**Activity Report 4**

**Building Communities that Deepen Neighborhood Bonds with ongoing beautification**

Promoting nationwide development of sustainable communities to create pleasant environments that remain attractive to residents and nurture friendly neighborhood bonds

We have remained faithful to the principle of developing communities as common properties of residents. In 1977 we commenced our ongoing efforts to build communities with names starting with the word “common” such as “Common Life” and “Common City.” This reflects our desire to create new hometowns with pleasant and harmonious townscapes, where residents enjoy friendly interactions with their neighbors. In fiscal year 2011 we strengthened our efforts toward community development focusing on “neighborhood bonds” to which we have taken a systematic approach since 2010, while continuing our commitment to creating communities with ongoing beautification. Anticipating the future roles of communities, we will continue to offer guidance and support needed to develop pleasant communities in Sekisui House towns all over Japan.

**Developing communities that mature and grow more attractive with the passing of time in line with our Urban Development Charter**

We believe that the wellbeing of a community is at the basis of local prosperity and cultural development, and it is our duty to enhance a community’s value as an important social asset. We were quick to establish internal guidelines for comprehensive development, such as the Urban Development Charter (2005), the Basic Principles of Town Development, and the 24 Guidelines for Urban Development. In addition, we incorporate our “Gohon no kí” landscaping concept and “n x Yutaka” (n times richer) design concept in our community development projects. In doing so, we have created green common spaces in accordance with the size of the community, condominium, or commercial facilities, and developed tree planting plans so as to strike the right balance of greenery. Furthermore, we often work with residents in drafting architectural agreements to preserve the neighborhood with the passing of time and nurture friendly neighborhood bonds, so that people are able to live comfortable and secure lifestyles.

**Building communities with ongoing beautification**

Creating attractive communities that inspire residents’ attachment to the neighborhood with the passing of time

**Example**

**“Kazusa no Mori Chiharadai” (Ichihara City, Chiba Prefecture)**

**Fostering deep personal bonds**

The “Kazusa no Mori Chiharadai town” is a residential area with 326 detached houses, developed by Sekisui House as a “community with ongoing beautification”. The houses have been offered for sale since February 2009 and today, there are about 220 households in this town. The entire town is divided into three zones and several public spaces are provided along the streets, which serve as venues for residents to enjoy interactions or spend their leisure time. Some streets have cul-de-sacs to provide spaces for community gatherings and ensure a safe environment for children to play. In addition, the streets and the public spaces are planted with many trees under the “Gohon no kí” landscaping concept to develop a sense of unity with the “Kazusa no michi” pleasant natural promenade, from which the name of the town is derived. Electric wires are buried underground, which also contributes to creating and maintaining a townscape that will remain attractive for generations to come.
Becoming the first in Japan to formulate and implement a landscaping plan in cooperation with residents as part of a community development project

In the “Kazusa no Mori Chiharadai town” development project, we worked towards creating a green and pleasant landscape in line with the rules that Ichihara City established as part of its urban plan (district plan) and the community development guidelines we prepared together with other construction companies. We were involved from the initial stage of offering subdivision for sale. In any town development project, the responsibility to promote the growth of the community and preserve and further enhance the local landscape is shifted to residents upon completion of the project, and in this light, it is necessary to formulate new landscaping rules based on this ongoing practice. In the case of the “Kazusa no Mori Chiharadai town,” the construction companies and residents who had moved to the subdivisions of this town worked together to develop a draft landscaping plan based on the rules and guidelines and presented the draft to Ichihara City in December 2010, (pursuant to Article 11 of the Landscape Act that permits residents to submit a landscaping proposal to the local government.) Based on the draft, the city formulated an official landscaping plan and announced the plan to the public in February 2011. This marks the first implementation of a landscaping plan in Japan that was formulated based on a proposal developed jointly by construction companies and residents.

To create and preserve a pleasant community environment and landscape, it is necessary that residents share awareness of their responsibility and develop an attachment to their hometowns. We will continue to offer guidance and support to residents to encourage them to join efforts to further improve their hometown environment as part of our community development projects.

Interviewing a resident about the commitment to creating a community with ongoing beautification

I hope to create a new hometown whose value continues to increase for 50, and even 100 years, by working in cooperation with young people.

Mr. Takao Inoue
President of the Residents’ Association of the “Kazusa no Mori Chiharadai town”

“I hope to continue to live with my children and grandchildren in a beautiful community in a pleasant green environment. I hope this community will be a new hometown in my heart and last for generations.” Sharing these sentiments, residents of the town, grouped into 14 teams, cooperate with each other in day-to-day activities to improve the local living environment. These activities have provided us with more opportunities to exchange opinions on how we can make our community more attractive, and to organize community-wide events to deepen neighborhood ties, while prompting us to work together for crime prevention and disaster preparedness. Now that our town has 220 households, we will take action to encourage further interactions among residents and enhance the community environment for the next-generation residents.

The enthusiasm of the residents moved the local government. We encourage community development under the leadership of residents to hand down an ideal living environment to children.

Hiroshi Aoki.
Chiba-minami Branch

We explained our landscaping plan to all our customers who moved to this town, including Mr. Inoue. We are especially grateful for Mr. Inoue, who agreed with our unprecedented idea of developing landscaping rules jointly with residents to create a townscape worth preserving for coming generations. He also persuaded other residents to participate in his capacity as president of the residents’ association, and talked about the enthusiasm the residents had for landscape planning as their representative at the meeting of the Landscaping Council of Ichihara City held in February 2012. As a construction company, we, too, endeavored to realize the idea of developing landscape planning in partnership with residents, by visiting and walking through the town again and again to rediscover its attractiveness. We will continue to offer support to residents, with awareness that through their participation in our attempt, they have made clear their strong desire to make the townscape more attractive and appealing.

Creating a townscape with ongoing beautification by offering professional gardening advice to residents

We implement a program to send landscaping and gardening experts to homeowners to offer professional advice on tree care (e.g. tips on how to make an attractive garden and how to take care of trees and plants in the garden) in the “Common Stage Musashi Fuchu” and other Sekisui House towns in several parts of Japan. This program is designed to impart basic gardening knowledge to residents, such as how to use gardening tools and what gardening tasks are needed for each season, and bring the joy of gardening to them. We also aim to deepen neighborhood bonds by encouraging more residents to grow flowers and greenery. We organize periodical seminars and workshops on gardening at our model homes and Sekisui House towns, to ensure residents will play a leading role in creating a townscape that grows more attractive over time.

We worked with residents to develop new rules to create a community with ongoing beautification. The result is a pleasant natural environment in which bees, plums and other small wild animals and birds are often seen.

The “Common Stage Musashi Fuchu”

(Fuchu City, Tokyo)

Developing an attractive landscape making use of an existing structure and the surrounding natural environment

We also place importance on creating a townscape that harmonizes with the local environment in construction of condominiums. In constructing the “Grande Maison Takarazuka Kyoshikojin” condominium project, which faces the approach leading to the Kyoshikojin Seichoji temple, we renovated and reused the traditional gate of a preexisting building, while preserving the stone lantern and garden stones that had been part of the garden by moving them to other locations within the premises. Instead of logging, we also replanted grown trees in a park developed on the premises and other locations, as much as possible, to ensure harmony with the surrounding green environment.

The “Grande Maison Takarazuka Kyoshikojin”

(Takarazuka City, Hyogo Prefecture)
Fostering neighborhood bonds by launching various programs to increase the value of communities for residents

Developing communities capable of resolving social issues

The continued decline in the population as well as a rapidly aging society and a falling birthrate has given rise to many social problems. Against this backdrop, communities are required to be part of solutions to these problems, for example, by catering to the daily needs of elderly people, persons in need of nursing care and households with children; by improving the neighborhood safety; and by enhancing disaster preparedness. In every community development project, we place special emphasis on the aspect of the “growth of community,” or on the creation of communities that grow and mature together with the residents who live there. Applying our experience and knowledge gained from past projects, we have continued a systematic approach to create “venues” for daily interactions among residents such as parks and assembly halls, provide “opportunities” to facilitate communications among them, and set up “organizations” to maintain friendly neighborhood relationships and take charge of managing community affairs. In this way, we are promoting our community development efforts on a nationwide basis focusing on fostering neighborhood bonds, thereby contributing to the growth and prosperity of communities.

Supporting Community Fairs nationwide to provide opportunities for fostering neighborhood bonds

The year 2011, when Great East Japan Earthquake occurred, was the year that emphasized the importance of community ties. We have organized Community Fairs throughout Japan as an effective means to deepen neighborhood bonds. Community Fairs are potluck parties organized by residents in public spaces in the community. They started as a citizens’ movement in Paris, and have seen increasing popularity in Japan in recent years. We were first involved in the organization of a Community Fair in our residential area in Nagasaki Prefecture in 2009, and have since supported this event nationwide over 100 times. This event is now a critical part of our community development efforts focusing on neighborhood bonds. To ensure the success and continuity of this resident-led event, we offer support to residents in various ways, such as assisting them in setting up a neighborhood association, lending tents, and providing advice and tips, while encouraging more residents to participate in the process of planning and preparation of this event.

We will remain committed to resident-led community development, through which residents can foster closer relationships with their neighbors without intruding in their private lives, so that they can enjoy their own home lives while sharing joy and pleasure with their neighbors.

Example

“Common City Odawara Aoba no Machi” (Sendai City, Miyagi Prefecture)

The neighborhood bonds fostered through Community Fairs enabled residents to promptly take action for mutual assistance in the wake of the earthquake.

Though “Common City Odawara Aoba no Machi” did not suffer direct damage from the Great East Japan Earthquake, the earthquake caused disruptions to supplies of electricity, water and gas, and this seriously affected the lives of residents. During this time of crisis, the photovoltaic power generation systems of our “Green First” homes worked reliably as emergency power sources, allowing owners to offer internally-generated electricity to neighbors to recharge mobile phones and share up-to-date information provided by TV news programs. The “Green First” homeowners also offered their bathrooms to neighbors who could not use hot water. Especially, owners of all-electric homes remained unable to use hot water for more than one month before gas supplies were resumed. In this way, the residents overcame the difficult period through mutual assistance.

What prompted the residents to look after their neighbors and take action for mutual aid soon after the earthquake is the strong solidarity that had been fostered through the Community Fairs held prior to the earthquake. The residents had shared pleasant times and deepened friendly ties by participating in various Community Fairs before the earthquake hit, such as an organic vegetable tasting and sales event and a safety class for children to learn bicycle riding skills. This clearly demonstrates how strong neighborhood bonds can contribute to creating an ideal mutually cooperative community.
Offering venues and opportunities for residents to enjoy friendly interactions by providing a variety of public spaces and events

This condominium, which currently accommodates more than 300 households, has various attractive features that offer venues and opportunities for friendly interactions to residents. For example, the condominium is furnished with a pleasant green space named “Aqua Garden,” which is visited by wild birds and butterflies, and a south-facing private garden with good sun exposure, which is spacious enough for children to play and run around. These spaces also allow residents to relax and spend time at leisure. In this condominium, various neighborhood events are held, including a harvest festival to share the crops grown in the vegetable garden on the premises, and the Candle Night event in which residents turn their lights off and gather in the entrance to spend the evening together under candlelight. These events, which range from small-scale events that allow residents to just drop in and enjoy themselves to large-scale ones involving participation of many people, have been effective in encouraging exchanges among residents and have naturally deepened neighborhood bonds.

Ensuring the sound growth of children and fostering friendly ties among residents at the center of greening promotion activities located in the middle of the community

In the “Hachioji Minamino City Chiffon Hill,” community development activities are carried out under the theme of “greening promotion.” Here, residents join efforts to develop a pleasant green townscape while encouraging the sound growth of children, taking inspiration from the growth of forest trees which is slow but steady. To inspire residents’ attachment to the neighborhood and develop an attractive and comfortable community, the green spaces created inside the roads are placed in the possession of the residents’ association and the responsibility to keep the greenery is assumed by residents. These activities are coordinated from the Greenery Plaza, a public facility in the Nanakuni Chiffon Hill Park at the center of the community.

The Greenery Plaza is an assembly hall managed and operated by residents. It is a landmark of the community and open as a venue where residents naturally meet together and enjoy friendly interactions, thus encouraging community-based activities. Events held in and coordinated by the Greenery Plaza in the past include community management activities such as taking care of trees and cleaning, as well as a gardening seminar, vegetable growing seminar, barbecue party, disaster drill, craft workshop for children during summer vacation, and a Halloween party. The semi-outdoor space between the Greenery Plaza and Nanakuni Chiffon Hill Park allows children to feel natural sunlight and hear the sound of rainfall while playing, and can be used as a venue to promote their emotional development.

These activities are highly regarded for their effectiveness in deepening solidarity among residents through their children and reviving the traditional way of associating with neighbors. The efforts of residents to develop a pleasant and attractive community by means of these activities are making steady progress, and the Greenery Plaza is expected to continue to play an important role as the base for supporting community management and neighborhood activities.

*Greenery Plaza + Nanakuni Chiffon Hill Park was given the “5th Kids Design Award” in 2011.
We have been committed to bringing “comfortable living—now and always” to our customers based on our “lifelong housing” concept. In pursuing this concept, we will inevitably face a significant increase in the needs of elderly people for medical and nursing care, in light of the extended average life expectancy and the resulting growth of the aging population. To successfully meet these needs, we must be able to offer a wide range of attractive solutions, while preparing for a drastic change in the social system that is soon to occur.

Catering to the needs of an aging society based on our “lifelong housing” concept

The Japanese average life expectancy is 79.64 for men and 86.39 for women (according to a survey of the Ministry of Health, Labour and Welfare in fiscal year 2011), which is the highest in the world. To ensure healthy and comfortable lifestyles for elderly people, homebuilders are required to offer a wide range of housing options to cope with physical decline due to aging, while preparing for change in the social system. To meet the emerging needs of the aging society, we are implementing and supporting various projects, including construction of detached houses, medical and nursing facilities, residential care homes for the elderly and clinic malls, building on our track record of delivering universal design homes under the “lifelong housing” concept.

Major residential and care facilities offered by Sekisui House to the elderly

**Detached houses**
We offer housing features that better cope with age-related physical changes by employing the Smart Universal Design® option, an advanced version of our universal design.

**Residential care homes**
We supply residential care homes for the elderly, including private nursing homes for the elderly in need of care, and group homes designed for the elderly with dementia.

**Nursing and medical facilities**
We offer day-care facilities and small-scale multifunctional care facilities, which help elderly people continue to live in their homes while receiving necessary care, as well as clinic malls that will play a leading role in providing local medical services.

Our track record of contributing to healthy lifestyles

1975: Sekisui House begins construction of homes designed specifically for persons who need ADL training at home after their discharge from rehabilitation hospitals (wheelchair homes).
1999: Sekisui House is presented the “Caring Company Award” from the International Council for Caring Communities, a UN agency and NGO.
2001: Sekisui House builds East Coast 11, Japan’s first condominium with medical care in Rokko Island City.
2002: Sekisui House announces the Universal Design Declaration.
2010: The Smart Universal Design awarded the Good Design Award.
Meeting the diversifying needs for medical and nursing care services against the backdrop of an increasingly aging population

In Japan, more than 25 million people are aged 65 and over, accounting for approximately 20% of the total population, and the proportion is increasing. Physical changes due to aging vary from person to person, therefore different types of medical and nursing care are required at different times. For this reason, we should be able to provide housing features and services that can meet the ever-diversifying needs of our customers.

Change in the level of independence of the elderly

Growth in the number of houses for the elderly built by Sekisui House (including former rental homes exclusively for the elderly*)

*Former rental homes exclusively for the elderly refer to rental homes registered under a former law, whose owners agreed to accept occupancy by the elderly and that mainly consisted of elderly households.

Construction of medical and nursing facilities

We have been expanding our projects into the construction of detached houses, residential care homes and medical and nursing facilities for the elderly, and have delivered more than 2,500 housing products in a cumulative total in this category. Our strength is especially evident in the increase of the number of houses for the elderly. We will strive to achieve further growth in this category by launching advanced “Green First” homes incorporating the latest technologies to protect the environment and people’s health.

Growth in the number of houses for the elderly built by Sekisui House (including former rental homes exclusively for the elderly*)

Source: Hiroko Akiyama, *Philosophy of Science and Society in the Aging Era* (Iwanami Shoten)
Commitment to Stakeholders

We are striving to create workplace environments where employees feel happy and motivated, while fostering relationships of trust with everyone associated with our business.

Commitment with building contractors and business partners

To finish building a single home requires cooperation from many people outside Sekisui House, from materials procurement sources to construction contractors. Unless every individual involved in housebuilding is working with the same intention, we cannot provide our customers with safe, reliable, comfortable, high-quality housing. That is why the Sekisui House Group is fostering relationships of trust among all our building contractors and business partners, as a community united by a common destiny*, regarding these bonds as extremely important. We will continue to increase the level of trust in our relationships, implementing supply chain management with the aim of overall optimization.

*In Japanese, this term, unmei kyodotai, is usually rendered with characters that literally mean “group with a collective destiny,” but as the corporate philosophy of the Sekisui House Group incorporates the ideal of working by joining forces and helping each other, we write with characters meaning “group with a cooperative destiny.”

Sharing the “customer first” philosophy

As a community united by a common destiny, the Sekisui House Association is working toward coexistence and mutual benefit.

Close-knit bonds that came into their own after the Great East Japan Earthquake

The awareness that the Sekisui House Group and Sekisui House Association form a “community united by a common destiny,” as well as our adherence to the attitude of “customer first,” came fully into their own after the Great East Japan Earthquake. Immediately after the earthquake, Sekisui House Group employees and the Sekisui House Association collaborated in starting to contact house owners. Members of the Sekisui House Association from around the country provided major amounts of assistance, not only in recovery and reconstruction work but also by transporting and distributing relief supplies and donating money. Over 60,000 people from Sekiwa Construction and Sekisui House Associations nationwide also rushed to help in the construction of temporary housing, working together as a team despite short construction deadlines.

Working together as colleagues, rather than principal contractor and subcontractors, in order to offer customers safety, reliability, and comfort

Building partners are indispensable to Sekisui House, which has championed project accountability since its establishment. Since the dawn of the industrialized housing era, when Sekisui House rose to the challenge of using construction methods completely different from conventional prefabricated wooden construction, the company has seen its relationships with building contractors not in terms of principal contractor and subcontractors, but rather as respected colleagues working in tandem to improve quality with the aim of coexistence and mutual benefit. It is no exaggeration to say that we could not have developed our various construction technologies, an effort in which we have been industry pioneers, achieved zero emissions, or engaged in activities to promote customer satisfaction (CS) without the collaboration of our building contractors.

The Sekisui House Association is built on the foundation of these activities. The Sekisui House Association is an organization composed of Sekisui House Group companies responsible for construction and building contractors. The 21 Group companies (20 Sekiwa Construction companies and one Landtech Sekiwa company), together with around 7,000 building contractors, are affiliated in their various regions. Sekisui House Associations in each region work together with Sekisui House branches and sales offices not only to improve quality and construction capabilities, but also to deal with owners and neighborhood residents, continuing to engage in a wide range of community-based initiatives, including measures to improve safety, local landscape improvement projects, human resource development, and better working environments. The Associations also offer opportunities for discussion of the issues faced by different construction sites and contractors and the exchange of information on measures for solving them, as well as providing venues for training and study, in the effort to raise standards in the industry and improve techniques by everyone engaged in construction with the aim of “making customers happy.”

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The owner I visited cheered me up.

From right after the earthquake, I worked day and night to restore the water supply to residents of Iwaki as quickly as possible. In some places that meant digging to a depth of over four meters, and even with continuing dangerous aftershocks, we managed to complete it safely. At one point, I went with a member of staff from a Sekisui House branch office to visit a house owner. The area had been devastated by the tsunami, and I felt downcast, with no idea what words I could use to express my sympathy, but the owner greeted me with a smile, saying “There are five houses built by Sekisui House in this area, all so well constructed that none of them were washed away. Isn’t that amazing?” and that actually cheered me up. I felt proud to be working with Sekisui House, and greatly encouraged.

Tsunasa Waragai, Representative Director
Seibu Co., Ltd., Iwaki Sekisui House Association

We immediately responded to the appeal for assistance, and commenced work with pride.

We had heard that after the Great Hanshin-Awaji Earthquake, members of Sekisui House Associations from around the country rushed to help with recovery and reconstruction, so as soon as the Great East Japan Earthquake occurred we knew we had to help, and immediately responded to the request from Sekisui House for assistance in constructing temporary housing. However, we had never actually built temporary housing before, and were anxious as to whether we would actually be able to be of any use when we went to the disaster zone. We traveled by ferry from Kyushu, which took 36 hours. After arriving at Ishinomaki in Miyagi Prefecture, on our way from our lodgings to the construction site we were lost for words at the extent of the destruction, which was far beyond what we had imagined, and were filled with the strong desire for the area to recover as early as possible.

The construction deadlines were shorter than usual, so the job demanded not only accuracy but also speed. Work continued every day from early morning to late at night, making this the hardest job we had ever worked on. Six of us went from our company, and after hearing that work on other sites was delayed we all applied to extend our stay and help.

The Sekisui House structures are of such high quality it seems unfair to call them temporary housing. We were proud of doing this work.

Isamu Karakawa and Yasunori Taki
ERA-f Co., Ltd., Fukuoka Sekisui House Association

Policy Meeting

Twice a year, we hold Policy Meetings on procurement of construction materials with the aims of deepening mutual understanding with our business partners and harmonizing Sekisui House’s purchasing policy with their corporate policies. In addition to a business overview of the Sekisui House Group and explaining matters such as our medium-term management plan and purchasing policy, the meetings include the exchange of opinions toward achieving top quality, best cost, optimum distribution and stable supply, and environmental awareness in materials procurement. Kaizen (Improvement) Case Studies Workshops are held at the same time where we hear presentations on good examples of activities to improve corporate health, with the aim of enabling both us and our suppliers to raise our standards further.

Soon after Business Continuity Management (BCM) had been taken up as an important theme of Policy Meetings, the Great East Japan Earthquake occurred in March 2011. Thanks to the efforts of our suppliers, excluding extraordinary circumstances, we were able to continue our business activities without stopping work for even a day. To further cement these alliances, we distributed a questionnaire to our suppliers, and shared issues related to BCM and measures for dealing with them in future at the Policy Meeting held in August.

Supporting improved corporate health for our suppliers

We visit our leading suppliers regularly for factory visits and quality control assessments, with the objectives of identifying points for improvement, suggesting and following up on measures for dealing with them, and promoting improved corporate health. In FY 2011, we held Policy Management Training sessions for senior management at our suppliers. The practical program covered all aspects of business planning, including improving corporate health and methods of formulating policy.

Supplier evaluation

To ensure that our business dealings are fair and balanced, since 1998 we have been carrying out supplier evaluations. Since 2009, we have disclosed the results of these evaluations, in the hope that this will prove useful in enabling our supplies to improve their corporate health. Evaluations are carried out in association with the development and production divisions, and the evaluation categories and standards are periodically reviewed. In FY 2011, suppliers were evaluated in eight categories: quality, delivery time, price, corporate credentials, capacity for technical cooperation, proposals for improvement, business condition, and environmental awareness. They were given an overall evaluation on a five-point scale based on these evaluation categories. Balance charts were used to clarify strengths and problems. Our primary aim is to ensure that the process does not simply stop with the evaluation, but results in activities toward improvement by helping suppliers implement the PDCA cycle in a more practical way.

At the Sekisui House Group, we are working together with all our suppliers to engage with issues including increasing customer satisfaction by improving quality, rigorous compliance, environmental awareness, disaster mitigation measures, and business continuity, in order to contribute to creating a sustainable society.
Commitment with employees

In March 2006, Sekisui House announced the Declaration for Human Resources Sustainability as the company’s basic personnel policy. We are developing workplace environments and workplace rules that enable sustainable growth on the part of both employees and the company, and are striving to create a work environment where all employees feel happy and motivated in their work, based on the three pillars of promoting women’s success, diversity of human resources, and work-life balance.

Supporting the success of a diverse range of employees by creating a workplace environment in which they can demonstrate their competence

We are encouraging employees to make use of programs such as work category transfers, internal open recruitment, retiree reinstatement registration, support for returning to work, and volunteer leave.

Using the Work Category Transfer Program

Everyday contact with customers means I feel responsibility and pride in my work.

For many years I worked in general administration, but decided that I wanted to find out what I was capable of in another field, and took the plunge of applying under the Work Category Transfer Program. I succeeded in transferring to sales as a Remodeling Advisor. Working in sales means that if I don’t act on my own initiative then nothing happens, which is a heavy responsibility, but conversely makes it easy to evaluate success clearly. I also have more chances to hear expressions of gratitude directly from customers, which means that every day I go to work with a sense of my own value and pride in my job. I have also been given more opportunities to talk to women employees about my experience as someone who has made use of this system. Whenever I remember the time I was worried about work, it makes me want to tell people about the advantages of the program.

Mika Inagaki
Kobe Sales Office, Sekisui House Remodeling Co., Ltd.

Using the Volunteer Leave Program

My experience overseas is a great asset for me and the company.

I thought that people of all professions, in any job types, would need to have an international outlook in the coming era. When I heard that it is possible to use the in-house system to participate in volunteer activities overseas, I thought it would be a good opportunity to gain experience, and applied. At the moment I am working as an advisor to the Bureau of Agribusiness in the Ministry of Agriculture, Forestry & Fisheries of the Democratic Republic of Timor-Leste, passing on expertise in gathering and analyzing information on farmers and the agricultural market and developing the abilities of their employees with the aim of expanding production and consumption. I am sure this experience will be useful in many ways after I return to Japan. The Volunteer Leave Program offers many possibilities for looking at things differently and gaining experience, and I hope it will be more widely used within the company.

Satoshi Suzuki
Hyogo Sha-Maison Branch

Using the Internal Open Application Program

I want to acquire new skills and offer a large number of high value-added rental properties.

I formerly worked in rental property marketing in the northern Kanto area, but applied for a rental property marketing position in the Tokyo metropolitan area via the Internal Open Application Program with the aim of improving my sales skills for both rural and urban rental properties. Marketing in the metropolitan area, where people, goods, and information are all on the cutting edge, meant I could experience industry trends directly, which is highly motivating. Recently, I am beginning to feel that I am getting somewhere in achieving results through community-based approaches, and I hope I can continue to put a large number of high-quality rental properties on the market, decisively fulfilling our company’s aims.

Keita Yoshihashi
Tokyo North Sha-Maison Branch

Promoting in-house education on work-life balance and expanding the number of users

We are encouraging employees to make use of programs such as parental leave, shortened work hours, and nursing-care leave. Male employees are being encouraged to actively take advantage of these programs.

Using the Parental Leave Program

Improving my productivity at work means I can relax at weekends.

When my wife was about to give birth she was suddenly hospitalized, and I made use of the Parental Leave Program to look after our two elementary-school-age children. I took around two weeks’ leave. Many of my colleagues at work have children, and I was glad that the atmosphere made it easy for me to take parental leave. It was difficult to catch up with work after I came back, but I acquired the attitude of focusing on productivity at work. Today I lead a full life, with more time at weekends to spend with my family and on my hobbies, and I am enjoying my work more than before.

Junji Uchida
Saitama Sales Office, Sekisui House Remodeling Co., Ltd.
Commitment to Stakeholders

Promoting women’s development and establishment, and building an environment for their future success

During the five years since the Diversity Development Team was launched, we have been promoting women’s development and establishment. In 2011, one of the women who joined the company in 2005, the first year we actively started recruiting women sales personnel, was appointed a branch manager. A salesperson who has returned to work after her second parental leave is also working successfully. Her experience of marriage, pregnancy, and parenthood has given her the confidence to engage in negotiations with customers, and people trust her more. Women who have accumulated a wealth of experience in their daily lives and experienced such changes are an indispensable asset to the Sekisui House Group. We will continue to build an environment in which women employees can successfully combine work and parenthood.

Working successfully as a sales manager

Approachability is my strength for becoming a fully fledged sales manager.

I have been appointed a sales manager on the strength of successive sales awards and my work as the leader of the Women’s Sales Representative Association in the Shikoku region. I am very happy about this. Because I also have responsibilities as a homemaker I can’t stay late at work, but I work hard to arrange my schedule, and am endeavoring to use my time as effectively as possible with the cooperation of my colleagues. I also try to create an atmosphere in which I can give appropriate instructions to my team members, and they can feel free to ask me for advice at any time. I will continue to do my best to grow and develop, so that I can become a fully fledged branch manager as soon as possible.

Mayumi Yuita, Ehime Branch

Returning to work after taking parental leave

I can carry on working without anxiety thanks to my colleagues’ understanding and cooperation.

I found out I was pregnant just when I had started to enjoy my job. I agonized over whether to quit or continue working, but because I find my work worthwhile and wanted to maintain the good relationships I had build up with customers, I decided to take parental leave. After I returned, my boss and colleagues helped me in many ways, and I have been able to carry on working without problems. Customers now find me more empathetic, as I am able to offer them suggestions that reflect my own experience of parenthood. Combining work and family does entail many hardships, but I intend to be positive and continue working in future, never forgetting to feel grateful to those around me.

Aiko Watanabe, Nagoya West Branch

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<th>Year</th>
<th>Men (Total)</th>
<th>Women (Total)</th>
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<tbody>
<tr>
<td>2009</td>
<td>33</td>
<td>81</td>
</tr>
<tr>
<td>2010</td>
<td>30</td>
<td>87</td>
</tr>
<tr>
<td>2011</td>
<td>22</td>
<td>121</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Men (Total)</th>
<th>Women (Total)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>7</td>
<td>5</td>
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<tr>
<td>2010</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>2011</td>
<td>8</td>
<td>12</td>
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</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>114</td>
</tr>
<tr>
<td>2010</td>
<td>117</td>
</tr>
<tr>
<td>2011</td>
<td>143</td>
</tr>
</tbody>
</table>
Initiatives on human rights and labor practices

The entire group is engaged in efforts to promote human rights education, the hiring of people with disabilities, and occupational health and safety.

### Human Relations Training (for all employees)

In FY 2011, Sekisui House put resources into ensuring respect for its Corporate Ethics Guidelines with the aim of ensuring rigorous compliance. Training sessions using the Human Relations Training Textbook 2011 have focused on power harassment, sexual harassment, compliance, self-control leading to self-development, and the real estate business and human rights as priority themes. Training is also continuing for the staff responsible as the point of contact for reporting of sexual or power harassment in each business premises.

### Initiatives toward human rights education

Sekisui House has been working to create a corporate culture of zero tolerance for infringements of human rights, by ensuring that all employees correctly understand and practice compliance and our Corporate Ethics Guidelines. Since 1980, the company has engaged proactively with a range of human rights issues, including the so-called Dowa issue (discrimination against descendants of former outcasts) and discrimination against women, foreign residents, and people with disabilities, and continued to support educational activities such as Human Relations Training. The aim is to raise the awareness of every individual employee. The company has also set up a Sexual Harassment Hotline as a point of contact where employees can report or ask for advice about sexual harassment and other human-rights-related concerns. In view of the company’s intended business expansion overseas, Sekisui House is also putting resources into initiatives to build up a corporate culture in which Japanese and foreign associates respect each others’ human rights, in light of the necessity of respect for international rules and mutual understanding between different cultures.

### Initiatives toward occupational health and safety

The occupational health and safety of all employees involved in construction must be one of our priorities as a housing maker. At Sekisui House, we are focusing our efforts on providing a consistent system covering not only employees of the entire group but also staff of associated companies and those working for our building contractors.

#### Occupational Health and Safety Management System

To minimize risk factors, we are operating and extending our own proprietary Sekisui House Zero Risk System, based on the Occupational Health and Safety Management System recommended by the Ministry of Health, Labour and Welfare but adapted to the particular nature of construction sites. This system has at its core the Construction Health and Safety Yearly Plan produced every year by each company and business premises, and ensures that we are rigorous about engaging in health and safety management to make sure that employees of Sekisui House and building contractors can work safely with no risk to their health.

#### Health and Safety Education and Training

Based on the Construction Health and Safety Yearly Plan, Sekisui House holds regular Health and Safety Education and Training sessions for everyone associated with construction work, both the company’s own employees and those of building contractors, covering matters such as measures to prevent damage during natural disasters. Other forms of training include safety training for different types of work, provided for everyone engaged in construction work on-site, and a Safety Promotion Convention for building contractors.

#### Health and Safety Committee

Employees take the lead in setting out action plans for workplace health and safety and streamlining, improving, and reforming business practices, primarily through the Health and Safety Committees and Business Practice Improvement Committees established in all our business premises nationwide, with the aim of improving the working environment in the workplace. They engage in a range of activities to achieve the prescribed targets.

### Initiatives toward hiring people with disabilities

Sekisui House is continuing to endeavor to employ disabled people as its social mission as a company providing “lifelong housing.” and the hiring rate in 2012 was 1.75%. We will continue to strive to improve this rate in future, with the aim of ensuring the employment and establishment of at least one disabled person in every business premises, in order to create a vibrant workplace in which all employees, including those with disabilities, feel happy and motivated in their work.

#### Ratio of hires with disabilities

(Figures are as of February 1 each year.)

<table>
<thead>
<tr>
<th>Year</th>
<th>Ratio of hires with disabilities (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>1.90</td>
</tr>
<tr>
<td>2009</td>
<td>1.77</td>
</tr>
<tr>
<td>2010</td>
<td>1.80</td>
</tr>
<tr>
<td>2011</td>
<td>1.66</td>
</tr>
<tr>
<td>2012</td>
<td>1.75</td>
</tr>
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</table>

#### Core aspects (essential elements) of the Zero Risk System

1. Identify sources of risk and matters for implementation
2. Formulate Health and Safety Yearly Plan
3. Announce health and safety policies
4. Implement and operate Health and Safety Yearly Plan
5. Daily inspections and improvements
6. Reflect workers’ opinions
7. Health and safety management framework
8. Evaluate building contractors’ health and safety activities
9. Record and store documentation
10. Prepare measures for emergency situations or natural disasters
11. System evaluation
12. System review
To enable a high distribution of profits over the medium and long term and maintain its business health, Sekisui House is allocating a minimum 40% mean dividend payout ratio for the medium term. When necessary, the company will also engage in the buyback or cancellation of shares, endeavoring to return profits to shareholders through improvements in capital efficiency.

The company issued a medium term dividend of ¥10 and a year-end dividend of ¥10 for a yearly dividend of ¥20.

Sekisui House participates in seminars including Q&A sessions held for private investors from a variety of perspectives, offering opportunities to give a simple overview of the company and its accounts and answer questions from shareholders on matters such as returning profits.

To enable investors to fully understand the company’s appeal, we will continue our proactive involvement in these seminars, providing points of contact with private investors and engaging in a wide variety of IR activities.

Seminars for private investors

Sekisui House has established two programs offering preferential points and preferential gifts to shareholders, to encourage them to hold onto the company’s shares for the long term.

Points are allocated every half-year according to the number of shares and the length of time they have been held, and can be used when doing business with Sekisui House (new construction or remodeling, etc.).

Preferential treatment for shareholders

Sekisui House has established two programs offering preferential points and preferential gifts to shareholders, to encourage them to hold onto the company’s shares for the long term.

Shareholder Preferential Points Program

Points are allocated every half-year according to the number of shares and the length of time they have been held, and can be used when doing business with Sekisui House (new construction or remodeling, etc.).

Shareholder Preferential Gift Program

Shareholders who hold more than one share unit (1,000 shares) at the end of the accounting period receive a gift of 5 kg of Uonuma Koshihikari rice every year.

For more details, please see our website. Corporate and IR information: http://www.sekisuihouse.co.jp/english/index.html

Increasing shareholder satisfaction

Shareholders who are unable to attend the Annual General Meeting may exercise their voting rights not only on paper but also via the Internet, in an attempt to make the process more convenient.

The company also engages in appropriate reporting of its business to shareholders by publishing a half-yearly Business Report. For overseas investors, it also issues and sends out its Annual Report at the end of each financial year as well as an interim Semi-Annual Report, in the endeavor to ensure good communication with shareholders and investors.

In some cases, Uonuma Koshihikari rice sent to shareholders under the Shareholder Preferential Gift Program has been returned to the company because it has been refused or the recipient has moved and their location is unknown. In such cases, since the Preferential Gift Program was introduced in FY 2008, this rice has been donated to welfare facilities and organizations for people with disabilities and the elderly, with the understanding of shareholders.

Donations in FY 2011 are shown below.

Recipients

- Inclusion Japan (Minato-ku, Tokyo)
- Hoyukan (small-scale multipurpose residential nursing care institution; Hitachi City, Ibaraki Prefecture)
- Kinmokusei Group Home/Koriyamabashi Day Care (Hitachinaka City, Ibaraki Prefecture)
- Unsora Hospital (Rikuzentakata City, Iwate Prefecture)
Activity Report

Developing programs to encourage voluntary social contribution activities focusing on “enrichment of housing culture,” “sound growth of next-generation citizens” and “environmental preservation”

With the awareness that our corporate activities directly affect people’s lives and local communities, we have been promoting various social contribution activities as a member of the community and society. With a “love of humanity” at the core of our corporate philosophy, and placing emphasis on “housing culture,” “sound growth of next-generation citizens” and “environmental preservation,” we have developed programs to enable employees to voluntarily take socially meaningful action, while working for the wellbeing of communities as part of our core corporate activities. We also encourage employees to take part in volunteer and charitable activities, work in partnership with NPOs and NGOs and support their activities, and extend support to educational activities in cooperation with educational institutions.

Matching employee donations to NPOs under the Sekisui House Matching Program

In fiscal year 2006, we launched the Sekisui House Matching Program (with membership of around 2,200 people), under which we match employee donations to NPOs and other organizations engaged in activities to benefit society. Employees who join this program have an amount of their choice (1 unit = 100 yen) withheld from their salaries for donations, and Sekisui House matches the donations and contributes the same amount as grants. Grant money is disbursed from two funds, Sekisui House Children’s Fund and Sekisui House Eco-fund, and the administrative board consisting of representatives of the program members determines recipient organizations.

In FY 2011, we provided ¥15.66 million in assistance to 29 organizations. We also support the aims of the Momo-Kaki Orphans Fund (chaired by architect Tadao Ando), which provides assistance to children orphaned by the Great East Japan Earthquake, and have established the Momo-Kaki Orphans Fund Program as a third fund. The Momo-Kaki Orphans Fund Program provides economic assistance to earthquake orphans over a ten-year period.

Aid offered during fiscal year 2011

- **Grants for project implementation** (¥12.91 million disbursed to 18 organizations)
  - Sekisui House Children’s Fund: ¥7.08 million to 7 organizations
  - Eco-fund: ¥5.83 million to 8 organizations

- **Grants for organizational development** (¥2.75 million disbursed to 14 organizations)
  - Children’s Fund: ¥1.55 million to 8 organizations
  - Eco-fund: ¥1.2 million to 6 organizations

Program for joint donations with employees

**Sekisui House Matching Program Association**

- **Employees**
  - Contribute to either of the funds of their choice by having a certain amount withdrawn from their salaries.
  - (Participation in the program is not mandatory.)

- **Sekisui House**
  - Contributes the matching amount as grants

**Momo-Kaki Orphans Fund Program**

- **Grant recipient organizations**
  - (e.g. volunteer organizations, NPOs, educational institutions)
  - Grants for project implementation
  - Grants for organizational development

**Secretariat: CSR Office**

- Five board members, auditors, and third-party advisors engage in screening.

**Administrative board**

- **Examination/Aid**
- **Aid**

**Grant recipient organizations**

- Momo-Kaki Orphans Fund

Organizations receiving grants from the program

- **Children’s Funds**
  - NPO ADRA Japan
  - NPO Allergy Support Network (Alle-Net)
  - NPO Medicins Sans Frontieres Japan
  - NPO Children’s House

- **Eco-funds**
  - NPO Association for Aid and Relief, Japan
  - NPO Japan Good Toy Committee
  - Himawari Volunteer Japanese Class

- **Sekisui House**
  - NPO Association for Aid and Relief, Japan
  - NPO Japan Good Toy Committee
  - Himawari Volunteer Japanese Class

- **Eco-funds**
  - Osaka Prefectural Engel High School
  - NPO Association for Nature Restoration and Conservation, Japan (NAREC)
  - NPO Shirakami Mountains Preservation Society
  - NPO Eco-works
  - NPO Japan International Volunteer Center
Participating in Disabled Persons Week events

Since 2005, we have participated in the planning and implementation of “Disabled Persons Week events” (supported by the Cabinet Office) which are held in the Umeda Sky Building.

The Symposium Connecting People with Disabilities to Society included a panel discussion with the title “From the disaster area, and from Kansai. Initiatives by local communities, institutions, and companies: What we can do.” This discussion involved the audience, and thus provided a meaningful opportunity for government personnel, business persons, NPO members and citizens to get together and share opinions.

Supporting the Real Size Thinking competition for ecological living space design, with entries from 50 universities nationwide

Since 2005, Sekisui House has been participating in the planning and management of the Real Size Thinking competition for students, for which entrants must construct a scale model of a living space that can fit within a volume of 2.4 cubic meters. Its main objectives are to raise environmental awareness concerning living spaces, design products that improve living standards, strengthen collaboration between industry and universities, promote communication between students, and foster young designers. In FY 2011, 187 models from 50 universities nationwide were entered.

Donation of Urban Flow, a mural by Genichiro Inokuma

In September 2011, when the Hotel Fujita Kyoto was rebuilt, we donated the mural Urban Flow to the Marugame Genichiro-Inokuma Museum of Contemporary Art in Marugame, Kagawa Prefecture. Urban Flow had been displayed in the first-floor lobby of the hotel since it was first opened, but after a wall was constructed in front of the mural during renovations in 1982 its whereabouts had been unknown. Its existence was revealed prior to demolition work, and it was removed at this point and donated to the museum.

Supporting the creation of local communities “Kobe Machizukuri Rokko Island Fund” charitable trust

The “Kobe Machizukuri Rokko Island Fund” was established in 1996 jointly by Sekisui House and P&G, companies closely associated with Rokko Island City (Higashinada-ku, Kobe City). Through this fund, we support projects and activities that can contribute to the process of creating international and culture-rich communities in Kobe City. Since the establishment of this fund, we have awarded grants to NPOs and many other organizations, and by FY 2011 had made 413 grants totaling ¥347.88 million. FY 2011 marked the 15th year of our sponsorship activities, and the trust received an award from Kobe City for its track record of continuous activities supporting community creation.

Collaborating with NPOs to support the independence of people with disabilities

At Sekisui House, we have been working with NPO Together (Nara City) since 2000 in proactive initiatives to support the independence of people with disabilities. As part of this support, we use SELP products* made by people with disabilities as novelties to give out to visitors at Sekisui House Visiting Days and showrooms nationwide. In FY 2011, we purchased 28,452 items.

Creating new value in collaboration with many other people

The strength point of Sekisui House’s initiatives for contributing to the wellbeing of society is its capacity for collaboration. Initiatives such as the Kobe Machizukuri Rokko Island Fund, matching programs, and events during Disabled Persons Week are creating new value not only by our own company, but also thanks to the collaboration of many others. This advantage came fully into its own in support for areas affected by the Great East Japan Earthquake. I believe this is the fruit of the careful nurturing of face-to-face, relaxed relationships during our everyday initiatives for contributing to the wellbeing of society. I hope to develop this aspect even further in future.

Ms. Aya Mizutani

Director
Osaka Voluntary Action Center

Ms. Mizutani often visits the project sites of NPOs to support project implementation, while working for the establishment of an NPO governance framework. She also focuses on working with governmental agencies and developing corporate CSR/social contribution programs.

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*SELP products: Products made in welfare facilities by people with disabilities with the aim of job training and social inclusion.