponsored by the Partnership Support Center for biodiversity protection work based on the *Gohon no ki* gardening concept.



### Third-party comment

Dr. ADACHI Naoki  
C.E.O., Response Ability, Inc.

As a consultant specialized in the conservation of biodiversity and responsible procurement, Dr. Adachi supports corporate activities contributing to the development of a sustainable society. He is also a member of the Ministry of the Environment's Committee for the Business Guidelines for Biodiversity.

### Biodiversity Conservation through the Business of Sekisui House

With the 10<sup>th</sup> Conference of the Parties to the Convention on Biological Diversity (COP 10) to be held in Nagoya in 2010 approaching, the number of Japanese companies developing activities for biodiversity conservation is rapidly growing. However, it is obvious that COP 10 itself cannot be the true goal. If a company were to make only superficial activities, it would lose reputation.

Meanwhile, Sekisui House has been making substantial contribution through their core business; *Gohon no Ki* gardening concept, a unique way to encourage their customers to assist in revitalizing and reviving local biodiversity, which was once lost or degraded. They also have developed and employed a very advanced policy on the procurement of timber. It was the first of this kind among Japanese house builders. Involvement of both customers and suppliers is the feature of their activities. I believe and hope that such activities will help Sekisui House's proactive and enthusiastic attitude toward conservation of biodiversity to prevail.

**Our commitment** We will develop thriving environments and communities based on our Urban Development Charter and promote development that supports continuous residency over the long term.

# Nurturing the development of thriving communities over time

For people to live comfortably in one place and thrive over the long term, they must have communities that enrich their lives. Sekisui House’s Urban Development Charter is the Company’s basis for engaging in urban development, with the aim of creating communities that become more beautiful with time and age well along with their residents.

Supporting the development of thriving communities: *Common City Ina Gakuen Toshi* (Saitama Prefecture)

## 1999 First sales stage started Supporting community development

Under the concept of town development that benefits residents, towns, and the environment, Sekisui House and the Saitama Prefectural Public Enterprises Bureau embarked in 1998 on the development of *Common City Ina Gakuen Toshi* in Saitama Prefecture.

Looking back happily at how the community has developed, Tetsuo Onoda, a resident since 1999, said, “It started from nothing,

so the preparation of everything—the management agreement, building codes, committee rules—all of these fundamental things were left to Sekisui House. Since the community’s beginning, Sekisui House has been involved in its development and has supported the residents by, for example, planning events such as summer festivals and Christmas parties.

## 2002 Developing systems for managing the community

The management committee system was firmly in place and residents were holding monthly Board meetings. Sekisui House employees involved in the development of the community attend these meetings. We have assisted in negotiations with

### Sekisui House Urban Development Charter

Our sincere wish is to preserve nature and the Earth’s precious environment, while nurturing local cultures and communities, helping to stimulate local economies, and protecting the asset value of neighborhoods, so that people are able to live affluent lifestyles with peace of mind. As a socially responsible corporate citizen, Sekisui House is committed to contributing to the creation of a sustainable society through urban development, based on the belief that the living environment of our home and town serves as the foundation of our lives as human beings.



Town development with four streets and houses integrated under the themes of flowers, birds, wind, and moon Won “the 2000 Sai-no-Kuni Saitama Scenery Award”



Alleys help people develop new connections in daily life




With Totsuka (Design Department, Saitama Branch) who is participating on the Management Committee Board

*Ina Town* for the maintenance and management of landscaped streets and *Pocket parks* (former street sections converted to parks). After many rounds of negotiations involving the Company, the management committee, and local government officials, this maintenance and management work was successfully transferred to *Ina Town*.

## 2008 Deepening residents' attachments to their beautiful town Community self-management in full gear

The management committee is now run independently by the residents. "The residents are very concerned about the environment and landscaping. In this fiscal year, flyers providing information on the chemicals used on plantings and their effects were distributed to every residence and to neighboring communities," said Mr. Onoda. Regarding additional plantings of greenery, the Company received questions on whether they were in line with the building codes.

Looking to the future, Mr. Onoda said, "Ten years have passed since this community was created, and the residents have gotten to know each other quite well. We're about ready to think about how we want our community to develop. It's going to be important to give kids opportunities to learn about nature and to do more community events." For its part, Sekisui House will support the community as it continues to mature.

 I want to create a good community, while receiving advice along the way.



**Mr. Tetsuo Onoda**  
Chairman,  
Management Committee  
*Common City Ina Gakuen Toshi*

My friends who have visited *Common City Ina Gakuen Toshi* are surprised at how green and beautiful it is. That each of the 172 homes has a distinctive appearance that adds to the outstanding quality of this community.

Sekisui House has a great track record in town development. I look forward to receiving advice in the form of examples from other towns as we manage our development.



Christmas event at  
*Ina Gakuen Toshi* in 1999



Children playing on a former section of street converted into a *pocket park*

## Communities linking through "n times richer" landscape design concept

"n times richer" landscape design concept,\* a design approach that links neighboring gardens and the surrounding environment, focuses on the placement of houses and greenery. Its underlying concept is to multiply by "n" times the comfort and richness enjoyed by residents who live in a series of homes ("n" homes) linked to the natural surroundings.

Residents who have moved into "n times richer" communities have said that these are perfect places for raising children and that sharing landscapes is a very agreeable concept. The company holds seminars to offer suggestions to residents to improve their daily life. Examples include the placement of rattan blinds in windows and the adoption of nighttime thermal energy storage systems. One particular success is the realization by residents that raising their thermostats 2°C in the summertime does not make their homes less comfortable.

### Recipient of a 2008 Good Design Award

In October 2008, the "n times richer" town development approach won a "Good Design Award" from the Japan Industrial Design Promotion Organization.

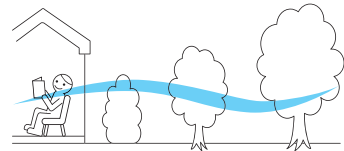


\* "n times richer" landscape design concept is a town development approach developed by Sekisui House and Teamnet Corporation.

### Three rules of "n times richer" landscape design concept

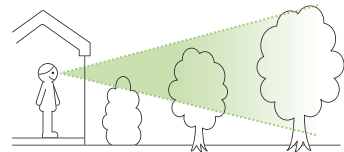
#### Weather Link with the wind

Take advantage of the effects of greenery to reduce radiant heat and to cool the air, link each home's greenery, and let comfortable breezes into interior spaces.



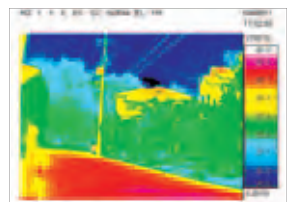
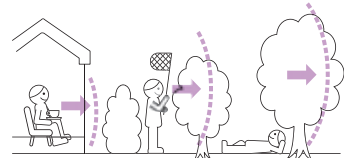
#### Landscape Link with scenery

Arrange greenery so that it is visually linked to the greenery on adjacent properties and in the nearby environment, thus providing green continuity in views from windows.



#### Access Link with the town

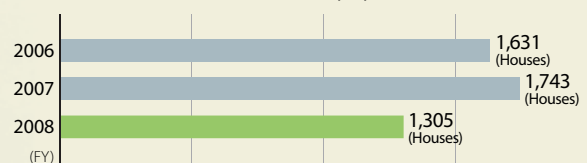
Use wooden decks and other intermediating elements linking interior and exterior spaces. This extends the living area outside the house and promotes the formation of communities.



Thermography image showing greenery's effectiveness in reducing thermal radiation and cooling air

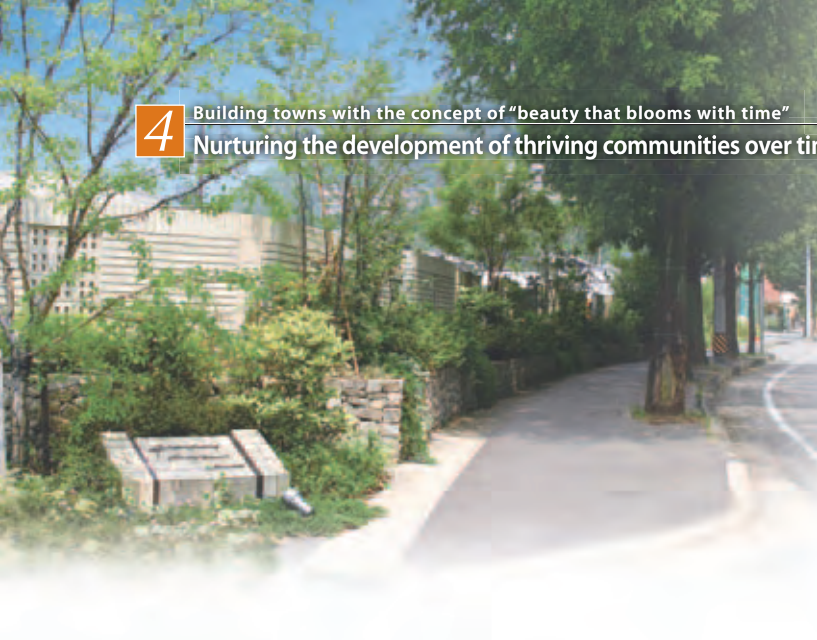
## Sustainable Action in Numbers

### Houses certified as "Environmentally Symbiotic"



Sekisui House actively works to obtain "the Environmentally Symbiotic House" certification awarded by the Institute for Building Environment and Energy Conservation. Promoting the environmental coexistence of homes in town developments, all of the homes introduced at the *Machinami Sankan-bi* Housing Fair, held twice a year, have been certified as "Environmentally Symbiotic Houses."

**4** Building towns with the concept of “beauty that blooms with time”  
Nurturing the development of thriving communities over time



 I want to keep this community green and beautiful forever.



**Mr. Takayoshi Yamaguchi**  
Executive, Self-governing Association *Greenland Karayama*

That we would be designated a Landscape District was explained to me ahead of time by Sekisui House, so I wasn't surprised or overwhelmed when the designation was announced. Some people think this designation comes with too many rules and only makes things more difficult, but I want to make use of its benefits, like the availability of government assistance to remove dead trees, so we can keep this community green and beautiful forever.

**First subdivision designated a “Landscape District”:  
*Greenland Karayama* (Gifu Prefecture)**

In 2008, *Greenland Karayama* became the first subdivision in Japan to be designated a “Landscape District,” when it received that distinction from Kakamigahara City, Gifu Prefecture. A Landscape District is an area that has undergone building modification and other regulations in accordance with the Landscape Act.

*Greenland Karayama*, from 2005, has developed into a beautiful community. This development by residents has been guided by Sekisui House's Urban Development Charter and Urban Development Basic Principles. *Greenland Karayama* has such features as a feeling of openness created by rules prohibiting fences between buildings and roads and the installation of utility poles or cables along main thoroughfares. The placement of greenery under the *Gohon no ki* gardening concept and local *waraishi* stones has made *Greenland Karayama* more beautiful. Praise for these scenic touches and the cooperation of residents



This display of local *waraishi* stones will age with grace.

Utility lines along main roads have been buried to provide a greater sense of openness.



to protect the appearance and enhance the value of their community resulted in the Landscape District designation.

The Company and the residents of *Greenland Karayama* will continue to work together and make the most of the distinctive appearance of each house. These efforts will enable this community to develop in accordance with the Landscape Preservation Guidelines set forth when the Landscape District designation was received.

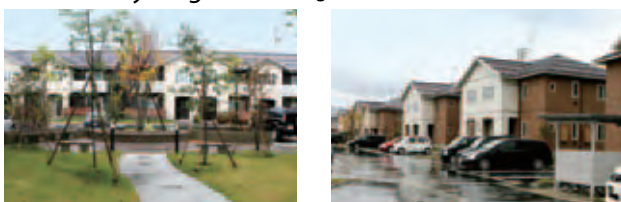
Pursuing urban development unique to individual locations

***Common City Juo Shironooka* (Ibaraki Prefecture)**



*Common City Juo Shironooka* uses the land contours and woods, as well as the remains of a mountain castle, to create a local style incorporating black-tile gabled roofs and painted walls. In 2001, *Common City Juo Shironooka* became the first owner-occupied residential area to receive a Good Design Award.

***Garden City Nagakura* (Niigata Prefecture)**



*Garden City Nagakura* is a large-scale *Sha-Maison Town* apartment complex created with the agreement of its 11 owners. Plans call for using the exclusive appearance of the community, which reminds us of maison town and to populate common spaces with trees, which will create value that grows over time.

***Common City Hoshida* (Osaka Prefecture)**



*Common City Hoshida* was a planned community that will develop a certain image and age with beauty. This community received the 1996 Urban Design Award and the Minister of Land, Infrastructure, Transport and Tourism Award at the 2005 Urban Planning Design Contest.

***Grande Maison Suginami Season* (Tokyo)**



*Grande Maison Suginami Season* in Suginami-ku, Tokyo, is Sekisui House's largest condominium complex. This development uses existing trees and buildings to create its scenic value. It won the 2007 Japan Association for Real Estate Sciences Achievement Award.



**Urban development that contributes to children's growth**  
**Island City Teriha no Machi** (Fukuoka Prefecture)  
**Grande Maison Itami Ikejiri Literacity** (Hyogo Prefecture)

*Island City Teriha no Machi*, Fukuoka Prefecture, opened in September 2005 as a comprehensive town development project that included detached and communal housing. Based on four concepts—coexistence with the environment, health, children, and community cooperation—this project makes liberal use of woods and greenways.

As a bonus for residents with children, a combined primary and junior high school was opened within *Island City*, the primary school in spring 2007 and the junior high school in spring 2008. In addition, residents have launched the *Teriha* Community Council, which they use to pursue beautification and crime prevention activities, to form child-rearing groups, sponsor social activities, and hold seasonal events primarily for children.

**Island City Teriha no Machi**

*Island City Teriha no Machi* is an urban development project surrounded by the sea, the verdant *Teriha no Mori* Forest, and other natural features that create a place for promoting the development of children as they learn about nature. Common spaces distributed throughout the development are settings for residents to interact.



Numerous events for children



*Island City Teriha no Machi*, a beautiful green island in Hakata Bay



Children experience nature at the *Teriha no Mori* Forest, the symbol of the community

*Grande Maison Itami Ikejiri Literacity*, Itami City, Hyogo Prefecture, which was completed in spring 2009, is a 368-unit condominium development that offers a rich daily life and living environment and a broad array of features useful for community development. Based on five concepts—protect, learn, play, relax, and connect—Sekisui House applied the “Seikatsu Literacy”<sup>\*</sup> expertise it has developed in detached housing to emphasize the attractions of raising children within a community and produced plans and designs aimed at helping parents to raise and support children.

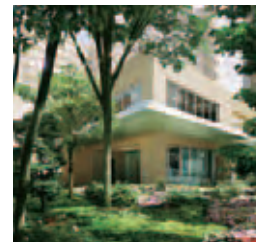
<sup>\*</sup> Seikatsu Literacy is a Sekisui House trademarked term. It incorporates knowledge, culture, and expertise to enrich daily life and housing.

**Grande Maison Itami Ikejiri Literacity**

To ensure security, playgrounds were positioned within sight of balconies. Residents can also enjoy family time at facilities like a kids’ room provided with our unique play equipment.



Common rooftop garden with a biotope and space for growing vegetables



Lush, green entranceway based on the *Gohon no ki* gardening concept

**“Kids Design Award” received for urban development and community activities focused on child-rearing**

The *Teriha* Kids Growing Project, involves community activities aimed at supporting child-rearing and supported by *Island City Teriha no Machi*, received a “Kids Design Award” in the communication design category. *Grande Maison Itami Ikejiri Literacity* received a Kids Design Award as the winner of the architecture and space design category.



**Dr. Hiroko Saito**

Professor  
 Real Estate Studies  
 Meikai University

Dr. Saito specializes in the design and management of the living environment of detached houses and condominiums. She evaluates residential land at home and abroad.

Third-party comment

**Further enhancing asset value**

For people to live with peace of mind in these communities, enhancing and maintaining the value of their homes—their largest assets—takes on even greater importance. One aspect of enhancing and maintaining home values is proper maintenance and management. These activities require information on the conditions under which a house was built, how it has been developed, and its current status. That information must be properly collected and managed so that it can be put to effective use.

Another aspect of enhancing and maintaining home values is the development of the living environment. The appearance of a community-trees, residents’ activities, and other aspects of the environment develop over time. To improve the living environment, the community needs an environmentally conscious design, the establishment and self-sustaining operation of a management system, systems for ensuring that tasks are performed efficiently and economically, and a system for monitoring the overall condition of the community. I have great expectations for new initiatives aimed at developing housing and the community that result in greater value over time.

**Our commitment** We will maintain zero emissions in production, construction, after-sales service, and remodeling, and move forward with efforts to reduce waste generation and to promote or urge recycling.

# Working to refine our zero emissions activities

Various materials are used to make houses, and a large variety of waste products result from construction. Furthermore, because houses, unlike factory-made products, are completed at construction sites, waste emanates from locations throughout the country, which makes collection and recycling difficult. Sekisui House, by establishing waste sorting rules and setting up a waste collection system, has achieved zero emissions.\* Even after having reached this goal, however, we continue to refine our systems.

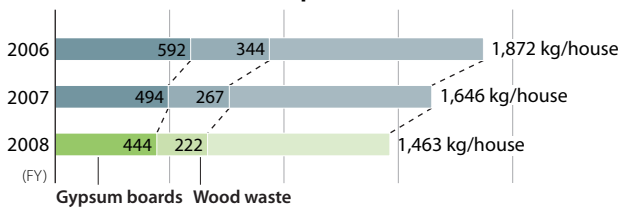
\* "Zero emissions" means no landfill waste and no incineration without heat recovery.

### Zero emissions at new construction sites and concentrating on reducing waste and enhancing quality of recycling

In the past, material mill ends; packaging materials; consumables like sheeting, tape, and other materials used in construction; and other types of waste came from new construction sites. To reduce this waste, we are using materials precut at factories and employing returnable packaging materials. In addition, we have standardized construction techniques that make efficient use of gypsum board and wood—major sources of waste—and are using remaining materials for other purposes such as wood sheathing reinforcement. Our efforts have resulted in significant waste reduction.

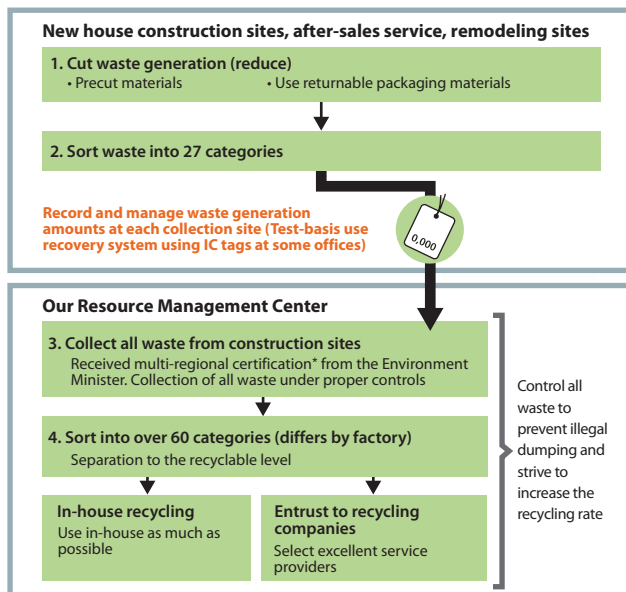
For the waste remaining even after these steps are taken, we are implementing separation steps and recycling processes.

#### New Construction Site Waste per House



\* Equivalent for a 145m<sup>2</sup> house; includes materials with value.

### Accelerating initiatives for zero emissions under the industry's first multi-regional certification system



\* "Multi-regional certification" refers to a certification by the Environment Minister that systems are in place for recovery and recycling. Exceptions from Waste Disposal and Public Cleaning Law regulations are granted. Multi-regional certification also negates the need for multiple approvals when transporting waste across administrative boundaries.

### Sustainability in Action



#### Moving forward with improvements at the detailed level based on examinations of data from actual operations

Zero Emissions Promotion Committee  
 Shikoku Sales Administration Headquarters

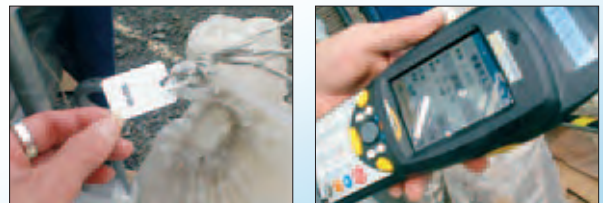
The Shikoku Sales Administration Headquarters and its sales offices are united in focusing on resource recycling under the slogan, *Sustainable Shikoku*. We began using IC tags at all sites in February 2008 and have been working to improve construction site work efficiency and productivity.

Since embarking on zero emissions activities for new house construction sites, the Shikoku Sales Administration Headquarters has implemented various waste reduction measures. The details of each measure are worked out through trial and error with the cooperation of construction workers, all of whom are aware of the need to sort and reduce waste. Accomplishing that requires the presentation of objectives based on precise rationale, and that is why we have adopted the use of measurements and IC tags for all materials and products. Looking ahead, we will work to continue reducing waste and will advance zero emission activities that carry our role and responsibility as an Eco-First Company.

### Next-generation zero emissions system using IC tags

On a test basis, we have implemented a next-generation zero emissions system that uses IC tags to enable the collection of detailed waste generation data and analyze separation.

In recognition of the Company's efforts, in July 2008 the Japan Automatic Identification Systems Association presented the company with "the Fuji Sankei Business-i Award" at the 10th Automatic Identification System Grand Prix.



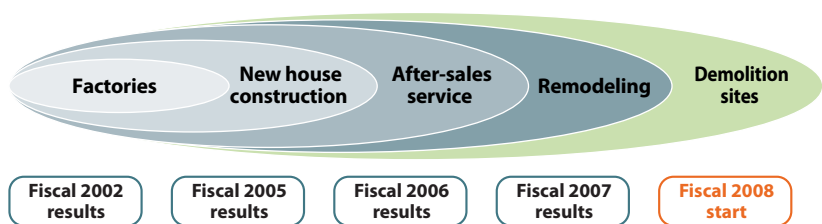
## Example of recycled material production and in-house use



### Expanding zero emissions

Sekisui House embarked on its zero emissions plan in 2000 and has gradually headed toward zero waste in its operations. Since then, we have achieved zero emissions at all of our factories, new construction sites, after-sales service division, and in our remodeling division.

In 2008, we began looking at ways to achieve zero emissions at demolition sites.



### Waste reduction at the production stage

In fiscal 2002, we ceased sending waste from factories for incineration or landfill disposal and achieved zero emissions—the recycling of all waste. Since then, we have been working to reduce the waste generated and to shift to approaches with a lower environmental impact. For example, the use of sawdust and other materials that can be converted to biomass for use in power generation facilities.

New product lines set up at some factories increased waste per house at production factories during fiscal 2006 and 2007. However, in fiscal 2008 we improved this level to 721 kg per house. Based on a system for comprehensive management including reduction of waste from new construction sites through zero emission activities, we will strive to achieve waste reductions by, for example, reducing sludge from factories, promoting the precutting of materials, and revising orders.

### Waste Generation per House at the Production Factories



\* Equivalent for a 145m<sup>2</sup> house. Includes materials with value.

### Introduction of Material Flow Cost Accounting

Material Flow Cost Accounting is a management approach in which the raw material and processing cost of wastage is made visible in quantitative and financial terms as “negative product cost” for the ultimate purpose of improving resource productivity and reducing waste.

In July 2008, we began testing this approach in the panel production process and have identified and rectified negative product costs. In fiscal 2009, we are moving forward with similar initiatives in key production processes.



Exterior wall panel production line



**Dr. Seiji Kurosu**  
Professor  
Waseda University Graduate  
School of Commerce

Specializations include production management, logistics, and system design methods

### Third-party comment

## Building an efficient waste disposal system through thorough upstream separation

Sekisui House’s Resource Management Center is a processing facility for waste from construction sites, but the sorting of waste takes place elsewhere. When waste is generated at a site, it is sorted into 27 categories, bagged, and sent to the Resource Management Center, where it is again separated into around 60 categories, which is truly amazing.

The person in charge of this process says that initial separation at the site is key. In other words, Sekisui House’s waste disposal system emphasizes upstream processing. This means, for example, that when materials are unwrapped on site, packaging materials that are no longer usable are immediately sorted.

In the past, packaging materials and construction waste were gathered for sorting at a later time, often meaning no sorting. Sorting immediately, therefore, is more efficient. Seeing this process design, I realized that the design of waste sorting work must be performed at the same time as the design for processing and assembly work.

**Our commitment** We will promote the fair procurement based on the Wood Procurement Guidelines and Chemical Substances Guidelines and work with suppliers to encourage greater adoption of "FairWood" procurement and other initiatives.

# Cooperating with suppliers on sustainable wood usage

Every year, 13 million hectares of forest are lost to illegal logging and slash-and-burn agriculture worldwide, escalating the destruction of natural ecosystems that are the foundation for human life.

To enable the sustainable use of forests, Sekisui House promotes socially acceptable "FairWood" procurement.

We are working with suppliers and nongovernmental organizations (NGOs) to improve wood procurement.

\* "FairWood" is advocated by the Global Environmental Forum and FoE Japan, an international environmental NGO.

## New flooring material specifications to improve procurement

In April 2007, Sekisui House announced its Wood Procurement Guidelines that take into account a wide array of perspectives, ranging from legalities to biodiversity and the livelihoods of people living in logging areas. In following the guidelines, scores are determined for compliance with Ten principles and totaled to determine a wood procurement ranking of S, A, B, or C. The purpose of promoting "FairWood" procurement is to decrease the procurement of low C-ranked wood and increase the procurement of high S-ranked wood.

In fiscal 2007, we performed an examination aimed at elevating the procurement of flooring material, about 70% of which is comprised of wood at a low procurement level. In fiscal 2008, we began using our findings to switch tree species and use wood from certified forests\* for approximately 70% of the flooring material we use.

We have also considered changing the species of tree used for stair steps with low procurement rankings, adopting plywood made of Japanese conifers for a portion of our needs, and examined possibilities for obtaining forest certifications for our wood-frame houses. Based on our findings, we have taken actions like changing tree species beginning in fiscal 2009. We will continue to take such actions to shift to higher procurement levels.

In fiscal 2007, we purchased 374,000 m<sup>3</sup> of wood products, slightly less than 60% of which consisted of products with S- and A-level procurement rankings.

\* Wood harvested from forests certified by a third party as being managed in a sustainable way.



### Sustainability in Action

#### Wood Procurement Guidelines having a positive impact

**Haruyuki Iwata**  
Head of Purchasing Department

Sekisui House's Wood Procurement Guidelines formulated in 2007 are expected by many inside and outside the Company to have a significant impact. Since these principles were formulated, we have held various briefings; made and implemented specific measures; and, together with the relevant internal departments and with suppliers, have steadily produced good results.

Now, the Japanese government is looking more closely at "FairWood Procurement," and many are paying attention to Sekisui House's actions regarding wood procurement.

Looking ahead, we intend to improve transparency and fairness in procurement, fulfill social responsibilities through procurement, and move forward with additional environmental initiatives.

## Wood Procurement Guidelines: Ten principles

1. Wood products that are sourced from areas where there is low risk of illegal logging.
2. Wood products that are sourced from areas that do not form part of ecosystems recognized as having outstanding value.
3. Wood products that are not sourced from ecosystems that are severely damaged or areas where large-scale logging of natural forests has occurred.
4. Wood products that are not sourced from endangered species.
5. Wood products that are sourced from areas close to where they will be used.
6. Wood products that are not sourced from areas subject to conflict or hostility with regard to wood production.
7. Wood products that are not sourced from areas where the amount of logging does not exceed the recovery rate of the forest.
8. Wood products that are sourced from domestic forests in Japan.
9. Wood products that are sourced from plantation forests that are managed according to methods that encourage the preservation and generation of a natural ecosystem.
10. Wood products that are made from previously used wood.

## Procurement Levels: Determining procurement rankings

Total Points (maximum of 43 points)	Procurement Ranking	
34 or more	S	Using total procurement guideline points, classify the subject products as S, A, B, or C level, with S being the highest. Establish a separate borderline for guidelines 1 and 4, which are particularly important.
26 or higher but less than 34	A	
17 or higher but less than 26	B	
Less than 17	C	

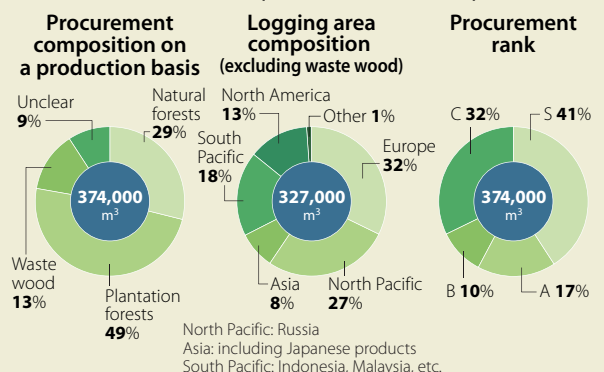
## Letter of gratitude about "Logging Promotion" from Director General of the Forestry Agency

In December 2008, Sekisui House's efforts to promote the fair procurement of "FairWood" were recognized by the Council for Tackling Illegal Logging Issue in its "Logging Promotion Awards." The Company received a letter of thanks from the director general of the Forestry Agency in "the Logging Usage Category."



## Sustainable Action in Numbers

### Wood Procurement Data (Feb. 2007 – Jan. 2008)





As part of our “FairWood” procurement education activities, we have produced a picture book, which addresses forest-related problems. We distribute these books at display homes and other facilities throughout Japan.

## Briefings with Suppliers on Wood Procurement Guidelines

Housing is an assembly industry that puts together a multitude of parts and members. In this industry, promoting environmental initiatives requires cooperation from numerous suppliers, and so communicating procurement policies is important.

In May 2008, we conducted a survey of primary suppliers of wood materials, asking them for information like the types of



Wood Procurement Guidelines briefing

trees used in their products, geographic origins, volumes shipped, and documentation certifying legal harvesting. Afterwards, we held a briefing on our Wood Procurement Guidelines for approximately 100 representatives from 61 suppliers.

At this briefing, FoE Japan, an international environmental NGO, assisted with explanations of the social circumstances for suppliers regarding the procurement of wood products, and our Wood Procurement Guidelines. Suppliers were also asked for their cooperation in future initiatives. This briefing helped to strengthen ties with suppliers and has resulted in an increase in suppliers’ subjective proposals regarding wood products.

## Chemical Substances Guidelines

We developed our Chemical Substances Guidelines in fiscal 2007.

In fiscal 2008, we focused on toluene, xylene, and hexavalent chrome and, with the ultimate goal of reducing the usage of these chemicals, interviewed suppliers to gather information on matters like technical issues and cost impacts. We are using the results of these interviews to pursue specific initiatives in fiscal 2009.



**Mr. Kenichi Nakazawa**  
Director, FoE Japan / Forest Program  
International environmental NGO

Actively applying a global network to address the problems of climate change and forest destruction, as well as development assistance for developing countries.

### Third-party comment

## The keywords are “regional diversity”

I think the year was one of steady progress in promoting application of the Wood Procurement Guidelines. Progress was achieved not only internally. I realized through the briefings for suppliers and other communication initiatives that Sekisui House has again asserted its tremendous influence as the housing industry leader.

At present, the Company is advancing guideline initiatives focusing on avoiding risks on forest environments, so I expect it will eliminate purchases of low-procurement level, C-rank wood products in the near future. I also expect for the Company to do more in the way of purchasing wood products from domestic forests and products from certified forests and move one step higher in “FairWood” procurement. Furthermore, I want to see the “FairWood” concept promoted through its communications aimed at informing their customers of the Company’s actions.

We benefit in many direct and indirect ways from forests. I, therefore, want people to go beyond seeing wood products as only industrial products and make the effort to understand the different forest conditions and local social conditions encountered by its places of origin. It is important to vary procurement based on regional circumstances. I want housing to be functional and based on outstanding designs that appreciate diversity.

# Creation of work environments where employees can use their abilities long term

For the sustainable growth of employees and the Company, we declared Human Resources Sustainability to be its basic human resources policy in March 2006. With three primary objectives—career development for women, career development for a diverse workforce, and a healthy work-life balance—we are striving to create work environments in which employees are happy, approach their work with vitality, and feel that what they do is worthwhile.

## Toward work environments in which women thrive more

In 2006, the Company established its Diversity Development Team to promote career development for women. The team is planning and recommending career development systems that support female employees' career, training, and success. We also have actively recruited women to management positions.

In 2007, we established our Women's Sales Support Committee to provide female sales staff with skill development and emotional support. Having set a goal of increasing females as members of our sales staff to 10%, we are actively recruiting internally and taking steps to provide more career opportunities.



### Sustainability in Action

#### Promoting the development of businesswomen

**Midori Ito**

Manager,  
Corporate Management Planning Department  
Diversity Development Team

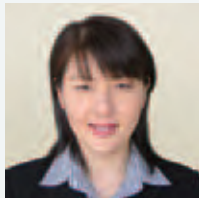
In fiscal 2008, we held the second Women's Sales Representative Conference, gathering female sales staff from all branches to share information in a motivational environment. Meanwhile, each sales headquarters hold study groups and seminars to address real-life work issues.

Further comprehension was delivered by providing time for "utilizing women's abilities" at training for newly appointed leaders. In fiscal 2009, we will create environments that allow the development and growth of independent business women.

#### As a female manager

#### As the first woman Branch Manager, I want to maximize customer satisfaction

During my first five years with the Company, I worked as part of the general staff, then I transferred to sales at my own request. I've worked as a store manager and achieved satisfactory results I have been given opportunities and am now working as a branch manager. The Company has a history of promoting women to management positions, and I feel that the road to a management job is open to me. As a branch manager, I intend to create a working environment that will encourage everyone to do their best and will emphasize training for all of the branch employees.



**Ritsuko Tomita**  
Branch Manager  
Hyogo SHAWOOD-Home Branch

#### As a woman sales staff

#### I wish to use my perspective as a woman to win the hearts of customers

I'm constantly striving to apply my strengths as a woman to my work in housing sales. Wives often cast the deciding vote when it comes to choosing housing, and female customers often feel more comfortable talking to a woman sales staff. In addition, wanting to make recommendations that win the hearts of wives, I've earned professional qualifications as a Kitchen Specialist and Interior Coordinator. In the future, I intend to polish my skills, so I can present customers with the best recommendations.



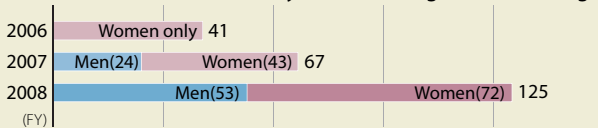
**Yuko Komatsu**  
Tsudanuma Office,  
Keiyo Branch

## Sustainable Action in Numbers

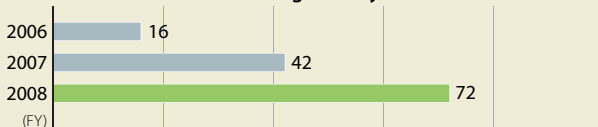
**Total Employees 14,953** (as of end of Jan. 2009, Sekisui House Co. Ltd.)

**Employees by Gender** ( ) refers to the number of management positions **Male 12,174 (3,050)** **Female 2,779 (16)**

### Users of the Child-Care Leave System (including short-term usage)

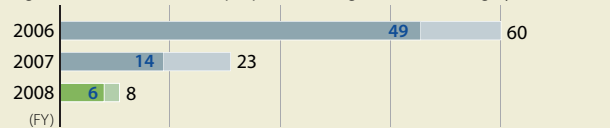


### Users of the Short-Time Working Hour System



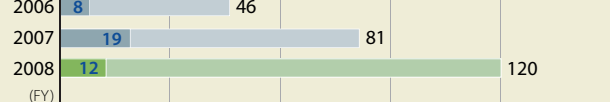
### Work Category Transfer System Applicants

Figures in blue are numbers of people transferring to a different category.



### Human Resources Recruiting System Applicants

Figures in blue are numbers assigned.



## Support work-life balance

For employees to sustainably demonstrate their abilities, we believe work environments must be places where they can work with enthusiasm. We also believe employees should enjoy life with enthusiasm outside the workplace. The Company, therefore, supports a work-life balance that allows employees to have time for themselves and their families.

Accordingly, we allow employees to take child-care leave in excess of the time required by law, have enhanced various support systems and relaxed nursing care leave requirements, implemented an accumulated annual leave policy, and taken other steps to do everything we can to create work environments that allow every employee to show their abilities given their individual life circumstances.

### Taking child-care leave

#### Caring for, and spending quality time with my family before the birth our fourth child

To help my wife give birth to our fourth child without worrying about our other three (ages 8, 5, and 3), I took child-care leave. As a construction foreman, I was very concerned about my work responsibilities. I arranged to deal with business by phone from home and went to work periodically. With the cooperation of the people I work with, I was able to take child-care leave. In the future, I'll help others do the same.



**Hiroyuki Sakurai**  
Construction Section,  
Takasaki Branch

### As working parents

#### We can choose the working style that meets our needs

My husband is a sales consultant and I work for customer services in display homes. We both work at this Company, thanks to the understanding and cooperation of our branch managers, assistant manager, office managers, and office coworkers. It's also true that we do our best to live up to everyone's expectations. We are very happy that we can use the child-care leave, short-time work, and other systems to work at a company we like and raise our children. We are hoping that the system will be enhanced, so that there will be more working/lifestyle choices.



**Tomoko Nagai**  
Nagaoka Office,  
Niigata Branch

## Respecting personal wishes in applying diverse human resources

To create a work environment in which a diverse workforce can thrive, the Company has introduced a work category transfer system, retiree reemployment system, and human resources recruiting system, among others, and made it possible for employees to change career paths within the Company.

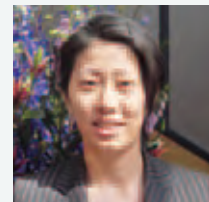
The work category transfer system allows employees in the general staff and production areas to switch career track. The human resources recruiting system lets employees apply for open positions in particular operations or projects.

Through these systems, we are aiming to be a company in which employees can do their work with enthusiasm.

### Using the work category transfer system

#### Taking on different work challenges to expand personal possibilities

Having entered the Company as a general staff, I worked at display homes and other sections. However, I began to feel that I wanted to widen my job prospects and try other work, so I applied to the work category transfer system and switched my career track. After working in the General Affairs Section handling customer accounts, I am now representing a branch as a General Affairs manager and have seen an increase in opportunities to engage in internal and external negotiations. My responsibilities are heavy, but I really feel my work is worthwhile.



**Satsuki Yamauchi**  
General Affairs Manager,  
Toyohashi Branch

### Using the human resources recruiting system

#### Realizing excellent products without departmental barriers

After joining the Company, I spent all of my time in design work, until at a certain point, I realized that the housing design system was inefficient in the planning of structures. At that time, there was a call for people wanting to work on the development of a new structure planning system, so I applied, saying that I wanted to be involved in hands-on development. Looking ahead, I want to be a part in creating better housing by applying my design experience in developing a new structure planning system.



**Daisuke Tabuchi**  
Product Design &  
Development Department

# Researchers and Consumers Working Together to Develop New Housing Concepts

For a sustainable future, R&D focused on ways of living and environmentally friendly technologies make it possible for residents to enjoy safe, secure, and comfortable lives, which is the duty of a housing company. The Company listens to consumers' opinions and applies the home-building expertise it has developed over many years. Its R&D endeavors are aimed at producing advanced energy-saving technologies and systems and new concepts for ways of living and housing that promote coexistence with nature.

## Comprehensive Housing R&D Institute: Investigating, researching, and evaluating daily life and residential environments

Sekisui House's Comprehensive Housing R&D Institute in Kizugawa, Kyoto Prefecture, consists of the Technology R&D Institute, the Human Life R&D Institute, and the *Home Amenities Experience Studio*. All three perform R&D and functional evaluations on next-generation housing and share their results.

The *Home Amenities Experience Studio*, through approaches



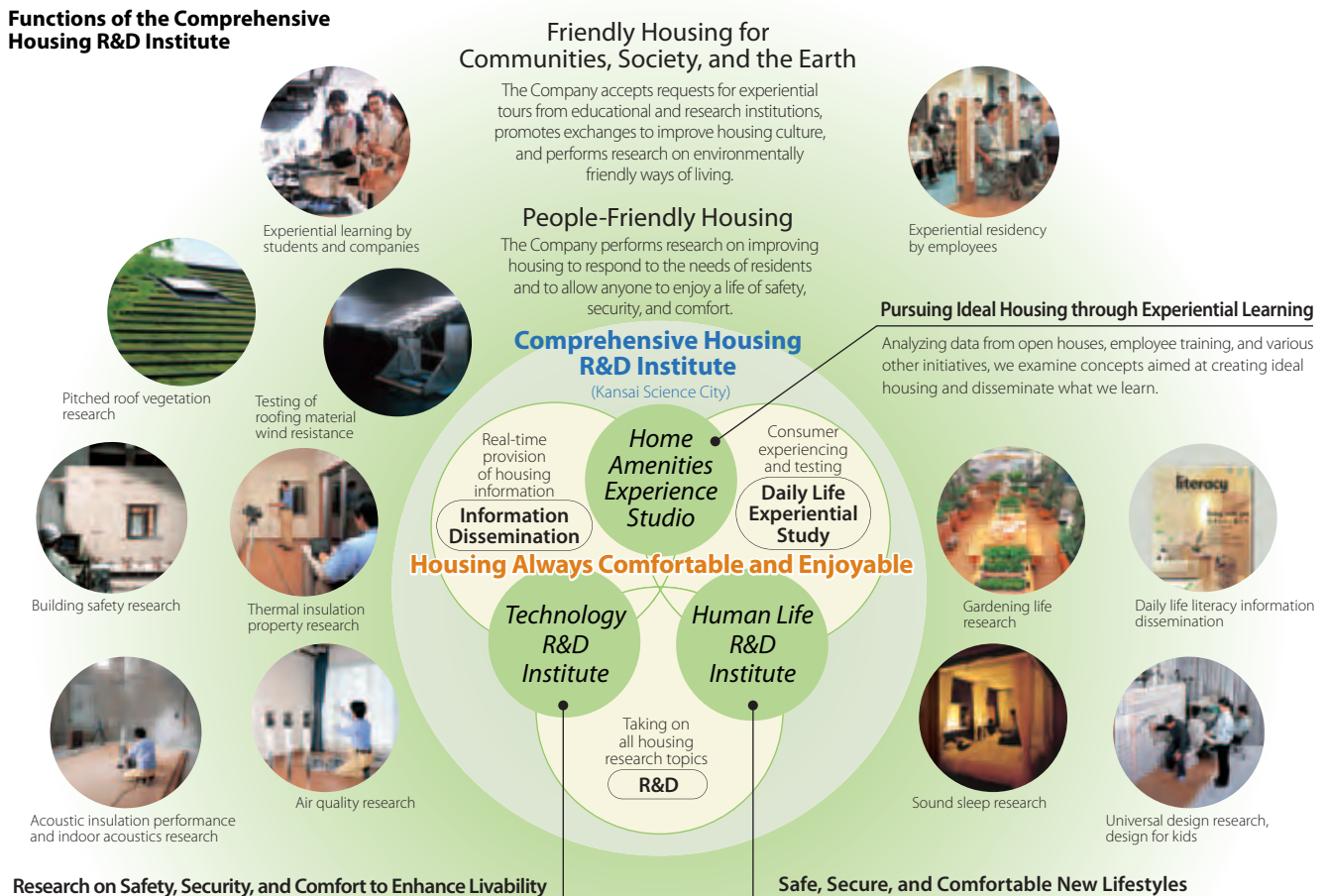
including experiential learning and dissemination of information on new housing ideas, is also a place where consumers and researchers can discuss what housing should be in the future.

## New materials, techniques, and systems that enhance housing value

In fiscal 2008, the Comprehensive Housing R&D Institute pursued R&D initiatives, including housing safety and security, comfort, and sustainability. For example, housing safety and security research focused on fire-detection technology aimed at early detection and investigated losses incurred by residential burglaries. Housing comfort research, meanwhile, examined the use of ceiling vibration dampers to improve acoustic insulation for floors.

In the area of housing sustainability, research efforts focused on the use of *Racomitrium Bridel*, which requires little care, if any, and adds vegetation to the pitched roof of an experimental house. The researchers examined the housing design, installation of *Racomitrium Bridel*, and other aspects of this technology. This work studied the viability of *Racomitrium Bridel* as an option for the north-facing roof vegetation of *Zero Emission House* and the effectiveness of this approach in offsetting the heat island effect and thereby lowering summertime indoor temperatures.

## Functions of the Comprehensive Housing R&D Institute

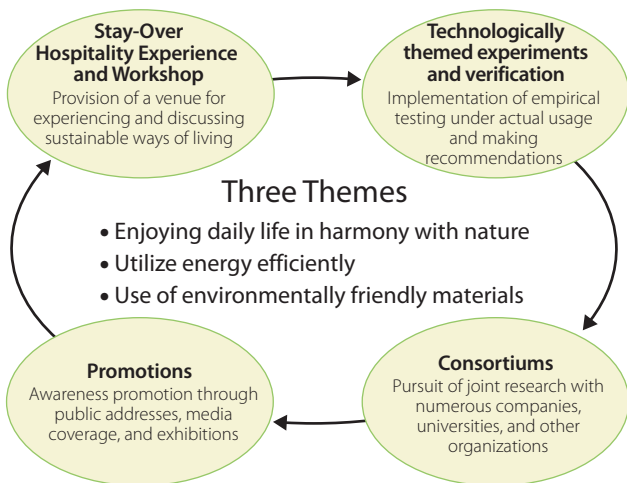




## The Sustainable Design Laboratory for recycling-oriented research on future housing

The *Sustainable Design Laboratory* in Kunitachi, Tokyo, is dedicated to the study of daily life activities that incorporate urban nature and are friendly to the environment. This laboratory explores daily life activities that build on traditional Japanese ways of living and adjust to the changing seasons. The laboratory consists of the *Sustainable Living Laboratory* and the *Waigaya Laboratory* and pursues research under three themes: enjoying daily life in harmony with nature, efficient energy usage, and use of environmentally friendly materials. The laboratory suggests different ways of living that incorporate new-concept space designs and seasonal adjustments.

As one of the few housing industry's facilities open to the public, the *Sustainable Design Laboratory* has welcomed 2,412 visitors since opening in 2006.



### Sustainable Design Laboratory functions



*Sustainable Design Laboratory*



*SD LAB COMMUNICATION*, a quarterly magazine providing information on sustainable housing and ways of living



"Usage of Soil, Grass, and Wood for Building Private Homes" seminars held at the *Waigaya Laboratory*



Joint experiment with the Shibaura Institute of Technology to examine the benefits of veranda spaces



Workshop attended by 40 parents and children

## Air Quality (Chemical-less Care) Standards for lowering indoor chemical substance emissions

Since 1990, the Company has been a leader in initiating measures to address problems associated with formaldehyde. We have developed technology for measuring and evaluating indoor pollution levels, endeavored to identify and evaluate the pollution amounts of each construction material, and worked to improve overall building standards.

We formulated chemical substance emission standards for construction materials (Chemical-less Care Standards) in 2004 and have worked to reduce emissions based on our Chemical-less Care Substances Guidelines. In recognition of our efforts, our Chemical-less Care Standards earned the second annual "Kids Design Award" (Product design category) in 2008.



### Chemical-less Care construction materials

The Company uses wall and ceiling materials that absorb formaldehyde and lines closets with formaldehyde-absorbing gypsum board.



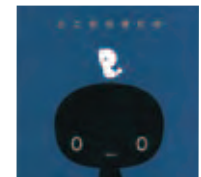
### Amenity Ventilation System II

The cyclone unit and high-performance filter supply clean air to indoor spaces.



### "Chemi-less Town" Project

The Company is participating in the "Chemi-less Town" Project\* in Kashiwa, Chiba Prefecture. The purpose of this project, which involves Chiba University and five housing makers, is to lower the use of chemicals in housing construction.



An illustrated book explaining the positive and negative aspects of chemical substances.

\*"Chemi-less Town" is a registered trademark of the Center of Environmental Health Science for Future Generations.

### Joint Research Project with MIT

In July 2008, Sekisui House embarked on a joint research project with Massachusetts Institute of Technology (MIT) in the U.S. For the MIT Advanced Japan Design Workshop, the participating teams consisted of young Sekisui House engineers and MIT graduate students. These teams will spend two years working under the guidance of MIT professors, identifying issues related to falling birthrates, societal aging and population declines, environmental problems, and community destruction. They will perform research on sustainable community designs and ideal housing from a global perspective.



Fiscal 2008 final presentation at MIT

# CSR Policy and Structure

Sekisui House and Sekisui House Group companies conduct business based on a corporate philosophy founded on *Love of humanity* and the desire to earn the trust and understanding of society. With CSR as a management fundamental, we are fulfilling our responsibilities to our stakeholders.

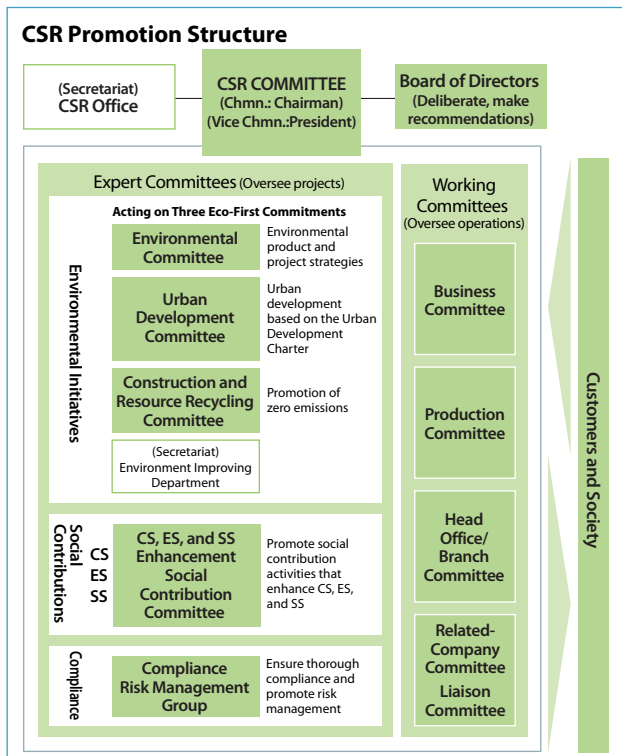
## CSR policy

In 1989, we formulated a corporate philosophy centered on the theme of *Love of humanity*. In formulating this philosophy, we received input from our workforce, and we have a vision of sustainability as our goal. Through our CSR program, we seek to raise corporate awareness and to be recognized as a trusted corporate citizen by stakeholders.

In 2004, reflecting our aim to become a sustainable company, we adopted this CSR approach as a central tenet of our S-Project, the medium-term management vision we established, in addition to Customer Satisfaction (CS), Employee Satisfaction (ES), and Shareholder Satisfaction (SS).

## CSR committee and CSR promotion structure

The CSR Committee meets every three months, led by the Chairman and CEO, and has 23 internal committee members (all of the internal directors and some of the corporate officers), as well as three external committee members accomplished in their respective fields. With the input of third-party members, this committee enhances the Group's CSR initiatives by setting new directions for activities while assessing the conformity of the Company's present activities with societal norms and expectations. As determined by the CSR committee, the CSR promotion structure is as shown below.

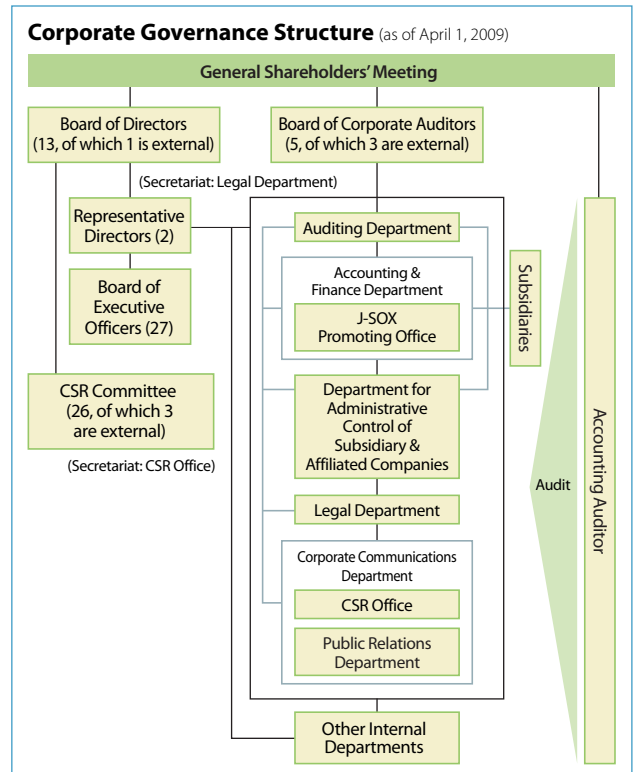


## Corporate governance and internal control system

To ensure solid stakeholder support, we have increased management transparency; provided for timely, appropriate checks on management decisions; and enabled thorough monitoring. External Board members and corporate auditors are in place, and our corporate governance system is as shown below.

As part of our Internal Control System, we have established 10 basic policies, including one calling for the establishment of a system to ensure that Board members are performing their duties in accordance with national laws and Company bylaws, based on the Basic Policy Concerning the Development of an Internal Control System passed by the Board of Directors in May 2006. These basic policies serve as the foundation for our efforts to implement systems and ensure that they operate properly.

The J-SOX Promoting Office established within the Accounting & Finance Department will confirm strict groupwide compliance with, and enforcement of, the internal controls required by the Financial Products Exchange Law, which takes effect in the fiscal year ending in January 2010.



## Compliance promotion

### ■ Ideas on compliance

Viewing compliance as not only acting in accordance with laws and regulations but also paying constant attention to CSR, we have positioned compliance as an ongoing management concern. Accordingly, we have established the Compliance Risk Management Group under the CSR Committee and are working to train employees on related matters.

Working Committees head up efforts to resolve compliance promotion issues, while the managers throughout the country lead by example in resolving compliance issues.

### ■ Compliance promotion activities

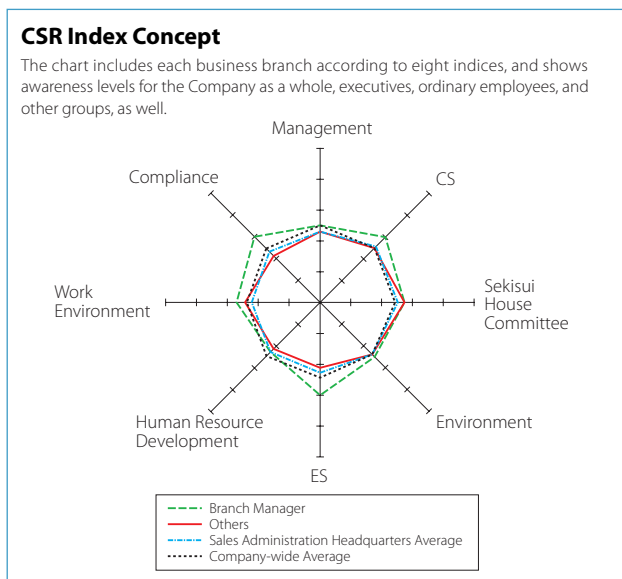
The Company has established a compliance education system and is conducting group-wide training by job level and role, so that executives and employees can work to promote and ensure compliance.

In fiscal 2005, we designated every October as a time for focusing on enhancing compliance (corporate ethics) and, since fiscal 2006, have required all employees to annually submit a "Corporate Ethics Compliance Pledge" and "Pledge to Help Stop Drunk Driving." We also implemented e-learning on related topics in fiscal 2006.

Sekisui House offices throughout Japan engage in readings of our Corporate Philosophy Booklet, discuss case studies, and prepare their own code of conduct.

### ■ Compliance awareness survey

We began conducting the Compliance Awareness Survey in fiscal 2005 to quantitatively measure awareness levels and degrees of understanding and to establish indicators for compliance promotion activities. Survey results are used to create a CSR Index (a management tool) for individual offices on an ongoing basis.



### ■ Internal reporting system and whistleblower protection

In August 2001, the Company established the SCS SYSTEM (Sekisui House Group Corporate Ethics Helpline). This internal reporting system helps to ensure employees are aware of violations of the law or corporate ethics.

The guidelines for this system include clear statements on the protection of the privacy of a whistleblower, the confidentiality of a report, prohibitions against retaliation against whistleblowers, and other matters.

### ■ Protection of personal information

We collect customers' personal information at display homes, sales offices, and other locations. We, therefore, have developed systems to meet the requirements of the Personal Information Protection Law and have appointed an executive to be responsible for the protection of personal information. In March 2005, we created our Guidelines for Handling Customer Information and established the full-time Customer Personal Information Management Office within the CS Promoting Department. This office considers policies and steps for protecting personal information, develops security measures, conducts employee training, and performs audits.

In employee training, the office distributed a guidebook in fiscal 2005. The office conducted new e-learning training for all employees in fiscal 2008.

## Compliance and risk management

Sekisui House's risk management efforts are handled by the Compliance Risk Management Group, operating under the CSR Committee. Group companies cover risk management when training personnel at partnering construction companies.

We produce all prefabricated structural components. At the construction sites, our subsidiaries, Sekiwa Construction companies, and partnering construction companies, work with us to make sure construction is properly managed.

Regarding the environment, we have reduced risks by, for example, building a system for tightly managing construction waste. We have also identified risks related to soil contamination, natural disasters and other factors, and are putting into place systems to control them.

# Social Targets and Actual Performance



**Hidehiro Yamaguchi**  
Executive Officer and  
Head of Corporate  
Communications  
Department

## Summary and outlook

Maintaining sound business operations requires more than simply imposing stricter internal rules and punishments. It is important to create an autonomous, self-checking organization characterized by strong communications.

In fiscal 2008, we worked to increase overall awareness by again conducting our Compliance Awareness Survey and examining multiyear trends. We have also developed standard multi-perspective, objective measures of office-level CSR activities and will continue to provide feedback to each business office. Sekisui House has positioned its Sustainability Report, which is presented by our CEO in addresses outside the Company and key to other such purposes, as a core educational tool.

In the lead-up to the 50th anniversary of our founding in 2010, we hope Sekisui House employees individually return to the Corporate Philosophy and the Code of Conduct, which connect us directly to our identity at the time of our founding and the conceptual foundation of our CSR activities, and approach their work proactively.

## CSR policy and framework

	FY2008 target	Fiscal 2008 Results and Commentary	Evaluation	FY2009 target
CSR promotion system and penetration	To raise the level of activities at each business office by implementing the PDCA cycle while using our CSR indicators and the targets and actual performance.	Evaluated initiatives from multiple perspectives and provided feedback to each business office. Improvement activities were based on reducing gaps in activity levels of each business office.	A	Use the CSR Index and targets and results for each business office to accelerate the PDCA cycle. Raise the level of initiatives from the bottom up and foster development.
Compliance and management	Pursue measures that promote the development of workplaces where people are free to exercise their capabilities and where human rights violations do not occur, are not encouraged, and are not tolerated.	Held training sessions to improve the skills of employees responsible for sexual harassment and abuse of authority consultation services at all offices.	A	Promote the development of workplaces where people are free to exercise their capabilities, and where human rights violations do not occur.
	Built up internal control system	Creation of the Internal Control System, with full-scale operation, scheduled to begin in fiscal 2009. Strengthening risk management remains an issue.	B	Bring the Internal Control System fully up to speed and continue building risk management systems.
Communication with society	Hold forums and create other opportunities for dialogues with stakeholders.	Hosted workshops, and opinion-exchange gatherings at the <i>Sustainable Design Laboratory</i> , drawing participation from 2,412. Received 2,589 external visitors to the Zero Emissions Center. Used the Sustainability Report as a centerpiece of opinion-exchange meetings.	B	Continue to hold forums. Create opinion-exchange gatherings centered on the Sustainability Report, and offer other opportunities for dialogue with stakeholders.

## For our customers

	FY2008 target	Fiscal 2008 Results and Commentary	Evaluation	FY2009 target
To improve customer satisfaction	Further strengthen communications with owners through all kinds of channels.	Began issuing a regular newsletter and conducting surveys of owners. Analyzed survey results and applied them in making improvements. Focused on referral rate as an indicator of customer satisfaction and noted a slight increase versus the prior year (0.6% increase to 47.8%).	A	Strengthen communications with owners through Internet, magazine, and other channels. Increase the referral rate versus fiscal 2008.
Realization of a sustainable society and long-life housing	Expand EVERLOOP—repurchase of housing sold by the Company for reusing purposes.	Purchased 125 houses (31 more than in fiscal 2007).	A	Expand EVERLOOP business, focus on effective resource usage and extending the lifespans of houses, and help form a market for revitalized houses.
	Strengthen remodeling business by concentrating on customer follow-up and cost-cutting.	Active recommendation of energy-conservation remodeling plans increased remodeling work (1.7% annual increase to ¥47.07 billion).	A	Expand remodeling business by entering the market for remodeling wood-frame houses. Recommend environmentally conscious remodeling plans.
Construction of reliable, safe and comfortable houses	Develop innovative experiential learning facilities in multiple locations.	Visitors to experiential learning facilities numbered 30,266 at the <i>Home Amenities Experience Studio</i> , 73,150 at the <i>Large Scale Experience-based Facilities</i> , and 13,495 at other facilities.	A	Establish <i>Kansai Large Scale Experience-based facilities</i> and take other measures to enhance innovative experiential learning facilities in multiple locations.
Community formation and local culture succession	Create good quality communities and implement <i>Machinami Sankan-bi</i> , beauty that blooms with time, as a theme.	Made 1,121 buildings in 131 complexes available for two <i>Machinami Sankan-bi</i> (community visit days) events in April and October.	A	Create good-quality communities and implement <i>Machinami Sankan-bi</i> , beauty that blooms with time, as a theme.

## For employees

	FY2008 target	Fiscal 2008 Results and Commentary	Evaluation	FY2009 target
For employees	Further promote career development for women.	<ul style="list-style-type: none"> <li>Implemented flexible responses to the needs of female sales staff regarding marriage, childbirth, and childcare. Responses are based on discussions with employees and Diversity Development Team leaders.</li> <li>Implemented training and study sessions for exhibition reception staff in all divisions to enhance motivation, skills, and network building.</li> </ul>	B	Promote career development for women. <ul style="list-style-type: none"> <li>Maintain working environment and plan new system to ensure a sales and marketing environment aligned with needs and capabilities of women so they can be successful over the long term.</li> <li>Promote motivation and skills of sales staff.</li> </ul>
	Promote diversity in human resources	6 employees used the Work Category Transfer System to change to career track. 4 employees returned to work through the Retiree Reinstatement Registration Policy. 120 employees applied for positions in one project through the Human Resources Recruiting System, and 12 successfully landed new positions. As of February 2009, the employment rate of the physically and mentally challenged was at 1.77%.	B	Make best use of a variety of human resources <ul style="list-style-type: none"> <li>Improve work category transfer system.</li> <li>Continue the Retiree Reinstatement Registration Policy.</li> <li>Continue internal Human Resources Recruiting System.</li> <li>Promote employment of disabled persons and ensure compliance with employee ratios required by law.</li> </ul>
	Support a variety of work styles and work-life balance	Prepared supervisor guidelines on considering the work-related needs of pregnant employees. An increase in users, including men taking child-care leave. Improved systems to help bring about appropriate working hours.	B	Support a variety of work styles and work-life balance <ul style="list-style-type: none"> <li>Formulate and gain acceptance of systems for promoting a healthy work-life balance.</li> <li>Build highly productive work environments overflowing with vitality.</li> </ul>
	Promote workplace safety and health	Industrial accidents: 52 (down 12 from the previous year), commuting accidents: 11 (down 9). 53,532 attended construction safety and health education. Held mental health trainings (32 sessions for 836 young employees and 88 leaders.)	A	Promote workplace safety and health <ul style="list-style-type: none"> <li>Promote safety activities and disaster prevention activities.</li> <li>Conduct mental health training for all employees.</li> </ul>

## For shareholders and the community

	FY2008 target	Fiscal 2008 Results and Commentary	Evaluation	FY2009 target
For the Shareholders	Keep annual dividends stable at ¥24 per share and implement increases as necessary to maintain a dividend payout ratio of 30% or more.	In fiscal 2008, kept the annual dividend at ¥24 per share. Helped to promote long-term shareholding and increase the attractiveness of the Company's shares by maintaining shareholder special benefits.	A	Distribute an annual dividend of ¥20 per share, taking into account market conditions and economic recovery in fiscal 2009. Achieve a medium-term dividend payout ratio of at least 40%.
Improvement of Housing Culture/ Supporting Education	Effectively use our facilities and know-how, together with Internet and other media, to focus on improving housing culture.	Held 11 Housing School Open Seminars for a total of 825 people, 24 Housing School Commitment Seminars for a total of 115 people, and 75 Housing School - Office Seminars for a total of 3,971 people. 2,346 people visited Sumai no toshokan, Ltd. (Housing Library, Ltd.). Published issue number 102 of <i>Sumaigaku Taikai</i> originally.	A	As a company open to local communities, use our facilities and know-how to focus on improving housing culture.
	Further enhance education contribution activities utilizing experiential learning and other facilities. Create curriculum menus and accept more requests for course instructors and workplace experience opportunities.	Student visitors numbered 5,202 for the <i>Home Amenities Experience Studio</i> , 2,022 for the Large Scale Experience-based Facilities, and 213 for the other facility. Workplace experience and instructor dispatch requests numbered 85 for 1,680 students. 6 primary school and kindergarten classes were held for 314 students in <i>Shin-Satoyama</i> , biodiversity project. Experience programs about housing and life were held at 14 universities and attended by 388 students.	A	Enhance education contribution activities through experiential learning and other facilities. Create curriculums accordingly.
Contribution to Society	Enhance the sharing and content of social contribution activity information.	21,881 employees participated in 4,194 volunteer events. Employees contributed over ¥6.5 million in disaster and other relief funds, over ¥4 million to charity events, and ¥950,000 in foreign currency to Children's Day charity for UNICEF.	A	Enhance the sharing and content of social contribution activity information.
	Pursue internal and external PR activities for the Sekisui House Matching Program and promote employee understanding and participation in activities.	The Sekisui House Matching Program and boosted membership to 1,971 employees. In the third distribution round, over ¥8.8 million was provided to 12 NPOs organizations.	A	For the fourth distribution round, over ¥16.3 million is scheduled for distribution to 21 organizations.

Criteria for self-evaluation: A...Achieved numeric target for the year under review; B...Did not achieve but came close to target; C...Unable to improve toward target

# Environmental Targets and Actual Performance

## Summary and outlook

Sekisui House's pioneering environmental protection activities, such as the sale of *Carbon Neutral House* were recognized when the Ministry of the Environment certified the Company as an Eco-First Company. We displayed our near-future *Zero Emission House* at the G8 Toyako Summit, as requested by the Ministry of Economy, Trade and Industry, to very positive feedback and strong praise from both Japanese and foreign observers. Furthermore, through communication and cooperation with our suppliers we are making steady progress toward a sustainable society.

As a leader in the development of activities focused on the *Gohon no ki* gardening concept and other biodiversity-friendly initiatives and a prominent member of the housing industry, the Company advances CO<sub>2</sub> reduction and resource recycling initiatives, and is moving forward with activities to protect biodiversity.



**Yoshimoto Nakamura**  
Executive Officer and  
Head of Environment  
Improving Department

### **ECO FIRST** Commitment 1. Actively promoting the reduction of CO<sub>2</sub> emissions in both the construction and occupancy of our buildings

Category	FY2008 target	Results	Comment	Evaluation	FY2009 target
Reduction of CO <sub>2</sub> from occupancy of housing	Newly installed photovoltaic power generation systems output: 8,000kW	7,736kW (2,071 units)	The Company succeeded in approximately doubling its performance in this regard, versus fiscal 2007. In fiscal 2009, we will work to further the adoption of photovoltaic power generation systems by expanding sales of <i>Carbon Neutral Houses</i> .	B	Detached houses: 5,000 units Low-rise apartments: 300 units (Totaled equivalent detached houses: 6,000 units, or about 22,800kW)
	Adoption ratio of high-efficiency hot-water supply systems at all-electric houses: 70%	74.1%	Though <i>Eco-Cute</i> adoption rates in all-electric houses had varied by locale, increased adoption in areas where rates had been low making it possible to achieve the target.	A	90%
	Promotion of fuel cell system adoption in houses using gas and electricity	Fuel cell system installations: 45 houses (units)	In fiscal 2009, through <i>Green First</i> sales promotions we will advance the adoption of fuel cell system.	A	1,000 houses (units)
	Promotion of energy-conservation remodeling of existing houses	Window insulation improvement area: 33,480m <sup>2</sup> High-efficiency hot-water supply system installations: 2,748 units Photovoltaic power generation system installations: 68 units	Upgrading window insulation alone was insufficient for achieving the target, but the combination of the measures noted above resulted in performance in excess of the prior year result.	A	Revision of highest priorities
Reduction in CO <sub>2</sub> from business activities and production	Reduction of CO <sub>2</sub> emissions from the factory production of housing 2% compared to the level for fiscal 2006 (Per m <sup>2</sup> of shipments)	4.8% reduction	CO <sub>2</sub> emissions per m <sup>2</sup> of product shipments were reduced 4.8% compared to the benchmark fiscal 2006 figure of 10.25kg-CO <sub>2</sub> /m <sup>2</sup> , achieving the target.	A	CO <sub>2</sub> emission reduction of 3.5% for factory production (including transportation) compared to fiscal 2006
	Reduction of CO <sub>2</sub> emissions from the transport of housing components by 2% compared to the level for fiscal 2006 (Waste estimated per m <sup>2</sup> of shipments)	2.1% increase	Lower loading efficiency resulted in a 2.1% increase, to 5.93kg-CO <sub>2</sub> /m <sup>2</sup> , in transport-related CO <sub>2</sub> emissions per m <sup>2</sup> of product shipments, compared to the benchmark fiscal 2006 figure of 5.81kg-CO <sub>2</sub> /m <sup>2</sup> . Loading efficiency will be examined to achieve an improvement in fiscal 2009.	C	

### **ECO FIRST** Commitment 2. Actively promoting ecological networks and biodiversity revitalization

Category	FY2008 target	Results	Comment	Evaluation	FY2009 target
Low impact of eco-friendly when procuring materials	Revise floor plank material specifications to help raise the procurement level for wood products	Raised the procurement level by changing the substrate for flooring materials	Requested the principal flooring material suppliers to change the flooring substrate, which is acquired in large quantities. Gradual conversion to certified materials and different tree species for flooring substrates began in fall of 2008.	A	Eliminate low-procurement-rank wood materials
Eco-friendly through planting	1 million trees for a year	850,000 trees for a year	Planted 850,000 trees in the year. The prior-year result of 800,000 trees was surpassed. In fiscal 2008, an average of 55 trees were planted for each house, 7 more than in fiscal 2007.	B	1 million trees for a year

### **ECO FIRST** Commitment 3. Actively promoting implementation of resource recycling

Category	FY2008 target	Results	Comment	Evaluation	FY2009 target
Resource recycling in production and construction	Reduction of factory waste and waste* from new house construction sites by 20% compared to the level for fiscal 2004 * Including valuable resources	4.8% reduction	Waste per m <sup>2</sup> of product shipments was reduced 4.8%, to 18.36kg/m <sup>2</sup> , compared to the benchmark fiscal 2004 figure of 19.29kg/m <sup>2</sup> , achieving the target.	C	Strengthen ties between the production unit and offices to promote waste reduction
	Adoption and use of electronic manifests (New target set in fiscal 2008)	System construction and application preparations in progress	Adoption on a test basis is underway at sales offices, Sekiwa Construction, and factories, as system construction and application preparations proceed.	N/A	Achieve 100% adoption of electronic manifests during fiscal 2010
	Introduction of Material Flow Cost Accounting	Introduced	Implemented material flow cost accounting for exterior panel manufacturing at the Shiga factory.	A	Achieve implementation for all major processes
	Reduce waste at new house construction sites to 1,300kg/unit	1,463kg/unit	Reducing plasterboard, wood, and other waste at new construction sites, averaged less than 1,500kg/unit for the first time.	B	Establish reduction targets by type and achieve additional reductions

## Other

Category	FY2008 target	Results	Comment	Evaluation	FY2009 target
Chemical substance management	Full-scale introduction of the Chemical Substances Guidelines	Conducted interviews to determine which among the highest priority substances should be addressed first	Focused on toluene, xylene, and hexavalent chrome among the highest priority chemical substances and, for major applications, asked suppliers about possibilities for reducing usage.	B	Reduce usage of toluene, xylene, and hexavalent chrome

Summary only. Details are available in the Japanese report.

for the next stage



SEKISUI HOUSE



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